

**TOURISM ENTERPRISE COMPANY (SHAMS)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE THREE MONTHS**  
**PERIOD ENDED MARCH 31, 2023**  
**WITH INDEPENDENT AUDITOR'S REVIEW REPORT**

**TOURISM ENTERPRISE COMPANY (SHAMS)**  
**(A SAUDI JOINT STOCK COMPANY)**  
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## INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENT

**To the shareholders of**  
**Tourism Enterprise Company (Shams)**  
 (A Saudi Joint Stock Company)  
**Dammam, Saudi Arabia**

### **Introduction**

We have reviewed the condensed statement financial position of Tourism Enterprise Company (Shams) as at 31 March 2023, and the condensed statements of profit and loss, other comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, and notes to the condensed interim financial statements. Management 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) are endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this condensed interim financial statement based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standards on Review Engagement 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 statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standard 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 condensed interim financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

### **Other Matter:**

The interim condensed financial statements of the company for the Three-month period ended 31 March 2022 were reviewed by another auditor who expressed an unmodified review conclusion on those financial statements on 24 May 2022.

**For Al-Kharashi & Co.**



**Abdullah S. Al-Msned**  
**License No. (456)**



**Riyadh:**  
 May 15, 2023 G  
 Shawwal 25, 1444 H

**TOURISM ENTERPRISE COMPANY (SHAMS)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2023**

	<b>Note</b>	<b>March 31, 2023 (Un-audited) SR</b>	<b>December 31, 2022 (Audited) SR</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment, net		<b>50,004,230</b>	48,741,893
Investment property, net		<b>6,264,325</b>	6,314,924
<b>Total non-current assets</b>		<b>56,268,555</b>	55,056,817
<b>Current assets</b>			
Trade receivables, net		<b>4,466,737</b>	4,808,260
Prepayments and other receivables, net		<b>1,257,689</b>	1,155,008
Cash and cash equivalents		<b>502,656,823</b>	509,695,719
<b>Total current assets</b>		<b>508,381,249</b>	515,658,987
<b>TOTAL ASSETS</b>		<b>564,649,804</b>	570,715,804
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	3	<b>578,236,230</b>	578,236,230
Statutory reserve		<b>2,913,121</b>	2,913,121
Retained earnings/ accumulated losses		<b>(28,321,570)</b>	(30,339,502)
<b>Total equity</b>		<b>552,827,781</b>	550,809,849
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Employee benefits		<b>1,267,660</b>	1,253,650
<b>Total non-current liabilities</b>		<b>1,267,660</b>	1,253,650
<b>Current liabilities</b>			
Trade payables		<b>851,991</b>	825,499
Accrued expenses and other credit balances		<b>3,162,084</b>	11,316,518
Provision for claims		<b>5,792,707</b>	5,792,707
Accrued zakat	4	<b>747,581</b>	717,581
<b>Total current liabilities</b>		<b>10,544,363</b>	18,652,305
<b>Total liabilities</b>		<b>11,822,023</b>	19,905,955
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>564,649,804</b>	570,715,804

**Chief Financial Officer**

Ahmed Mohammed Suleiman

**Deputy Chairman - Executive**

Abdullah Omar Al-Suwailem

The accompanying notes form part of these interim condensed financial statement

**TOURISM ENTERPRISE COMPANY (SHAMS)**

(A SAUDI JOINT STOCK COMPANY)

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023**

	Note	March 31, 2023 SR	March 31, 2022 SR
<b>Continuing Operations</b>			
Revenue	6	1,734,179	2,250,355
Cost of revenue	7	(2,183,118)	(2,017,754)
<b>Gross (loss)/ profit</b>		<b>(448,939)</b>	<b>232,601</b>
Selling and Distribution expenses		(307,895)	(273,258)
General and Administrative expenses	8	(1,898,734)	(1,804,621)
Other income, net	9	4,738,500	-
Reverse of claims provision		-	1,972,827
<b>Profit before zakat</b>		<b>2,082,932</b>	<b>127,549</b>
Zakat expense	4	(30,000)	(40,000)
<b>Profit for the period</b>		<b>2,052,932</b>	<b>87,549</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss in subsequent years</b>			
Remeasurement (loss) gain on employees' termination benefits		(35,000)	(41,710)
<b>Other comprehensive loss for the period, net of zakat</b>		<b>(35,000)</b>	<b>(41,710)</b>
<b>Total comprehensive gain for the period, net of zakat</b>		<b>2,017,932</b>	<b>45,839</b>
<b>Profit/ (loss) per share</b>			
<b>Profit per share before zakat</b>	10	<b>0.036</b>	<b>0.024</b>
<b>Profit for the period</b>	10	<b>0.035</b>	<b>0.017</b>

**Chief Financial Officer**

Ahmed Mohammed Suleiman

**Deputy Chairman - Executive**

Abdullah Omar Al-Suwailem

The accompanying notes form part of these interim condensed financial statement



**TOURISM ENTERPRISE COMPANY (SHAMS)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023**

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Accumulated losses/ retained earnings</u>	<u>Total</u>
<b>Balance at 31 December 2021 (Audited)</b>	52,566,930	2,913,121	(40,567)	55,439,484
Net profit for the period	-	-	87,549	87,549
Actuarial loss	-	-	(41,710)	41,710
Total comprehensive loss for the period	-	-	54,839	54,839
<b>Balance at 31 March 2022 (Un-audited)</b>	<u>52,566,930</u>	<u>2,913,121</u>	<u>5,272</u>	<u>55,485,323</u>
<b>Balance at 31 December 2022 (Audited)</b>	578,236,230	2,913,121	(30,339,502)	550,809,849
Net profit for the period	-	-	2,052,932	2,052,932
Actuarial loss	-	-	(35,000)	(35,000)
Total comprehensive loss for the period	-	-	2,017,932	2,017,932
<b>Balance at 31 March 2023 (Un-audited)</b>	<u>578,236,230</u>	<u>2,913,121</u>	<u>(28,321,570)</u>	<u>552,827,781</u>

**Chief Financial Officer**

Ahmed Mohammed Suleiman

**Deputy Chairman - Executive**

Abdullah Omar Al-Suwailem

The accompanying notes form part of these interim condensed financial statement

**TOURISM ENTERPRISE COMPANY (SHAMS)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023**

	<b>For the Three- Month period</b>	
	<b>Ended 31 March</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Un-audited)</b>	<b>(Un-audited)</b>
<b><u>Operating Activities</u></b>		
Net profit before zakat	2,082,932	127,549
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	1,611,324	1,477,428
Provision for doubtful debt	50,599	57,044
Provision for employees' end of service benefits	51,296	11,217
Provision for legal expense	-	(1,972,827)
<b>Operating cash flows before changes in working capital</b>	<b>3,796,151</b>	<b>(299,589)</b>
<b>Changes in operating assets and liabilities:</b>		
Trade receivables	341,523	(632,204)
Prepayments and other receivables, net	(102,681)	(767,540)
Trade payable	26,492	(44,203)
Accrued expenses and other credit balance	(8,154,434)	(2,188,233)
<b>Operating cash flows after changes in working capital</b>	<b>(4,092,949)</b>	<b>(3,931,769)</b>
Employees' end of service benefits paid	(72,286)	-
Zakat and taxes paid	-	-
<b>Net cash used in Operating Activities</b>	<b>(4,165,235)</b>	<b>(3,931,769)</b>
<b><u>Investing Activities</u></b>		
Purchase of property, plant and equipment	(2,873,661)	(1,673,638)
<b>Net cash used in Investing Activities</b>	<b>(2,873,661)</b>	<b>(1,673,638)</b>
<b>Change in cash and cash equivalents</b>	<b>(7,038,896)</b>	<b>(5,605,407)</b>
Cash and cash equivalents at the beginning of the period	509,695,719	13,317,303
<b>Cash and cash equivalents at the end of the period</b>	<b>502,656,823</b>	<b>7,711,896</b>

**Chief Financial Officer**

Ahmed Mohammed Suleiman

**Deputy Chairman - Executive**

Abdullah Omar Al-Suwailem

The accompanying notes form part of these interim condensed financial statement

**TOURISM ENTERPRISE COMPANY (SHAMS)**

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023**

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**1- Organization and principal activities**

Tourism Enterprise Company (Shams) ("the Company") is a Saudi Joint Stock Company that was established in the Kingdom of Saudi Arabia in accordance with the Ministry of Commerce under Commercial Registration No. 2050021572 from Dammam dated 20 Moharam 1412 H corresponding to 1 August 1991.

The company is engaged in managing business and tourism buildings including, chalets, motels, hotels, parks, restaurants, cities, playgrounds, swimming pools, rest houses, central service stations, and all services that lodges need.

The main activity head office is the only tourism project (Palm Beach Resort), which is located on land leased from the Municipality of Dammam for 40 years from the date of 1 Muharram 1410 H corresponding to 3 August 1989, ending on 30 Dhu al-Hijjah 1450 H corresponding to 14 May 2029. Without specifying the contract on the possibility of renewing the lease contract.

The company conducts its activities in the Kingdom of Saudi Arabia in the city of Dammam in the Half Moon Beach area, Dammam Postal code 31482 P.O. Box 8383.

The period terms of the company are 99 years from the date of issuance of the Minister of Commerce's decision to establish it and renewed by an extraordinary general assembly at least one year before the date of its expiry.

The financial statements included the Head office accounts and the accounts of the following branches:-

Tourism Enterprise Company (Shams) under the sub-commercial registry number 2052103400 Issued from the city of Dammam

Tourism Enterprise Company (Shams) under the sub-commercial registry number 2052103401 Issued from the city of Dammam

**2- Basis of preparation**

**2/1 Statement of compliance**

These financial statements have been prepared as of 31 March 2023 in accordance with the International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed 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 hence should be read in conjunction with the company annual financial statements for the year ended December 31, 2022.

The principal accounting policies applied in the preparation of condensed interim financial statements are consistent with those of the previous financial year and the respective corresponding interim reporting period.

**2/2 Preparation of financial statements**

The financial statements have been prepared under the historical cost principle, unless International Financial Reporting Standards allow measurement in accordance with other valuation methods that are indicated in the clarification of the main accounting policies.



**TOURISM ENTERPRISE COMPANY (SHAMS)**  
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023**

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**2- Basis of preparation "continued"**

**2/2 Preparation of financial statements "continued"**

The preparation of condensed consolidated interim financial statements required management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts in the condensed consolidated interim financial statements. These critical accounting judgements and key sources of estimations were the same as those described in the last annual financial statements.

The Company financial statements are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). The financial statements are presented in Saudi riyals, which is the functional and presentation currency. The numbers were rounded to the nearest thousand riyals, unless otherwise stated.

**2/3 New Standards, Amendments to Standards and Interpretations**

A number of new standards, amendments to standards are effective from January 1, 2023, but they do not have a material effect on the company condensed interim financial statements.

Certain new accounting standards and interpretations have been published that are not mandatory for March 31, 2023 reporting period and have not been early adopted by the company. These standards are not expected to have a material impact on the company in the current or future reporting periods and on foreseeable future transactions.

**3- Capital**

Tourism Enterprises Company (Shams) is A Saudi Joint Stock Company listed in the Saudi Capital Market, with a capital of 52,566,930 Saudi Riyals, divided into 5,256,693 shares, with a nominal value of 10 Saudi Riyals per share. All its shares have been subscribed to and paid in full.

During the years 2021, the Board of Directors proposed to increase the company's capital from 52,566,930 Saudi riyals to 578,236,230 Saudi riyals by offering a right issue at a value of 525,669,300 Saudi riyals. The capital recommendation is subject to the official authorities and the extraordinary general assembly of the company.

On 08-21-1443 AH corresponding to 03-24-2022. The company announced that it had submitted the file to the Capital Market Authority requesting approval to increase the aforementioned capital through offering a right issue. And that the capital increase is subject to the relevant regulatory approvals, including the approval of the company's extraordinary general assembly. On October 20, 2022, the Capital Market Authority issued approval to increase the company's capital.

On November 20, 2022, the shareholders decided in the Extraordinary General Assembly meeting to increase the capital by an amount of 525,669,300 million Saudi riyals by issuing right issue shares to support working capital, enhance the company's financial solvency, rehabilitate the current resort located in the eastern region, and enter into investments in the tourism sector in support of the Kingdom's Vision 2030, one of its pillars aims to increase and develop hospitality facilities and other tourism services in line with the future plans of the General Entertainment Authority .

On December 15, 2022, the company announced the results of the offering, and on December 22, 2022, the company received the net proceeds of the offering.

The company has fulfilled all regulatory requirements related to the aforementioned capital increase during the current year ending on December 31, 2022.

<b>No of shares before increasing</b>	<b>No of shares increased</b>	<b>No of shares after increasing</b>
5,256,693	52,566,930	57,823,623

**TOURISM ENTERPRISE COMPANY (SHAMS)**  
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023**

**4- Zakat**

**4/1 Movement in Provision during the period/ year**

The movement in the zakat provision for the year was as follows:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
	<b>SR</b>	<b>SR</b>
Balance at the beginning of the period/ year	<b>717,581</b>	758,978
Zakat adjustments	-	452,897
Provided during the period/ year	<b>30,000</b>	62,103
Paid during the period/ year	-	(557,397)
<b>Balance at the end of the period/ year</b>	<b>747,581</b>	<b>717,581</b>

**4/2 Zakat Status**

The company submitted the zakat return for all years up to 31 December 2022.

**5- Contingent liabilities**

At 9 Jumada Al-Akher 1440 corresponding to 14 February 2019, the company's board of directors agreed to sign a memorandum of understanding to acquire part of the owners' shares in a group of Hemaya companies, which includes both

- Saud Khalifa Med'j Al Fisam & Co. for the transfer of money, gold, jewelry, and stones.
- Saud Khalifa Med'j Al Fasam & Co. for Private Civil Security Services.
- Hemaya Company for Security, Safety Equipment's and Trading Ltd.

At 4 Dhu Al Qaeda 1440 corresponding to 7 July 2019, the Company's Board of Directors nullified the company's entry contract into the Hemaya Security Equipment, Safety and Trade Limited Company and did not proceed with the acquisition of Saud Khalifa Mud'ej Al Fasam and Co. for the transfer of funds, gold, jewelry and stones, and Saud Khalifa Mud'ej Al Fasam and Co. for Security Services and Private Civil. This is a result of the discovery of material financial obligations owed by the company to Hemaya Security, Safety and Trade Equipment Ltd. which were not disclosed in the company financial statement and due diligence.

It is worth noting that the "Shams" company quickly reacted to the matter and took the necessary measures and did not transfer any cash to date to a Hemaya Company for Security Equipment, Safety and Trade Limited due to the suspension of bank accounts for a protection company, and no cash will be paid in this regard as a result of those measures.

Accordingly, there are potential commitments of 5,618,000 million Saudi Riyals, which represent the contract value until the judgment is issued in the case filed by Shams Company against Hemaya Company and based on the opinion of the company's legal advisor, the judgment is expected to be in favor of the company.

**TOURISM ENTERPRISE COMPANY (SHAMS)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023**

**6- Revenue**

	<b>31 March</b>	<b>31 March</b>
	<b>2023</b>	<b>2022</b>
Daily rent revenue	<b>644,510</b>	1,225,310
Annual rent revenue	<b>127,880</b>	151,250
Services and other fees revenue	<b>961,789</b>	873,795
	<b>1,734,179</b>	2,250,355

**7- Cost of revenue**

The cost of services includes depreciation of property and equipment whose value during the period amounted to SR 1,567,11 (compared to SR 1,437,494 during the period ending on March 31, 2022).

**8- General and administrative expenses**

General and administrative expenses include depreciation of property and equipment whose value during the period amounted to SR 44,200 (compared to SR 39,935 during the period ending on March 31, 2022) in addition to amortization of real estate investments of SR 50,599 (compared to SR 57,044 during the period ending on 31 March 2022).

**9- Other income**

	<b>31 March</b>	<b>31 March</b>
	<b>2023</b>	<b>2022</b>
Income from investment bank deposits	<b>4,733,500</b>	-
Services and other fees revenue	<b>5,000</b>	-
	<b>4,738,500</b>	-

**10- Profit/ (loss) per share**

Basic profit/ (loss) per share calculated by dividing the profit/ (loss) attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period/ year.

**11- Financial risk management**

Financial instruments consist of financial assets and financial liabilities. Financial assets and liabilities included in the balance sheet include cash and cash equivalents, accounts receivable and other receivables and payables. The methods of recognizing each financial instrument are disclosed in the accounting policy notes applied related to each instrument. The fair value is (the amount with which an asset can be exchanged or a liability settled between informed parties in a free market). The company's financial assets and liabilities are not materially different from their carrying value.

**Credit risk**

It is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The company has no significant concentration of credit risks. Cash and cash equivalents are placed with national and international banks with sound credit ratings.

**Foreign Currency Exchange risk**

The value of a financial instrument will fluctuate the risk due to changes in foreign exchange rates. The company's transactions are principally in Saudi riyal and United States dollar. Currency risk is managed on regular basis.



**TOURISM ENTERPRISE COMPANY (SHAMS)**  
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023**

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**11- Financial risk management (continued)**

**Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial liabilities. Liquidity requirements are monitored on a regular basis and management ensures that sufficient funds are available to meet any commitments as they arise. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 12 months.

**12- Comparative figures**

Some of the prior year figures have been reclassified to conform to the current year presentation.

**13- Board of directors' approval**

These audited financial statements have been approved on 21 Shawwal 1444H corresponding to 11 May 2023G by the Board of Directors.