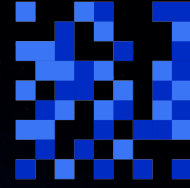


بیانات
BAYANAT



BAYANAT AI PLC

**Review report and condensed consolidated
interim financial
information for the three months
ended 31 March 2023**



**Review report and condensed consolidated interim financial information
for the three months ended 31 March 2023**

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION TO THE SHAREHOLDERS OF BAYANAT AI PLC

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Bayanat AI PLC (the "Company") and its subsidiaries (together referred to as the "Group") as at 31 March 2023, and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard 34 'Interim Financial Reporting' ('IAS 34'). Our responsibility is to express a conclusion on this interim 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.

Deloitte & Touche (M.E.) LLP



Monah Adnan Abou-Zaki
12 May 2023
Abu Dhabi
United Arab Emirates

**Condensed consolidated statement of financial position
as at 31 March 2023**

		31 March 2023 AED (unaudited)	31 December 2022 AED (audited)
	Notes		
ASSETS			
Non-current assets			
Property and equipment	5	18,246,200	21,181,045
Intangible assets	6	1,519,117	1,357,344
Total non-current assets		19,765,317	22,538,389
Current assets			
Contract assets	8	300,910,337	272,269,545
Trade and other receivables	10	19,860,766	3,599,492
Due from related parties	11	260,925,235	348,270,556
Contract costs	9	3,842,958	539,650
Refundable deposits	7	24,828,420	24,828,420
Cash and bank balances	12	783,930,618	819,518,920
Total current assets		1,394,298,334	1,469,026,583
Total assets		1,414,063,651	1,491,564,972
EQUITY			
Share capital	13	257,142,857	257,142,857
Share premium	13	566,808,172	566,808,172
Other reserves		22,916,566	21,369,678
Retained earnings		257,697,972	236,360,943
Total equity		1,104,565,567	1,081,681,650
LIABILITIES			
Non-current liability			
Employees' end of service benefits		6,239,607	5,693,215
Total non-current liability		6,239,607	5,693,215
Current liabilities			
Trade and other payables	15	260,534,689	310,836,500
Due to related parties	11	34,052,460	34,270,193
Loans from related parties	11	8,671,328	59,083,414
Total current liabilities		303,258,477	404,190,107
Total liabilities		309,498,084	409,883,322
Total equity and liabilities		1,414,063,651	1,491,564,972


Hasan Ahmed Al Hosani
Chief Executive Officer


H.E. Tareq Abdul Raheem Al Hosani
Board of Directors - Chairman


Renyl Rauf
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 three months ended 31 March 2023**

	Notes	Three months ended 31 March	
		2023 AED (unaudited)	2022 AED (unaudited)
Revenue	16	100,971,196	89,623,656
Direct costs		(49,960,226)	(33,086,548)
Gross profit		51,010,970	56,537,108
General and administrative expenses		(36,896,782)	(12,759,685)
Impairment losses (including reversals of impairment losses) on financial assets and contract assets	8, 10, 11	429,286	-
Finance expenses		(480,498)	(367,125)
Finance income	12	7,684,505	-
Other income		189,746	-
Profit for the period		21,937,227	43,410,298
Other comprehensive income for the period		-	-
Total comprehensive income for the period		21,937,227	43,410,298
Earnings per share	19	0.01	0.02

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

**Condensed consolidated statement of changes in equity
for the three months ended 31 March 2023**

	Share capital AED	Share premium AED	Additional capital AED	Other reserves AED	Retained earnings AED	Total equity AED
At 1 January 2022 (audited)	3,000,000	-	197,000,000	1,500,000	53,938,277	255,438,277
Total comprehensive income for the period	-	-	-	-	43,410,298	43,410,298
Increase in share capital (note 14)	197,000,000	-	(197,000,000)	-	-	-
At 31 March 2022 (unaudited)	200,000,000	-	-	1,500,000	97,348,575	298,848,575
At 1 January 2023 (audited)	257,142,857	566,808,172	-	21,369,678	236,360,943	1,081,681,650
Total comprehensive income for the period	-	-	-	-	21,937,227	21,937,227
Increase in statutory reserve of a subsidiary	-	-	-	1,546,888	(1,546,888)	-
Waiver of related party interest payable (note 11)	-	-	-	-	946,690	946,690
At 31 March 2023 (unaudited)	257,142,857	566,808,172	-	22,916,566	257,697,972	1,104,565,567

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

**Condensed consolidated statement of cash flows
for the three months ended 31 March 2023**

		Three months ended 31 March	
		2023	2022
		AED	AED
		(unaudited)	(unaudited)
		Notes	
Cash flows from operating activities			
Profit for the period		21,937,227	43,410,298
Adjustments for:			
Depreciation of property and equipment	5	3,034,009	1,797,437
Amortisation of intangible assets	6	166,832	85,558
Finance expenses		480,498	367,125
Finance income		(7,684,505)	-
Impairment losses, net of reversals, on financial assets and contract assets	8, 10, 11	(429,286)	-
Provision for employees' end of service benefits		671,424	601,192
Operating cash flows before movements in working capital		18,176,199	46,261,610
(Increase)/decrease in trade and other receivables		(10,523,155)	4,567,369
Increase in contract assets		(28,344,822)	(36,697,371)
Increase in contract costs		(3,303,308)	(8,144,765)
Decrease in refundable deposits		-	1,642,709
Decrease/(increase) in due from related parties		37,522,499	(45,366,113)
(Decrease)/increase in trade and other payables		(50,301,811)	2,629,167
Decrease in due to related parties		(217,733)	-
Increase in loans from related parties		-	776,568
Cash used in operating activities		(36,992,131)	(34,330,826)
Employees' end of service benefits paid		(125,032)	(100,877)
Finance cost paid		(394,687)	(367,125)
Net cash used in operating activities		(37,511,850)	(34,798,828)
Cash flows from investing activities			
Acquisition of property and equipment	5	(99,164)	(455,009)
Acquisition of intangible assets	6	(328,605)	(227,462)
Finance income received		2,351,317	-
Net cash generated from/(used in) investing activities		1,923,548	(682,471)
Net decrease in cash and cash equivalents		(35,588,302)	(35,481,299)
Cash and cash equivalents at 1 January		319,518,920	56,773,109
Cash and cash equivalents at 31 March		283,930,618	21,291,810
Non-cash transactions:			
Loans from related parties set-off against due from related parties	11	49,551,207	-
Waiver of related party interest payable	11	946,690	-

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

**Notes to the condensed consolidated interim financial information
for the period ended 31 March 2023**

1 Legal status and principal activities

Bayanat AI PLC (the “Company”) is registered in Abu Dhabi Global Market (ADGM) under license number 000008474 as a Public Company Limited by Shares. The Company was incorporated on 28 September 2022 (the “inception date”). The registered address of the Company is Al Sarab Tower, ADGM Square, Al Maryah Island, Abu Dhabi, United Arab Emirates. The Company and its subsidiaries are collectively referred to as the Group (the “Group”).

The principal activity of the Company is to act as a holding company for the entity within the Group. The principal activities of the subsidiaries are data classification & analysis services, technological projects management, innovation & artificial intelligence research & consultancies, data collection from one or more sources, data storing and recovering, computer devices and equipment domain consultancy, air photography, survey planning, air photography and information management systems engineering consultancy, work measurement and space, information technology network services, marine survey engineering consultancy, maps and drawings copying services, typing and documents photocopying services, computer systems and software designing, geographical maps drawing, book publication, maps and atlas printing, onshore and offshore oil and gas fields and facilities services, unmanned aerial vehicle (drone) services and research and experimental development on natural sciences and engineering, proprietary investments.

For the periods prior to the formation of the Company, the financial statements represent the financial statements of Bayanat GIQ PJSC (a subsidiary) (formerly Bayanat for Mapping & Surveying Services – Bayanat PJSC) (formerly Bayanat For Mapping and Surveying Services – Bayanat LLC)) using the carrying value of the assets and the liabilities (note 3).

The Company’s ordinary shares are listed on the Abu Dhabi Stock Exchange (ADX) as from 31 October 2022.

There were no social contributions made during the three months ended 31 March 2023.

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 annual consolidated financial statements of the Group 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
- Amendments to IAS 1 Presentation of Consolidated financial statements: Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies
- Amendments to IAS 8 – Definition of Accounting Estimates
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)

The application of these new standards and amendments to IFRSs has not had any material impact on the amounts reported in this condensed consolidated interim financial information but may affect the accounting for the Group’s future transactions or arrangements.

**Notes to the condensed consolidated interim financial information
for the period ended 31 March 2023 (continued)**

**2 Application of new and revised International Financial Reporting Standards (“IFRSs”)
(continued)**

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

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

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
<i>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</i>	Effective date not yet decided
<p>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.</p>	
<i>Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)</i>	1 January 2024
<p>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.</p>	
<i>Non-current Liabilities with Covenants (Amendments to IAS 1)</i>	1 January 2024
<p>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 consolidated financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.</p>	
<p>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.</p>	

**Notes to the condensed consolidated interim financial information
for the period ended 31 March 2023 (continued)**

3 Summary of significant accounting policies and estimates

Statement of compliance

These condensed consolidated interim financial information for the three months ended 31 March 2023 have been prepared in accordance with IAS 34 *Interim Financial Reporting* and applicable requirements of Abu Dhabi Global Market (“ADGM”) Companies Regulations 2020 (as amended), 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 financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2022. In addition, results for the three-month period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

This condensed consolidated interim financial information is presented in United Arab Emirates Dirhams (“AED”), which is the Group’s functional and presentational currency.

On 29 September 2022, the Company entered into a Sale Agreement (the “Agreement”) with Group 42 Holding Ltd (the “Shareholder”) for the transfer of shares of Bayanat For Mapping and Surveying Services – Bayanat PJSC (the “subsidiary”) that is beneficially owned and controlled by the Shareholder. As per the agreement, the Shareholder has transferred the entire economic interest in the subsidiary to the Company.

The aforementioned transfer of shares to the Company is a common control transaction as the subsidiary will continue to be controlled by the Ultimate Shareholder before and after the reorganization. Therefore, this reorganization 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 reorganization.

The basic principal of accounting for business combinations under common control using the pooling of interest method is that the reorganization is without economic substance from the perspective of the controlling party and the combining parties are 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 presents the comparatives to include all combining entities. Since the Company was incorporated on 28 September 2022, the comparatives in the condensed consolidated interim financial information for the three month period ended 31 March 2023 represent the financial information of the subsidiary only.

The concept of pooling of interest is generally based on the premise of a continuation of the combining entities. Consequently, 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 for the three month period ended 31 March 2023:

- the share capital of the subsidiary being combined is reflected as ‘share capital’;
- the retained earnings of the subsidiary being combined is reflected under ‘retained earnings’; and
- the statutory reserves of the subsidiary being combined is reflected under ‘other reserves’.

**Notes to the condensed consolidated interim financial information
for the period ended 31 March 2023 (continued)**

3 Summary of significant accounting policies and estimates (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial position and performance of the Company and its subsidiaries. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets.

**Notes to the condensed consolidated interim financial information
for the period ended 31 March 2023 (continued)**

3 Summary of significant accounting policies and estimates (continued)

Basis of consolidation (continued)

The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interest even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Group Structure

The condensed consolidated interim financial information incorporates the financial position and performance of the Company and its subsidiaries as disclosed below:

Name of subsidiaries	Ownership interest		Country of incorporation	Principal activities
	31 March 2023	31 December 2022		
Bayanat GIQ PJSC (formerly Bayanat for Mapping & Surveying Services – Bayanat PJSC (formerly Bayanat For Mapping and Surveying Services – Bayanat LLC))	100%	100%	UAE	Refer note 1
Mira Aerospace (a)	100%	-	UAE	Refer note 1
Bayanat Investments Ltd (b)	100%	-	UAE	Refer note 1

**Notes to the condensed consolidated interim financial information
for the period ended 31 March 2023 (continued)**

3 Summary of significant accounting policies and estimates (continued)

Basis of consolidation (continued)

Group Structure (continued)

- (a) Bayanat AI PLC has incorporated Mira Aerospace Ltd on 16 January 2023 as a fully owned subsidiary of Bayanat AI PLC. Mira Aerospace Ltd is registered in Abu Dhabi Global Market (ADGM) under license number 000009112 as a Private Company Limited by Shares. The principal activity of Mira Aerospace Ltd is unmanned aerial vehicle (drone) services and research and experimental development on natural sciences and engineering.
- (b) On 17 January 2023 Bayanat AI PLC has incorporated a fully owned subsidiary Bayanat Investments Ltd registered in Abu Dhabi Global Market (ADGM) under license number 000009117 as a Private Company Limited by Shares. The principal activity of Bayanat Investments Ltd is proprietary investment.

4 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 Property and equipment

During the three months ended 31 March 2023, the Group purchased AED 99,164 (31 December 2022: AED 9,456,606) of property and equipment. Depreciation expense during the period amounted to AED 3,034,009 (31 December 2022: AED 10,585,934). No impairment loss on property and equipment was recognised during the period.

6 Intangible assets

Intangible assets comprise of computer software, licenses and development costs.

During the three months ended 31 March 2023, the Group purchased AED 328,605 (31 December 2022: AED 1,034,827) of intangible assets. Amortisation expense during the period amounted to AED 166,832 (31 December 2022: AED 508,234). No impairment loss on intangible assets was recognised during the period.

7 Refundable deposits

Refundable deposits are placed with a bank against performance guarantees issued to customers.

**Notes to the condensed consolidated interim financial information
for the period ended 31 March 2023 (continued)**

8 Contract assets

Contract assets balances relate to the Group's right on consideration for goods and services provided but not billed at the reporting date. Contract assets are recognised for any work performed in line with a series of performance related milestones under software development, installation and support service contracts 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 that are not due from the customer until the services are complete and therefore a contract asset is recognised over the period in which the services are performed to represent the entity's right to consideration for the services transferred to date. All the contract assets are expected to be realized within one year hence classified under current assets.

Carrying amount of contract assets is as follows:

	31 March 2023 AED (unaudited)	31 December 2022 AED (audited)
Contract assets from signed contracts	262,088,297	202,760,637
Contract assets from unsigned contracts	57,475,886	88,458,724
Less: expected credit loss allowance	(18,653,846)	(18,949,816)
	300,910,337	272,269,545

Contract assets of AED 300,703,569 (31 December 2022: AED 270,162,281) pertain to related parties (note 11).

Contract assets include AED 57,475,886 which represent revenue recognised based on letter of award signed with customers for which contracts had not been signed as at 31 March 2023 (31 December 2022: AED 88,458,724). This is a standard industry practice while engaging with government industry clients.

Loss allowance on contract assets movement for the three months ended 31 March 2023 is as follows:

	Government entities AED	Non- government entities AED	Specific provision AED	Total AED
At 1 January 2023 (audited)	6,547,025	315,034	12,087,757	18,949,816
Net re-measurement of ECL	(206,332)	(89,638)	-	(295,970)
At 31 March 2023 (unaudited)	6,340,693	225,396	12,087,757	18,653,846

There was no movement in loss allowance on contract assets for the three months ended 31 March 2022.

**Notes to the condensed consolidated interim financial information
for the period ended 31 March 2023 (continued)**

8 Contract assets (continued)

The following table details the risk profile of amounts due from customers based on the Group's provision matrix. The Group is applying different loss patterns for government and non-government customer segments. The loss rate is further distinguished based on the ageing of contract assets.

	Government entities %	Non-government entities %
Rates applied with due less than 1 year	0.61	0.76
Rates applied with due more than 1 year	2	-

9 Contract costs

	31 March 2023 AED (unaudited)	31 December 2022 AED (audited)
Contract costs	3,842,958	539,650

Contract costs represent costs incurred relating to performance obligation on contracts with customers. The revenue related to these performance obligations will be recognised upon completion and acceptance from customers.

10 Trade and other receivables

	31 March 2023 AED (unaudited)	31 December 2022 AED (audited)
Trade receivables	6,403,914	1,912,208
Less: expected credit loss allowance	(1,507,277)	(1,912,208)
	4,896,637	-
Advance to suppliers	1,024,460	42,466
Prepayments	582,710	-
Interest receivable	8,859,006	3,525,818
Other receivables	4,497,953	31,208
	19,860,766	3,599,492

The average credit period on sales of goods is 30 days (31 December 2022: 30 days). No interest is charged on outstanding trade receivables.

**Notes to the condensed consolidated interim financial information
for the period ended 31 March 2023 (continued)**

10 Trade and other receivables (continued)

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The ECL 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 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.

The ECL of AED 1,477,224 is recorded for a customer which the Group has assessed to be fully impaired (31 December 2022: AED 1,912,208).

	Less than 1 year AED	More than 1 year AED	Total AED
At 1 January 2023 (audited)	-	1,912,208	1,912,208
Net re-measurement of ECL	30,053	(434,984)	(404,931)
At 31 March 2023 (unaudited)	30,053	1,477,224	1,507,277

There was no movement in loss allowance on trade and other receivables for the three months ended 31 March 2022.

11 Related party transaction and balances

The Group, in the ordinary course of business, enters into transactions, at agreed terms and conditions, with related parties. Related parties comprise of the Group's shareholders, directors, senior management and businesses controlled by them and their families or over which they exercise significant management influence as well as key management personnel. 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: *Related Party Disclosures*. The Group has a related party relationship with the Government of Abu Dhabi through partial ownership of Ultimate Shareholder by an entity owned by 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.

**Notes to the condensed consolidated interim financial information
for the period ended 31 March 2023 (continued)**

11 Related party transaction and balances (continued)

(i) Transaction with related parties included in the condensed consolidated financial information includes the following:

	Three months ended 31 March	
	2023	2022
	AED	AED
	(unaudited)	(unaudited)
Revenue (note 16)	98,533,505	86,808,558
Consultancy charges	1,468,579	-
Purchase of services and materials	3,002,871	-
Interest expense	85,811	776,568
Offset of related party loans (including interest accrued) (a), (b)	49,551,207	-
Waiver of related party interest payable (a)	946,690	-

Consultancy charges are paid by the Group for services provided by an entity under common control (a “related party”) in accordance with an Intra Group Services Agreement (the “Agreement”) between the parties.

Refer to note 12 for details of the Group’s cash held with the banks which are related parties. Refer to notes 8, 10, and 15 for details of balances with related parties.

Compensation of key management personnel is as follows:

	Three months ended 31 March	
	2023	2022
	AED	AED
	(unaudited)	(unaudited)
Short-term benefits	6,123,294	1,604,330
Long-term benefits	179,048	123,816

**Notes to the condensed consolidated interim financial information
for the period ended 31 March 2023 (continued)**

11 Related party transaction and balances (continued)

(ii) Balances with related parties disclosed in the consolidated statement of financial position includes the following:

	31 March 2023 AED (unaudited)	31 December 2022 AED (audited)
Due from related parties		
Government entities	190,734,414	147,076,094
Entities under common control	87,625,139	218,357,165
	278,359,553	365,433,259
Less: expected credit loss allowance	(17,434,318)	(17,162,703)
	260,925,235	348,270,556
Due to related parties		
Government entities	9,777,215	10,212,200
Entities under common control	24,275,245	24,057,993
	34,052,460	34,270,193

The following table shows the movement in lifetime ECL that has been recognised for due from related parties in accordance with the simplified approach set out in IFRS 9.

	Collectively assessed AED	Individually assessed AED	Total AED
At 1 January 2023 (audited)	3,287,986	13,874,717	17,162,703
Net re-measurement of ECL	271,615	-	271,615
At 31 March 2023 (unaudited)	3,559,601	13,874,717	17,434,318

There was no movement in loss allowance on due from related parties for the three months ended 31 March 2022.

**Notes to the condensed consolidated interim financial information
for the period ended 31 March 2023 (continued)**

11 Related party transaction and balances (continued)

The following table details the risk profile of amounts due from customers based on the Group's provision matrix. The Group is applying different loss patterns for government and non-government customer segments. The loss rate is further distinguished based on the ageing of due from related parties.

	Government entities %	Non-government entities %
Rates applied with due less than 1 year	0.61	-
Rates applied with due more than 1 year	5	-
	31 March 2023 AED (unaudited)	31 December 2022 AED (audited)
Loans from related parties		
Entities under common control (a)	-	36,725,000
A shareholder (b)	8,580,939	20,566,000
Interest payable (a), (b)	90,389	1,792,414
	8,671,328	59,083,414

- a) As at 31 December 2022, the Group had an outstanding loan facility of USD 10,000,000 (AED 36,725,000) from an entity under common control. During the period ended 31 March 2023, the Group entered into a settlement agreement with the borrower (an entity under common control) to offset the loan facility outstanding amount against a receivable balance due from another entity under common control (a related party) for services rendered during the year ended 31 December 2022. Interest accrued on the loan facility amounting to USD 257,778 (AED 946,690) has been waived under the same settlement agreement.
- b) During the period ended 31 March 2023, the Group has entered into another settlement agreement with the borrower (a shareholder) to partially offset the loan facility balance amounting to USD 3,263,461 (AED 11,985,061) and the interest accrued of USD 229,039 (AED 841,146) against a receivable balance due from another entity under common control (a related party) for services rendered during the year ended 31 December 2022.

**Notes to the condensed consolidated interim financial information
for the period ended 31 March 2023 (continued)**

12 Cash and bank balances

Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise the following condensed consolidated statement of financial position amounts:

	31 March 2023 AED (unaudited)	31 December 2022 AED (audited)
Cash on hand	10,000	10,000
Bank balances	106,509,125	38,853,772
Bank deposits with original maturities less than three months	177,411,493	280,655,148
Cash and cash equivalents	283,930,618	319,518,920
Add: term deposits with original maturities more than three months	500,000,000	500,000,000
Cash and bank balances	783,930,618	819,518,920

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. 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.

Bank deposits have maturities of 1 week to 6 months (31 December 2022: 1 week to 6 months) from the date of placement and carry fixed interest rates ranging on average from 3% to 5% (31 December 2022: 3% to 5%). Deposits are placed on recurring basis and can be withdrawn anytime with 1 day notice and a penalty of 1% earned interest. Finance income earned for the three months ended 31 March 2023 amounted to AED 7,684,505 (31 March 2022: AED nil).

Cash at bank of AED 783,920,618 (31 December 2022: AED 819,508,920) pertains to banks which are related parties (note 11). Bank account under the name of a related party amounting to AED 34,510 (31 December 2022: AED 79,265) has been assigned for the beneficial interest of the Group.

**Notes to the condensed consolidated interim financial information
for the period ended 31 March 2023 (continued)**

13 Share capital

	31 March 2023 AED (unaudited)	31 December 2022 AED (audited)
<i>Issued and fully paid:</i>		
2,571,428,572 shares of AED 0.10 each (31 December 2022: 2,571,428,572 shares of AED 0.10 each)	257,142,857	257,142,857

On 13 October 2022, pursuant to the public offering, the share capital of the Company was increased to AED 257,142,857 divided into 2,571,428,572 shares of AED 0.1 each, with 571,428,572 shares being offered for public subscription. The Company's offer price was set at AED 1.1 per share and was fully subscribed, resulting into share premium of AED 571,428,572. Share issue costs amounted to AED 4,620,400.

14 Additional capital

On 14 September 2021, Ultimate Shareholder resolved to increase the share capital of the subsidiary by AED 197,000,000 by a transfer from retained earnings and reduced the par value per share from AED 1,000 to AED 1. The amended articles of association of the Company were notarized by the Notary Public on 10 January 2022, thus the additional contributed capital is subsequently transferred to share capital.

15 Trade and other payables

	31 March 2023 AED (unaudited)	31 December 2022 AED (audited)
Trade and other payables	56,820,901	5,257,621
Accrued expenses	183,559,744	278,867,319
Advances from customers	18,983,468	18,983,468
VAT payable	1,170,576	7,728,092
	260,534,689	310,836,500

The average credit period on the purchase of goods is 30-60 days (31 December 2022: 30-60 days). The Group has financial risk management policies in place to ensure that all payables are paid within credit period. No interest is charged on other payables.

Advances from customers of AED 9,664,384 (31 December 2022: AED 9,664,384) pertain to related parties (note 11).

**Notes to the condensed consolidated interim financial information
for the period ended 31 March 2023 (continued)**

16 Revenue

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time. Refer to note 20 for revenue for major product lines.

	Three months ended 31 March	
	2023	2022
	AED	AED
	(unaudited)	(unaudited)
Revenue from contracts with customers		
Products and services transferred at point in time	15,336,713	18,163,598
Products and services transferred over time	85,634,483	71,460,058
	100,971,196	89,623,656

	Three months ended 31 March	
	2023	2022
	AED	AED
	(unaudited)	(unaudited)
Revenue from contracts with customers		
Government entities	87,296,432	20,298,679
Entities under common control	11,237,073	66,509,879
Other entities	2,437,691	2,815,098
	100,971,196	89,623,656

Revenue for three months ended 31 March 2023 amounting to AED 98,533,505 (31 March 2022: AED 86,808,558) pertains to related parties (note 11).

The Group derived all of its revenue for three months ended 31 March 2023 from its operation in the UAE (31 March 2022: UAE).

The transaction price allocated to (partially) unsatisfied performance obligations at 31 March are as set out below.

	2023	2022
	AED	AED
Revenue from contracts with customers	1,746,886,770	434,050,636

Management expects that 29% (31 March 2022: 49%) of the transaction price allocated to the unsatisfied performance obligations as at 31 March 2023 will be recognised as revenue till the end of the year. The remaining 71% (31 March 2022: 51%) will be recognised in the future years. Average duration of the unsatisfied performance obligations as at 31 March 2023 is 4 years (31 March 2022: 2 years).

**Notes to the condensed consolidated interim financial information
for the period ended 31 March 2023 (continued)**

17 Contingent liabilities

The Group has the following contingent liabilities and commitments outstanding at:

	31 March 2023 AED (unaudited)	31 December 2022 AED (audited)
Performance guarantees	314,753,901	284,733,471
Capital commitments from unsigned contracts	3,359,848	1,917,274

Above performance guarantees were issued in the normal course of business.

18 Financial instruments

All financial assets and liabilities are measured at amortised cost and the carrying values approximate to the fair value.

19 Earnings per share

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

	2023 Shares	2022 Shares
As at 1 January (audited)	2,571,428,572	3,000
Capitalisation of retained earnings (refer note 14)	-	199,997,000
Share split	-	1,800,000,000
As at 31 March (unaudited)	2,571,428,572	2,000,000,000

According to IAS 33, Earnings per share, an increase in shares as a result of capitalisation and share split, the calculation of basic earnings per share for all periods should be adjusted retrospectively. Thus, the Company adjusted the capitalisation and share split at the beginning of the earliest period presented.

**Notes to the condensed consolidated interim financial information
for the period ended 31 March 2023 (continued)**

19 Earnings per share (continued)

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

The following reflects the profit and share data used in to calculate earnings per share:

	Three months ended 31 March	
	2023	2022
	(unaudited)	(unaudited)
Profit attributable to the shareholders of the Company (AED)	21,937,227	43,410,298
Weighted average number of ordinary shares issued	2,571,428,572	2,000,000,000
Basic earnings per share (AED)	0.01	0.02

Diluted earnings per share are not applicable as the Company has not issued any instruments which would have an impact on earnings per share.

20 Operating segments

The Group has three reportable segments, as described below. Reportable segments offer different products and services and are managed separately because they require different technology and operational marketing strategies. For each of the strategic business units, the Group's executive management reviews internal management reports on at least a quarterly basis.

The following summary describes the operations in each of the Group's reportable segment:

- **Geospatial Artificial Intelligence Solutions (gIQ):** The gIQ division is a geospatial one-stop shop offering end-to-end services from data acquisition and processing to artificial intelligence services, to a growing number of sectors such as defense, environment, energy & resources, smart cities, and transportation.
- **Smart Mobility Solutions (SMOS):** The SMOS division is the pioneer of autonomous driving and unmanned systems in MENA with a proven technological capability and know-how including Autonomous Solutions, Cloud Infra, Digital Twins, Charging Infrastructure, Transportation Super Apps, and Testing and Simulation.
- **Smart Operations Solutions (SOPs):** The SOP division is driving the revolution in how entities approach their operations, by providing customers the latest AI-powered innovative technological solutions which deliver both superior efficiency and efficacy.
- **Smart Space Solutions (SPAS):** The SPAS division is a vertical AI-powered information solutions provider, utilizing space-based platforms across Remote Sensing, and Communication to deliver timely, actionable insights to various industries.

The Group does not allocate segment results of the holding Company that performs financing activities and certain other functions. Results of the Company are not significant to be disclosed as operating segment because quantitative thresholds are not met and are presented as *Other*.

**Notes to the condensed consolidated interim financial information
for the period ended 31 March 2023 (continued)**

20 Operating segments (continued)

	gIQ AED	SMOS AED	SOPs AED	SPAS AED	Other AED	Total AED
Three months ended 31 March 2023 (unaudited)						
Revenue	21,487,976	16,446,525	5,560,809	57,475,886	-	100,971,196
Direct cost	(17,372,542)	(13,562,287)	(10,384,562)	(8,640,835)	-	(49,960,226)
Gross profit	4,115,434	2,884,238	(4,823,753)	48,835,051	-	51,010,970
Indirect costs (net)	(5,977,876)	(3,867,397)	(2,924,718)	(22,772,096)	6,468,344	(29,073,743)
Reportable segment profit/(loss)	(1,862,442)	(983,159)	(7,748,471)	26,062,955	6,468,344	21,937,227
Three months ended 31 March 2022 (unaudited)						
Revenue	84,066,943	-	5,556,713	-	-	89,623,656
Direct cost	(29,522,064)	-	(3,564,484)	-	-	(33,086,548)
Gross profit	54,544,879	-	1,992,229	-	-	56,537,108
Indirect costs (net)	(9,990,586)	-	(3,136,224)	-	-	(13,126,810)
Reportable segment profit/(loss)	44,554,293	-	(1,143,995)	-	-	43,410,298

**Notes to the condensed consolidated interim financial information
for the period ended 31 March 2023 (continued)**

21 Seasonality of results

No income of a seasonal nature was recorded in the condensed consolidated statement of profit or loss for the three months ended 31 March 2023 and 31 March 2022.

22 Corporate income 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 will become 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 to be considered in the preparation of this condensed consolidated interim financial information.

23 Comparative figures

Certain comparative figures were reclassified to conform with the current year's presentation. Such reclassifications have no effect on the results or the equity of the Group.

24 Approval of 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 12 May 2023.