

MANAFA FOR DEBT-BASED CROWDFUNDING COMPANY
(A Single Shareholder Closed Joint Stock Company)

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024, AND
INDEPENDENT AUDITOR'S REVIEW REPORT

MANAFA FOR DEBT-BASED CROWDFUNDING COMPANY
(A Single Shareholder Closed Joint Stock Company)
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

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Report on review of condensed interim financial statements

To the shareholder of Manafa for Debt-Based Crowdfunding Company (A Single Shareholder Closed Joint Stock Company)

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Manafa for Debt-Based Crowdfunding Company (the "Company") as at 31 March 2024, and the related condensed interim statements of comprehensive income, changes in shareholder's equity and cash flows for the three-month period then ended and other explanatory notes.

The Board of Directors is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements 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", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

A blue ink signature, likely of Waleed bin Abdulaziz Alhidiri, written in a cursive style.

Waleed bin Abdulaziz Alhidiri
License Number 559

2 February 2025

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MANAFA FOR DEBT-BASED CROWDFUNDING COMPANY
(A Single Shareholder Closed Joint Stock Company)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024
All amounts in Saudi Riyals unless otherwise stated

		31 March 2024 (Unaudited)	31 December 2023 (Audited)
Assets	Note		
Current Assets			
Cash and cash equivalents	6	32,085,907	33,555,491
Accounts receivable, net	7	2,047,718	1,510,996
Prepaid expenses		349,528	349,737
Due from related parties, net	15	15,293,082	13,030,082
Total current assets		49,776,235	48,446,306
Non-Current Assets			
Property and equipment, net	8	575,290	333,643
Intangible assets, net	9	1,964,142	2,029,467
Total non-current assets		2,539,432	2,363,110
Total Assets		52,315,667	50,809,416
Liabilities and Shareholder's Equity			
Liabilities			
Current liabilities			
Accrued expenses and other liabilities	10	2,688,197	2,503,114
Provision for zakat	14	1,409,707	1,139,434
Total current liabilities		4,097,904	3,642,548
Non-current liabilities			
Employee's end of service benefits		389,257	333,000
Total non-current liabilities		389,257	333,000
Total liabilities		4,487,161	3,975,548
Shareholder's equity			
Share capital		40,000,000	40,000,000
Statutory reserve		813,767	813,767
Retained Earnings		7,014,739	6,020,101
Total shareholder's equity		47,828,506	46,833,868
Total liabilities and shareholder's equity		52,315,667	50,809,416

The accompanying notes 1 to 22 form an integral part of these condensed interim financial statements.

MANAFA FOR DEBT-BASED CROWDFUNDING COMPANY
(A Single Shareholder Closed Joint Stock Company)
INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
All amounts in Saudi Riyals unless otherwise stated

	Note	31 March 2024 (Unaudited)	31 March 2023 (Unaudited) Restated*
Revenue	11	6,870,844	5,722,929
Cost of revenue	12	(774,089)	(778,823)
Gross profit		6,096,755	4,944,106
General and administrative expenses	13	(3,528,872)	(1,955,396)
Marketing expenses		(1,332,972)	(179,165)
Finance income		24,000	-
Other Income		6,000	11,448
Charge for expected credit losses		-	(3,900)
Profit for the period before zakat		1,264,911	2,817,093
Zakat Expense	14	(270,273)	(580,884)
Profit for the period		994,638	2,236,209

The accompanying notes 1 to 22 form an integral part of these condensed interim financial statements.

Also, see note 18 for details regarding the restatement as a result of correction of errors.

MANAFA FOR DEBT-BASED CROWDFUNDING COMPANY
(A Single Shareholder Closed Joint Stock Company)
INTERIM STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
All amounts in Saudi Riyals unless otherwise stated

	31 March 2024 (Unaudited)	31 March 2023 (Unaudited) Restated*
Profit for the period	994,638	2,236,209
Other comprehensive income items:		
Not to be reclassified to profit or loss in subsequent periods:		
Remeasurement loss on employee end of service benefits	-	(2,000)
Total other comprehensive loss for the period	-	(2,000)
Total comprehensive income for the period	994,638	2,234,209

The accompanying notes 1 to 22 form an integral part of these condensed interim financial statements.

Also, see note 18 for details regarding the restatement as a result of correction of errors.

MANAFA FOR DEBT-BASED CROWDFUNDING COMPANY
(A Single Shareholder Closed Joint Stock Company)
INTERIM STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
All amounts in Saudi Riyals unless otherwise stated

	Share capital	Statutory reserve	Retained earnings	Total shareholder's equity
Balance as at 1 January 2023 (Audited before restatement)	40,000,000	375,231	2,504,881	42,880,112
Correction of an error	-	-	(335,298)	(335,298)
Balance as at 1 January 2023 (Audited and restated)	40,000,000	375,231	2,169,583	42,544,814
Profit for the period (Restated)	-	-	2,236,209	2,236,209
Other comprehensive loss for the period (Restated)	-	-	(2,000)	(2,000)
Total comprehensive income for the Period	-	-	2,234,209	2,234,209
Balance as at 31 March 2023 (Unaudited)	40,000,000	375,231	4,403,792	44,779,023
	Share capital	Statutory reserve	Retained earnings	Total shareholder's equity
Balance as at 1 January 2024 (Audited)	40,000,000	813,767	6,020,101	46,833,868
Profit for the period	-	-	994,638	994,638
Other comprehensive loss for the period	-	-	-	-
Total comprehensive income for the period	-	-	994,638	994,638
Balance as at 31 March 2024 (Unaudited)	40,000,000	813,767	7,014,739	47,828,506

The accompanying notes 1 to 22 form an integral part of these condensed interim financial statements.

Also, see note 18 for details regarding the restatement as a result of correction of errors.

MANAFA FOR DEBT-BASED CROWDFUNDING COMPANY
(A Single Shareholder Closed Joint Stock Company)
INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
All amounts in Saudi Riyals unless otherwise stated

	31 March 2024 (Unaudited)	31 March 2023 (Unaudited) Restated*
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net profit for the period before zakat	1,264,911	2,817,093
Adjustments for:		
Depreciation of property and equipment	29,575	11,457
Amortization of intangible assets	65,325	61,947
Provision for employee end of service benefit obligations	56,257	10,000
Charge for allowance for expected credit losses	-	3,900
Operating profit before changes in working capital	1,416,068	2,904,397
<u>Changes in working capital</u>		
Accounts Receivables	(536,722)	(311,887)
Prepaid expenses	209	(236,037)
Due from related parties	(2,263,000)	(3,051,361)
Accrued expenses and other liabilities	185,083	552,528
Net cash generated from used in operating activities	(1,198,362)	(142,360)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Additions to property and equipment	(271,222)	(170,301)
Net cash used in investing activities	(271,222)	(170,301)
Net change in cash and cash equivalent	(1,469,584)	(312,661)
Cash and cash equivalents at the beginning of the period	33,555,491	1,223,241
Cash and cash equivalents at the end of the period	32,085,907	910,580

The accompanying notes 1 to 22 form an integral part of these condensed interim financial statements.

Also, see note 18 for details regarding the restatement as a result of correction of errors.

MANAFA FOR DEBT-BASED CROWDFUNDING COMPANY
(A Single Shareholder Closed Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
All amounts in Saudi Riyals unless otherwise stated

1 General information

Manafa for Debt-Based Crowdfunding Company (A Single Shareholder Closed Joint Stock Company) ("the Company") was established under the name Manafa Financial Technology Company (A Single Shareholder limited liability company) on 20 Jumada Al-Awwal 1442H corresponding to (3 January 2021G) under Commercial Registration No, 1010678388, based on the decision of the owner of the capital (Osoul Manafa Investment Company), the legal entity of the company was transferred on 6 Safar 1443H, corresponding to September 13, 2021, from a single shareholder company with limited liability to a single shareholder closed joint stock Saudi Company, with its rights, obligations, and employment, classifications, licenses and all its financial, technical and administrative elements with the same capital of (SR 5,000,000) Saudi riyals, while retaining the name and number of the main commercial registry upon conversion.

The Company's main headquarters is located in Riyadh, Al-Malqa district.

The Company's main activity is financing in accordance with the provisions of the Companies Law, the Finance Companies Control Law, and its relevant executive rules, regulations and instructions issued by the Saudi Central Bank for practicing and implementing debt crowdfunding in the Kingdom of Saudi Arabia.

Based on the certificate of the Saudi Central Bank issued on 14 Rabi' Al-Thani, 1444H, license No, (7018070537) was granted to the Manafa for Debt-Based Crowdfunding Company to practice debt crowdfunding activities in the Kingdom of Saudi Arabia in accordance with the relevant provisions and regulations.

2 Basis of preparation

(a) Statement of compliance

The condensed interim financial statements of the Company as at and for the period ended 31 March 2024, have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting (IAS 34) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended 31 December 2023.

(b) Basis of measurement

These condensed interim financial statements have been prepared on a going concern basis under the historical cost convention except for employees' end of service benefits are measured at present value of future obligations using the Projected Unit Credit Method. This condensed interim financial statements is presented in Saudi Riyals ("SR") which is the functional currency of the Company.

(c) Financial year

The financial year of the Company commences on 1 January and ends on 31 December of each calendar year.

3 Use of judgments, estimates and assumptions

The preparation of the condensed interim financial statements in accordance with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

The significant estimates made by management in applying the Company's accounting policies and the significant sources of estimation uncertainty were similar to those disclosed in the 2023 annual financial statements.

4 Material accounting policies

The accounting policies used in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual audited financial statements for the year ended 31 December 2023 unless otherwise stated.

MANAFA FOR DEBT-BASED CROWDFUNDING COMPANY
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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5 New Standards, Amendments to Standards and Interpretations

5.1 New Standards

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023, but they had no material impact on these financial statements. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Amendment to IFRS 16 – Leases on sale and leaseback
- Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements
- Amendments to IAS 12 – International Tax Reform – Pillar Two Model Rules
- Amendment to IAS 1 – Non-current liabilities with covenants

These amendments had no impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

5.2 Standards issued but not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early, and they do not have a significant impact on those condensed interim financial statements.

The most significant of these are as follows:

Standard, interpretation, amendments	Description	Effective date
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28	(Available for optional adoption / effective date deferred indefinitely)
Amendment to IAS 21 – Lack of exchangeability	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	1 January 2025
IFRS 18, 'Presentation and Disclosure in Financial Statements'	<p>The IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:</p> <ul style="list-style-type: none"> • the structure of the statement of profit or loss; • required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and • enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. 	Reporting periods beginning on or after 1 January 2027

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5 New Standards, Amendments to Standards and Interpretations (continued)

5.2 Standards issued but not yet effective (continued)

Standard, interpretation, amendments	Description	Effective date
IFRS 19 - Reducing subsidiaries' disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability and its parent produces consolidated financial statements under IFRS Accounting Standards.	1 January 2027
Other standards		
IFRS S1, 'General requirements for disclosure of sustainability-related financial information	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.	1 January 2024 subject to endorsement from SOCPA
IFRS S2, 'Climate-related disclosures'	This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.	1 January 2024 subject to endorsement from SOCPA

6 Cash and cash equivalents

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Cash at banks	7,085,907	33,555,491
Murabaha deposit	25,000,000	-
	32,085,907	33,555,491

7 Accounts receivable, net

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Accounts receivable	2,075,156	1,538,434
Less: Allowance for expected credit losses (Note 7.1)	(27,438)	(27,438)
	2,047,718	1,510,996

7.1 The movement in allowance for expected credit losses during the year is as follows:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Cost		
Opening balance as at the beginning of the period / year	27,438	13,784
Additions during the period	-	13,654
Closing balance at the end of the period / year	27,438	27,438

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8 Property and equipment, net

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
<u>Cost</u>		
As at 1 January	414,076	119,011
Additions during the period / year	271,222	295,065
As at 31 December	685,298	414,076
<u>Accumulated Depreciation</u>		
As at 1 January	80,433	11,495
Charge for the period / year	29,575	68,938
As at the end of the period / year	110,008	80,433
As at the end of the period / year	575,290	333,643

9 Intangible assets, net

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
<u>Cost</u>		
As at 1 January	2,505,386	2,505,386
Additions during the period	-	-
As at the end of the period / year	2,505,386	2,505,386
<u>Accumulated Depreciation</u>		
As at 1 January	475,919	228,134
Charge for the period / year	65,325	247,785
As at the end of the period / year	541,244	475,919
<u>Net book value</u>		
As at the end of the period / year	1,964,142	2,029,467

10 Accrued expenses and other liabilities

Accrued expenses and other liabilities consist of the following:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Accrued employee bonus	952,866	747,346
Accounts payable	709,151	675,354
Leave salary payable	693,728	544,101
Value added tax payable	332,452	343,260
Accrued salaries, and wages	-	95,583
Accrued social insurance payable	-	89,970
Other	-	7,500
	2,688,197	2,503,114

11 Revenue

	31 March 2024 (Unaudited)	31 March 2023 (Unaudited)
Commission income – at a point of time	4,748,573	4,352,230
Wakalah fees – over time	2,122,271	1,370,699
	6,870,844	5,722,929

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All amounts in Saudi Riyals unless otherwise stated

12 Cost of revenue

	31 March 2024 (Unaudited)	31 March 2023 (Unaudited) (Restated)
Service and data providers expenses	437,471	455,874
Salaries and wages	271,293	261,002
Amortization of intangible assets	65,325	61,947
	774,089	778,823

13 General and administrative expenses

General and administrative expenses for the period ending on March 31st consist of the following:

	31 March 2024 (Unaudited)	31 March 2023 (Unaudited) (Restated)
Service data and providers expenses	1,429,350	182,063
Salaries and wages	504,009	697,500
Professional fees	393,704	339,590
Social insurance	295,019	177,466
Employee benefit obligations	56,257	10,000
Travel expenses	23,056	59,485
Medical insurance	70,102	21,782
Depreciation	29,575	11,457
Bank charges	30,527	2,532
Other	697,273	453,521
	3,528,872	1,955,396

14 Zakat Payable

The Company is subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority (the "ZATCA") as applicable in the Kingdom of Saudi Arabia.

a) Movement in provision for Zakat is as follows

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Balance at the beginning of the period	1,139,434	773,782
Charge for the period	270,273	1,139,434
Payments made during the period	-	(773,782)
Balance as at end of the period	1,409,707	1,139,434

b) Status of assessments

At the date of issuing these financial statements, zakat returns up to 2023 have been submitted to ZATCA. There have been no zakat assessments to date.

15 Related party transactions and balances

In the ordinary course of business, the Company enters into transactions with its related parties and these transactions are based on the agreed terms. The principal parties of the Company are Osoul Manafa Investment Company and its affiliate (The entities owned by the Parent Company, which is Osoul Manafa Investment Company), executive members of Company's Board of Directors, key management personnel and companies of which these related parties are principal owners.

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15 Related party transactions and balances (continued)

a) Significant transactions and related amounts during the quarter ended March 31 were as follows:

	Nature of relationship	Nature of transaction	31 March 2024	31 March 2023
Manafa Capital Company	Affiliate	Expenses paid on behalf	(3,450,052)	(975,272)
		Financing	1,650,000	2,505,366
Osoul Manafa Investment Company	Shareholder	Expenses paid on behalf	18,052	4,333
		Financing	4,045,000	1,300,000

b) Related party transactions resulted in the following related balances as at:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Due from related parties		
Manafa Capital Company	9,308,615	11,108,667
Osoul Manafa Investment Company	5,887,378	1,824,326
Abyan Capital Company	99,910	99,910
Allowance for expected credit losses (Note b.1)	(2,821)	(2,821)
	15,293,082	13,030,082

b.1 The following shows the movement in the allowance for expected credit losses:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Opening balance as at the beginning of the period / year	2,821	7,941
Reversal during the year	-	(5,120)
Closing balance as at the end of the year	2,821	2,821

16 Customers' accounts

According to rules and regulations of crowdfunding established by Saudi Central Bank, released in the month of December 2021 in accordance with Article 42075986, that regards collection accounts in crowdfunding operations. The company holds these accounts with a local bank (Arabic National Bank), amounting to SR 41.8 million as at 31 March 2024 (December 2023: SR 52.3 million). In addition, the company has outstanding financing agreements amounting to SR 357.9 million at 31 March 2024 (December 2023: 291.8 million). Such balances are not included in the Company's condensed interim financial statements.

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17 Financial Risk Management

The Company is exposed to multiple risks, including Market risks, currency risks, fair value risks, cash flow interest rate risks, price risks, credit risks and liquidity risks. The Company's senior management oversees the management of these risks, supported by a Financial Risk Committee that advises it on financial risks and the appropriate framework for their governance. This committee also provides the Company's senior management with guarantees and assurances that the Company's financial risk activities are subject to appropriate.

policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and its risk appetite. The Board of Directors reviews and approves the policies for managing each of these risks, a summary of which is provided below:

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices include risks such as equity price risk, interest rate risk and currency risk.

Currency risks

It is a risk represented by the fluctuation of the value of a financial instrument due to changes in foreign exchange rates. Given that the company's transactions are mainly conducted in Saudi riyals and US dollars, and the Saudi riyal is linked and fixed to the US dollar, the company will not be exposed to currency risks in a significant and fundamental way.

Fair Value Risk and Cash Flow Interest Rate

It is represented by exposure to various risks related to the impact of fluctuations in prevailing interest rates on financial conditions and cash flows. The company monitors and tracks fluctuations in commission rates on an ongoing basis and acts accordingly, and they are subject to change on a periodic basis.

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or by factors affecting all instruments traded in the market.

Credit risk

Credit risk is represented by the failure of a counterparty to meet its obligations under a financial instrument or contract concluded with customers, which leads to a financial loss. The company places its cash and funds with banks with good and sound credit ratings, and records accounts receivable and amounts due from related parties in the net provision for expected losses, if any.

The table below shows the maximum exposure to credit risk for the components of the statement of financial position.

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Cash and cash equivalents	32,085,907	33,555,491
Accounts receivables, net	2,047,718	1,510,996
Due from related parties, net	15,293,082	13,030,082

The Company has kept cash and cash equivalents in reputable banks and financial institutions. The cash at banks as at 31 March 2024 is SAR 32 (31 December 2023: SAR 33.5 million). For banks and financial institutions, only independently rated parties are accepted.

Accounts receivables are shown net of allowance for expected credit losses. The Company applies the IFRS 9 simplified approach for measuring expected credit losses on accounts Receivable. To measure the expected credit losses, accounts Receivable are grouped based on shared credit risk characteristics and the days past due. The ECL on accounts Receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, days past due, expected recovery, 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.

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17 Financial risk management (continued)

Credit Risk (Continued)

Due from related parties amounting to SAR 15 million are expected to be settled within the next 12 months. Related party receivables are callable overnight if payment is required earlier. Given the short life of the receivable and the fact they are with intercompany entities with no history of default, the related party balance considered to have low credit risk, therefore ECL is expected to be negligible on these receivables.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in raising funds to meet obligations associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at a price close to its fair value. Liquidity risk is managed by regularly monitoring and observing that sufficient funds are available through committed credit facilities to meet any future obligations.

Below are the amounts expected to be recovered or settled no more than 12 months and those more than 12 months after the reporting date

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Assets		
Less than 12 months		
Cash and cash equivalents	32,085,907	33,555,491
Accounts receivable, net	2,047,718	1,510,996
Prepaid expenses	349,528	349,737
Due from related parties, net	15,293,082	13,030,082
	49,776,235	48,446,306
More than 12 months		
Property and equipment, net	575,290	333,643
Intangible assets, net	1,964,142	2,029,467
	2,539,432	2,363,110
Liabilities		
Less than 12 months		
Accrued expenses and other liabilities	2,688,197	2,503,114
Provision for zakat	1,409,707	1,139,434
	4,097,904	3,642,548
More than 12 months		
Employee's end of service benefits	389,257	333,000
	389,257	333,000

18 Restatements of comparative Information

Management has re-evaluated the accounting treatment and classification for certain transactions and balances recorded in the financial statements in the prior periods to determine if such transactions and balances had been accurately accounted for under International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia. Where necessary, adjustments have been made to comparative figures in accordance with International Accounting Standard 8 "Accounting policies, changes in accounting estimates and errors" ("IAS 8") as endorsed in the Kingdom of Saudi Arabia.

As a result, management restated the comparatives to correct the errors detailed below in the condensed interim financial statements for the period ended 31 March 2024 as prior period restatements.

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18 Restatements of comparative information (continued)

The note below sets out the details of adjustments and the line items in the statement profit or loss, statement of other comprehensive income, statement of changes in shareholder's equity and statement of cash flows:

- A In the previous period, management erroneously did not record accrued employee leave balances totaling SR 106,466, as required by IAS 19 - Employee Benefits. As a result, general and administrative expenses amounting to SR 106,466 for the period ended 31 March 2023 have been recognized in the statement of profit or loss.
- B In the previous period, management erroneously classified charge for expected credit losses amounting to SAR 3,900 as part of General and administrative expenses instead of showing it separately in the statement of profit or loss. The Charge for expected credit losses amounting to SR 3,900 for the period ended 31 March 2023 has been reclassified from General and administrative expenses to being separately disclosed in the statement of profit or loss.
- C Management erroneously did not record Zakat expenses amounting to SAR 580,884 in the previous reporting period. As a result, Zakat expenses amounting to SR 580,884 for the period ended 31 March 2023 have been recognized in the statement of profit or loss.
- D In 2024, management reassessed the classification of employee costs and concluded that these expenses, which include direct labor costs, should be reclassified under Cost of revenue rather than General and administrative expenses. The rationale for reclassification is that these employees directly contribute to fulfilling performance obligations. Salaries and wages amounting to SR 261,002 for the period ended 31 March 2023 has been reclassified from General and administrative expenses to Cost of revenue.

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18 Restatements of comparative information (continued)

	As previously reported	Restatement A	Restatement B	Restatement C	Restatement D	As Restated
Income						
Revenue	5,722,929	-	-	-	-	5,722,929
Cost of revenue	(517,821)	-	-	-	(261,002)	(778,823)
Gross profit	5,205,108	-	-	-	(261,002)	4,944,106
Charge for expected credit losses	-	-	(3,900)	-	-	(3,900)
General and administrative expenses	(2,113,832)	(106,466)	3,900	-	261,002	(1,955,396)
Marketing expenses	(179,165)	-	-	-	-	(179,165)
Other income	11,448	-	-	-	-	11,448
Profit for the year before zakat	2,923,559	(106,466)	-	-	-	2,817,093
Zakat Expense	-	-	-	(580,884)	-	(580,884)
Profit for the year	2,923,559	(106,466)	-	(580,884)	-	2,236,209
Statement of other comprehensive income						
Profit for the year	2,923,559	(106,466)	-	(580,884)	-	2,236,209
Other comprehensive income items:						
Not to be reclassified to profit or loss in subsequent periods:						
Remeasurement loss on employee end of service benefits	(2,000)	-	-	-	-	(2,000)
Total other comprehensive loss for the year	(2,000)	-	-	-	-	(2,000)
Total comprehensive income for the year	2,921,559	(106,466)	-	(580,884)	-	2,234,209

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18 Restatements of comparative information (continued)

	As previously reported	Restatement A	Restatement B	Restatement C	Restatement D	As Restated
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>						
Net profit (loss) for the period before zakat	2,923,559	(106,466)	-	-	-	2,817,093
Adjustments for:						
Depreciation of property and equipment	11,457	-	-	-	-	11,457
Amortization of intangible assets	61,947	-	-	-	-	61,947
Provision for employee end of service benefit obligations	10,000	-	-	-	-	10,000
Allowance for expected credit losses	3,900	-	-	-	-	3,900
Operating profit/(loss) before changes in working capital	3,010,863	(106,466)	-	-	-	2,904,397
<u>Changes in working capital</u>						
Accounts Receivables	(311,887)	-	-	-	-	(311,887)
Prepaid expenses	(236,037)	-	-	-	-	(236,037)
Due from related parties	(3,051,361)	-	-	-	-	(3,051,361)
Accrued expenses and other liabilities	446,062	106,466	-	-	-	552,528
Net cash flows (used in) operating activities before zakat and employee benefits	(142,360)	-	-	-	-	(142,360)
Zakat paid	-	-	-	-	-	-
Employee end of service benefits paid	-	-	-	-	-	-
Net cash (used in) operating activities	(142,360)	-	-	-	-	(142,360)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>						
Additions to property and equipment	(170,301)	-	-	-	-	(170,301)
Net cash (used in) investing activities	(170,301)	-	-	-	-	(170,301)
Net change in cash and cash equivalent	(312,661)	-	-	-	-	(312,661)
Cash and cash equivalents at the beginning of the period	1,223,241	-	-	-	-	1,223,241
Cash and cash equivalents at the end of the period	910,580	-	-	-	-	910,580

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19 Subsequent events

In the opinion of management, there have been no significant subsequent events since the end of the period that require disclosure or adjustment in these condensed interim financial statements.

20 Contingencies

There were no contingent liabilities as at 31 March 2024 and 31 December 2023. Additionally, there are no pending legal cases against the Company that could have an impact on its financial statements.

21 Capital commitments

Except for leases, there are no capital commitments as at 31 March 2024 and 31 December 2023.

22 Date of approval of the financial statements

These financial statements were approved and authorized for issue by the Board of Directors of the Company on 29 January 2025.