Tourism Enterprise Company (Shams)

(A Saudi Joint Stock Company)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

31 DECEMBER 2023

Tourism Enterprise Company (Shams)
(A Saudi Joint Stock Company)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2023

Table of Contents	**Pages**

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TOURISM ENTERPRISE COMPANY (SHAMS) (A SAUDI JOINT STOCK COMPANY)

Opinion

We have audited the financial statements of Tourism Enterprise Company (Shams), a Saudi joint stock company (the "Company"), which comprise the statement of financial position as at 31 December 2023, statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements presents fairly, in all material respects, the financial position of the Company as at 31 December 2023, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with this Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

The key audit matter is that matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current year. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on that matter. The following describes the key audit matter and how it was addressed:

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TOURISM ENTERPRISE COMPANY (SHAMS) (A SAUDI JOINT STOCK COMPANY) (continued)

Key Audit Matter (continued)

Key Audit Matter	How our audit addressed the key audit matter
Impairment assessment of Property and Equipment	
As of 31 December 2023, property and equipment amounted to SR 46 million (2022: SR 48.7 million) which represents 8% (2022: 8.5%) of the total assets of the Company. Based on the assessment, management has recognised an impairment loss relating to property, and equipment of approximately SR 38.8 million for the year ended 31 December 2023. Management has performed an impairment assessment of its property and equipment which have impairment indicators as at 31 December 2023. In preparing these impairment studies, management assessed the future business plan of the respective cash generating units (CGUs) and applied valuation models to determine the expected recoverable amounts of these CGUs for the purpose of impairment assessment. We have considered this matter as a key audit matter because the assessment of the recoverable amount of these CGUs requires a number of judgments and assumptions related to future revenue volume, prices, operating assets, growth rates, terminal value, discount rates and other related assumptions. Refer note 3.6 and note 10.2 of the financial statements for the accounting policy related to impairment of property and equipment and the details of the impairment assessment.	We have performed the following procedures for assessing the impairment of property and equipment. ➢ Evaluated the management basis of impairment indicators assessment for its CGUs under property and equipment. ➢ Evaluated whether the methodology used by management to calculate the recoverable amounts of respective CGUs is in compliance with the requirements of IAS 36. ➢ Validated the assumptions used for estimating the future cash flows, the discount rates and other related assumptions. ➢ Analyzed the future projected cash flows used in the models to determine whether they are reasonable and supportive given the current economic conditions and expected future performance. ➢ Compared key assumptions against historic trends, business plans and industry benchmarks as applicable. Additionally, we reviewed and assessed the future business plans both from internal and external perspectives, and compared forecast to historical trends. ➢ Checked the accuracy and completeness of the information by verifying the data inputs as used in the impairment assessment as the basis of impairment assessment; and ➢ Assessed whether the related disclosures are in accordance with the requirements of International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia.

Maham Company for Professional Services (A single shareholder LLC)
Owned by Certified Public Accountant: Abdulaziz Saud AlShabeebi (License No. 339)
CR: 2050240744 Capital: S.R. 1,000,000
4292 King Fahd Bin Abdulaziz Road – Al-Khalidiyah
Ash Shamaliyah, Dammam 32232 – 6140, Kingdom of Saudi Arabia
Landline Number: +966-13-858-9000 Website: maham.com

شركة مهام للاستشارات المهنية (شركة شخص واحد ذ م م)
مملوكة للمحاسب القانوني: عبدالعزيز سعود الشبيبي (ترخيص رقم ٣٣٩)
السجل التجاري: ٢٠٥٠٢٤٠٧٤٤ رأس المال: ١,٠٠٠,٠٠٠ ريال سعودي
٤٢٩٢ طريق الملك فهد بن عبدالعزيز – الخالدية الشمالية،
الدمام ٣٢٢٣٢-٦١٤٠، المملكة العربية السعودية
الهاتف الأرضي: ٩٠٠٠-٨٥٨-١٣-٩٦٦+ الموقع الإلكتروني: maham.com

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TOURISM ENTERPRISE COMPANY (SHAMS) (A SAUDI JOINT STOCK COMPANY) (continued)

Other Matter

The financial statements of the Company for the year ended 31 December 2022, were audited by another auditor who expressed an unmodified opinion on those statements on 12 Ramadan 1444H (corresponding to 3 April 2023G).

Other information

The management is responsible for the other information. Other information consists of the information included in the Company's annual report, other than the financial statements and our auditor's report thereon. The Company's annual report is expected to be made available to us after the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law and Company's Articles of Association and by-law, and for such internal controls as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (the Board of Directors) are responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TOURISM ENTERPRISE COMPANY (SHAMS) (A SAUDI JOINT STOCK COMPANY) (continued)

Auditor Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards of Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards of Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management use of the going concern basis of accounting and based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content to the financial statements, including the disclosure, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TOURISM ENTERPRISE COMPANY (SHAMS) (A SAUDI JOINT STOCK COMPANY) (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where appropriate, we inform them of actions taken to eliminate threats or preventative measures in place.

From the matters communicated to those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the current period and, accordingly, they are the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of communicating it reasonably outweigh the public interest in doing so.

For Maham Professional Services Company

شركة مهام للاستشارات المهنية
CR 2050240744
1
MAHAM Co. FOR PROFESSIONAL SERVICES

Abdulaziz Saud Al Shabeebi
Certified Public Accountant
License no. (339)
Date: 24 Ramadan 1445H
3 April 2024

Tourism Enterprise Company (Shams)
(A Saudi Joint Stock Company)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 SR	2022 SR
ASSETS			
CURRENT ASSETS			
Accounts receivable	7	**1,402,974**	4,808,260
Prepayments and other receivables	8	**2,973,632**	1,155,008
Cash and cash equivalents	9	**516,663,130**	509,695,719
TOTAL CURRENT ASSETS		**521,039,736**	515,658,987
NON CURRENT ASSETS			
Property and equipment	10	**13,321,315**	55,056,817
TOTAL NON CURRENT ASSETS		**13,321,315**	55,056,817
TOTAL ASSETS		**534,361,051**	570,715,804
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	11.1	**578,236,230**	578,236,230
Statutory reserve	11.2	**2,913,121**	2,913,121
Accumulated losses		**(74,649,555)**	(30,339,502)
TOTAL SHAREHOLDERS' EQUITY		**506,499,796**	550,809,849
CURRENT LIABILITIES			
Accounts payable		**414,546**	653,516
Accrued expenses and other current liabilities	12	**5,121,003**	11,488,501
Provision for claims	22	**6,672,668**	5,792,707
Provision for zakat	13	**14,204,369**	717,581
TOTAL CURRENT LIABILITIES		**26,412,586**	18,652,305
NON CURRENT LIABILITY			
Employees defined benefits obligations	14	**1,448,669**	1,253,650
TOTAL NON CURRENT LIABILITY		**1,448,669**	1,253,650
TOTAL LIABILITIES		**27,861,255**	19,905,955
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**534,361,051**	570,715,804

Chief Financial Officer	Chief Executive Officer	Deputy Chairman -Executive
Idris Mohamed Abuelgasim	Mohannad Saleh Al Onaizan	Abdullah Omar Al Suwailem

The attached notes 1 to 26 form part of these financial statements.

Tourism Enterprise Company (Shams)
(A Saudi Joint Stock Company)

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	*2023* *SR*	*2022* *SR*
Revenue	15	**9,606,648**	10,152,564
Cost of revenue	16	**(13,771,903)**	(10,573,854)
GROSS (LOSS)/PROFIT		**(4,165,255)**	(421,290)
EXPENSES			
Selling and marketing	17	**(1,240,879)**	(1,390,838)
General and administration	18	**(10,252,936)**	(9,909,543)
(Provision)/reversal of provision for expected credit losses		**(4,520,265)**	2,393,279
Impairment of property and equipment	10	**(38,837,906)**	-
LOSS FROM MAIN OPERATIONS		**(59,017,241)**	(9,328,392)
Other income, net		**35,025**	40,435
Provision for legal claims		**(879,961)**	-
Reversal of provision for claims		**-**	1,972,827
Finance income		**29,214,792**	597,222
LOSS BEFORE ZAKAT		**(30,647,385)**	(6,717,908)
Zakat	13	**(13,548,889)**	(515,000)
NET LOSS FOR THE YEAR		**(44,196,274)**	(7,232,908)
Other comprehensive (loss)/income not to be reclassified to income in subsequent periods:			
Actuarial (loss)/gain on employees' defined benefits liabilities	14	**(113,779)**	163,851
TOTAL COMPREHENSIVE LOSS		**(44,310,053)**	(7,069,057)
LOSS PER SHARE			
Basic and diluted loss per share from loss before zakat for the year attributable to shareholders of the Company	19	**(0.03)**	(0.05)
Basic and diluted loss per share from net loss for the year attributable to shareholders of the Company	19	**(0.04)**	(0.06)

Chief Financial Officer	Chief Executive Officer	Deputy Chairman -Executive
Idris Mohamed Abuelgasim	Mohannad Saleh Al Onaizan	Abdullah Omar Al Suwailem

The attached notes 1 to 26 form part of these financial statements.

Tourism Enterprise Company (Shams)
(A Saudi Joint Stock Company)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2023

	Share capital SR	*Statutory reserve SR*	*Accumulated losses SR*	*Total SR*
As at 1 January 2022	52,566,930	2,913,121	(40,567)	55,439,484
Increase in capital (note 11.1)	525,669,300	-	-	525,669,300
Capital increase expenses	-	-	(23,229,878)	(23,229,878)
Net loss for the year	-	-	(7,232,908)	(7,232,908)
Other comprehensive income for the year	-	-	163,851	163,851
Total comprehensive loss for the year	-	-	(7,069,057)	(7,069,057)
As at 31 December 2022	578,236,230	2,913,121	(30,339,502)	550,809,849
As at 1 January 2023	578,236,230	2,913,121	(30,339,502)	550,809,849
Net loss for the year	-	-	(44,196,274)	(44,196,274)
Other comprehensive loss for the year	-	-	(113,779)	(113,779)
Total comprehensive loss for the year	-	-	(44,310,053)	(44,310,053)
As at 31 December 2023	**578,236,230**	**2,913,121**	**(74,649,555)**	**506,499,796**

Chief Financial Officer
Idris Mohamed Abuelgasim

Chief Executive Officer
Mohannad Saleh Al Onaizan

Deputy Chairman -Executive
Abdullah Omar Al Suwailem

The attached notes 1 to 26 form part of these financial statements.

Tourism Enterprise Company (Shams)
(A Saudi Joint Stock Company)

STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Note	*2023* *SR*	*2022* *SR*
OPERATING ACTIVITIES			
Loss before zakat		**(30,647,385)**	(6,717,908)
Non-cash adjustments to reconcile loss before zakat to net cash flows from operating activities			
Depreciation of property and equipment	10	**7,081,051**	6,384,741
Gain on sale of property and equipment		**-**	(30,435)
Provision/(reversal) for expected credit losses	7	**4,380,265**	(2,393,279)
Write off of receivables		**212,845**	557,623
Reversal of provision for claims		**-**	(1,972,827)
Finance income		**(29,214,792)**	(597,222)
Impairment of property and equipment	10	**38,837,906**	-
Provision for legal claims		**879,961**	-
Employees defined benefits obligation	14	**237,404**	220,707
		(8,232,745)	(4,548,600)
Accounts receivable		**(1,187,824)**	(461,014)
Prepayments and other receivables		**(435,024)**	(351,580)
Accounts payable		**(238,970)**	42,272
Accrued expenses and other current liabilities		**(6,367,498)**	6,923,698
Cash (used in) from operations		**(16,462,061)**	1,604,776
Zakat paid	13	**(62,101)**	(557,397)
Finance income received		**27,831,192**	597,222
Employees' defined benefits paid	14	**(156,164)**	(146,072)
Net cash flows from operating activities		**11,150,866**	1,498,529
INVESTING ACTIVITIES			
Additions to property and equipment	10	**(4,183,455)**	(7,589,970)
Proceeds from sale of property and equipment		**-**	30,435
Net cash flows used in investing activities		**(4,183,455)**	**(7,559,535)**
FINANCING ACTIVITY			
Issued shares net of underwriting commission		**-**	502,439,422
Net cash flows from a financing activity		**-**	502,439,422
INCREASE IN CASH AND CASH EQUIVALENTS		**6,967,411**	496,378,416
Cash and cash equivalents at the beginning of the year		**509,695,719**	13,317,303
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**516,663,130**	509,695,719

Chief Financial Officer	Chief Executive Officer	Deputy Chairman -Executive
Idris Mohamed Abuelgasim	Mohammad Saleh Al Onaizan	Abdullah Omar Al Suwailem

The attached notes 1 to 26 form part of these financial statements.

1 ACTIVITIES

Tourism Enterprise Company (Shams) (the "Company") is a Saudi joint stock company. The Company was established in the Kingdom of Saudi Arabia under Commercial Registration No. 2050021572 in the city of Dammam dated 20 Muharram 1412H (corresponding to 1 August 1991G).

The Company is engaged in managing hotels, furnished residential units, chalets, tourist inns, resorts, wedding halls and events with accommodation, management of tourist accommodation facilities, camps, restaurants, coffee shops, buffets (cafeterias), rental of bicycles, amusement parks, entertainment centers, organization of recreational activities and operation of entertainment facilities.

Currently, the main activity of the Company is to manage tourism project (Palm Beach Resort), which is located on a leased land from the Municipality of Dammam for 40 years from the date of 1 Muharram 1410H (corresponding to 3 August 1989G), ending on 30 Dhul Hijjah 1450H (corresponding to 14 May 2029G), without specifying in the contract on the possibility of renewing the lease contract.

The Company has the following branches:

Commercial registration	Date	Location
2052103400	**06/07/1443**	Dhahran
2052103401	**06/07/1443**	Dhahran

The Company conducts its activities in the Kingdom of Saudi Arabia and its offices are located in the city of Dammam, 31482 P.O. Box 8383.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia ("KSA') and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRSs as endorsed in KSA").

2.2 Basis of measurement

The financial statements have been prepared on a historical cost convention. Except for employees' defined benefits obligations, that has been measured at the present value of the expected benefits obligation.

2.3 Presentation and functional currency

The financial statements are presented in Saudi Riyals (SR), which is also the functional currency of the Company.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when:

a) it expects to realize the asset, or intends to sell or consume it, in the entity's normal operating cycle;

b) it holds the asset primarily for the purpose of trading;

c) it expects to realize the asset within twelve months after the reporting date; or

d) the asset is cash or a cash equivalent, unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

The Company shall classify all other assets as non-current. When the Company normal operating cycle is not clearly identifiable, its duration is assumed to be twelve months.

The Company shall classify a liability as current when:

a) it expects to settle the liability in the entity's normal operating cycle;

b) it holds the liability primarily for the purpose of trading;

c) the liability is due to be settled within twelve months after the reporting date; or

d) the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after reporting date.

The Company shall classify all other liabilities as non-current.

3.2 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

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

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 —Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 —Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Foreign currencies

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss.

3.4 Property and equipment

Property and equipment is recognised initially at cost. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to statement of profit or loss during the period in which they are incurred.

After initial recognition property and equipment are stated at cost less accumulated deprecation and any impairment in value . The cost less estimated residual value is depreciated on straight line basis overt the estimated useful life of the assets as follows:

Buildings	5-30 Years
Marina equipment	10-20 Years
Motor vehicles	4 Years
Marina machineries and tools	5-10 Years
Furniture, fixtures and office equipment	4-10 Years
Tools and equipment	5 Years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

The carrying value of property and equipment are reviewed for impairment when events or changes in circumstances indicates the carrying value may not be recoverable . If any such indication exists and when carrying value exceeds the estimated recoverable amount , the assets are written down to their recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains/(losses) – net' in the statement of profit and loss and other comprehensive income.

3.5 Capital work-in-progress

Assets in the course of development are capitalized in the capital work-in-progress ("CWIP") account. The asset under development is transferred to the appropriate category once the asset is in a location and/or condition necessary for it to be capable of operating in the manner intended by management. The cost of an item of capital work in progress comprises its purchase price, construction / development cost and any other cost directly attributable to the construction or acquisition of an item of CWIP.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's (or CGU's) fair value, less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset (or CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-zakat discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Company impairment calculation is based on the detailed budget and forecast calculations which are prepared separately for each of the Company CGU's to which the individual assets are allocated. These budgets and forecast calculations generally cover a five-year period. For longer periods, a long-term growth rate is calculated and applied to projected future cashflows after the budget period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in the statement of comprehensive income.

3.7 Investment properties

Investment properties is property held either to earn rental income or for capital appreciation or for both, as well as those held for undetermined future use but not for sale in the ordinary course of business or for administrative purposes. Investment properties are measured at cost less accumulated depreciation and impairment loss, if any. Investment properties are depreciated on a straight-line basis over the estimated useful life of the respective assets.

Investment properties are derecognized either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statement of profit and loss in the period of derecognition.

Transfers are made from investment properties to property and equipment only when there is a change in use evidenced by commencement of development with a view to sell. Such transfers are made at the carrying value of the property at the date of transfer.

The useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

3.8 Cash and cash equivalents

Cash and cash equivalents includes cash deposited with local banks, cash on hand and time deposits.

3.9 Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Employees defined benefits obligations

The Company's employee benefits obligations are accounted for as an unfunded defined benefits plan. The liability recognized in the statement of financial position in respect of the defined end-of service benefits plan is the present value of the employee benefits obligation at the reporting date and is measured using the projected unit credit method.

Actuarial gains and losses are charged or credited to other comprehensive income in the period in which they arise.

3.11 Financial instruments – initial recognition, subsequent measurement and derecognition

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss (FVPL), transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

Financial assets are subsequently measured at FVPL, amortized cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Company business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

Financial assets at amortized cost

This category is the most relevant to the Company. The Company measures financial assets at amortized cost that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Company cash and cash equivalents and accounts receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

  (a) the Company has transferred substantially all the risks and rewards of the asset, or

  (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.11 Financial instruments – initial recognition, subsequent measurement and derecognition (continued)

Impairment of financial assets

IFRS 9 requires the Company to record an allowance for ECLs for all account receivables and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For accounts receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payment are 360 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of payables, net of directly attributable transaction costs.

The Company financial liabilities include accounts payable and other current liabilities.

Subsequent measurement

The financial liabilities are subsequently measured at amortized cost.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Company's activities. Revenue is shown net of value- added tax, returns and discounts.

Revenue is recognized either at a point in time or over time, when (or as) the Company satisfies the performance obligations as specified in the contract with the customer, wherever applicable, by transferring and when it transfers control over the promised service to the customer.

A five-step approach to revenue recognition is applied:

1. Identify the contract(s) with the customer
2. Identify the performance obligations in each contract
3. Determine the transaction price
4. Allocate the transaction price to performance obligations
5. Recognize revenue as the entity satisfies a performance obligation

3.13 Expenses

Expenses related to operations are allocated on a consistent basis to cost of revenue and selling and marketing. All other expenses are classified as general and administrative expenses. Allocations between expenses is made on consistent basis.

3.14 Zakat and tax

Zakat

The Company is subject to zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"). A provision for zakat for the Company is charged to the statement of comprehensive income. Differences, if any, at the finalization of assessments are accounted for when such amounts are determined in accordance with the requirements of IAS 8 of IFRSs.

Value Added Tax

Revenues, expenses and assets are recognised net of the amount of value added tax, except:

Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

Receivables and payables are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

4 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including future expectations.

4.1 Key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

4.1.1 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing off the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the Cash Generating Unit ("CGU") being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

4.1.2 Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgements and estimates of the outcome of future events.

4.1.3 Provisions

By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for uncertain liabilities involve management's best estimate of whether cash outflows are probable.

4.1.4 Estimated useful lives of property and equipment

The Company's management determines the estimated useful lives of its machinery, equipment and leasehold improvements for calculating depreciation on a straight-line basis over their estimated economic useful lives. This estimate is determined after considering the expected usage of the asset or physical wear and tear.

Management reviews the useful lives and residual value of the assets at least once per year and always at the end of each financial year and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

4.1.5 Long-term assumptions for employees' benefits

End-of-service benefits represent obligations that will be settled in the future and require assumptions to project obligations and fair values of plan assets, if any. Management is required to make further assumptions regarding variables such as discount rates, rate of salary increase, mortality rates and employment turnover. Periodically, management of the Company consults with external actuaries regarding these assumptions. Changes in key assumptions can have a significant impact on the projected benefit obligations and/or periodic employee defined benefit costs incurred.

4 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

4.1 Key sources of estimation uncertainty (continued)

4.1.6 Provision for expected credit losses of accounts receivables

The Company uses a provision matrix to calculate ECLs for accounts receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the entertainment sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's accounts receivables is disclosed in Note 7.

4.2 Judgements

4.2.1 Determining the lease term of contracts with renewal and termination options

Management of the Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

5 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

As per below, several amendments and interpretations apply for the first time in 2023, but do not have an impact on the financial statements of the Company:

- *IFRS 17 Insurance Contracts*
- *Definition of Accounting Estimates - Amendments to IAS 8*
- *Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12*
- *Amendments to IAS 12*

6 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- *Amendments to IFRS 16: Lease Liability in a Sale and Leaseback*
- *Amendments to IAS 1: Classification of Liabilities as Current or Non-current*
- *Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7*

7 ACCOUNTS RECEIVABLE

	2023	*2022*
	SR	SR
Service fee receivable	**7,118,488**	6,356,931
Property rent receivable	**750,000**	750,000
Annual rent receivable	**515,922**	302,500
	8,384,410	7,409,431
Less: allowance for expected credit losses	**(6,981,436)**	(2,601,171)
	1,402,974	4,808,260

Movement in allowance for expected credit losses are as follows:

	2023	*2022*
	SR	SR
At the beginning of the year	**2,601,171**	4,994,450
Allowance of expected credit losses	**4,380,265**	-
Reversal	**-**	(2,393,279)
At the end of the year	**6,981,436**	2,601,171

8 PREPAYMENTS AND OTHER RECEIVABLES

	2023	*2022*
	SR	*SR*
Advances to suppliers	**1,671,128**	1,671,128
Accrued interest income	**1,383,600**	599,266
Prepayments	**588,216**	363,671
Advances to employees	**842,588**	192,071
VAT receivable	**398,087**	-
Other debit balances	**(238,859)**	-
	4,644,760	2,826,136
Less: provision for advances to suppliers	**(1,671,128)**	(1,671,128)
	2,973,632	1,155,008

Movement in provision for advances to suppliers

	2023	*2022*
	SR	*SR*
At the beginning of the year	**1,671,128**	2,628,628
Write-offs	**-**	(957,500)
At the end of the year	**1,671,128**	1,671,128

9 CASH AND CASH EQUIVALENTS

	2023	2022
	SR	SR
Bank balances	**564,003**	9,622,707
Cash in hand	**99,127**	73,012
Time deposits	**516,000,000**	500,000,000
	516,663,130	509,695,719

Bank balances represent cash held with local banks and are denominated mainly in Saudi Riyals. Time deposits earn interest income as per their prevailing market rates and are renewed on average period of 85 days.

10 PROPERTY AND EQUIPMENT

	Plot of land *SR*	*Buildings* *SR*	*Marina equipment* *SR*	*Motor vehicles* *SR*	*Marina machineries and tools* *SR*	*Furniture, fixtures and office equipment* *SR*	*Tools and equipment* *SR*	*Capital work-in-progress* *SR*	*Total* *SR*
Cost:									
At 1 January 2022 (as previously stated)	-	115,201,114	5,783,982	2,282,622	1,103,264	16,048,864	958,492	1,458,081	142,836,419
Adjustment (note 24)	3,000,000	6,917,106	-	-	-	394,927	-	-	10,312,033
At 1 January 2022 (restated)	3,000,000	122,118,220	5,783,982	2,282,622	1,103,264	16,443,791	958,492	1,458,081	153,148,452
Additions	-	256,952	-	-	-	319,205	-	7,013,813	7,589,970
Transfers	-	3,687,023	-	-	-	308,518	-	(3,995,541)	-
Disposals	-	-	-	(130,000)	-	-	-	-	(130,000)
At 31 December 2022	3,000,000	126,062,195	5,783,982	2,152,622	1,103,264	17,071,514	958,492	4,476,353	160,608,422
Additions, net	-	319,928	73,410	-	-	442,684	9,654	3,337,779	4,183,455
Transfers	-	2,993,556	-	-	-	83,630	-	(3,077,186)	-
At 31 December 2023	**3,000,000**	**129,375,679**	**5,857,392**	**2,152,622**	**1,103,264**	**17,597,828**	**968,146**	**4,736,946**	**164,791,877**
Depreciation and impairment:									
At 1 January 2022 (as previously stated)	-	76,224,280	2,261,858	2,153,963	749,952	13,262,107	874,495	-	95,526,655
Adjustment (note 24)	-	3,395,263	-	-	-	374,946	-	-	3,770,209
At 1 January 2022 (restated)	-	79,619,543	2,261,858	2,153,963	749,952	13,637,053	874,495	-	99,296,864
Charge for the year	-	4,872,589	388,111	41,595	110,739	942,791	28,916	-	6,384,741
Disposals	-	-	-	(130,000)	-	-	-	-	(130,000)
At 31 December 2022	-	84,492,132	2,649,969	2,065,558	860,691	14,579,844	903,411	-	105,551,605
Charge for the year	-	5,730,042	388,111	31,548	110,037	795,293	26,020	-	7,081,051
Impairment	-	33,119,702	2,819,312	-	132,536	-	-	2,766,356	38,837,906
At 31 December 2023	**-**	**123,341,876**	**5,857,392**	**2,097,106**	**1,103,264**	**15,375,137**	**929,431**	**2,766,356**	**151,470,562**
Net book amounts:									
At 31 December 2023	**3,000,000**	**6,033,803**	**-**	**55,516**	**-**	**2,222,691**	**38,715**	**1,970,590**	**13,321,315**
At 31 December 2022	3,000,000	41,570,063	3,134,013	87,064	242,573	2,491,670	55,081	4,476,353	55,056,817

10 PROPERTY AND EQUIPMENT (continued)

10.1 Allocation of depreciation charge in the statement of comprehensive income is as follows:

	2023	*2022*
	SR	*SR*
Cost of revenue (note 16)	**6,709,716**	5,986,008
General and administrative expenses (note 18)	**371,335**	398,733
	7,081,051	6,384,741

10.2 Impairment of property and equipment

As per the requirements of IAS 36, which requires the Company to perform an impairment indicator assessment of property and equipment, by reviewing the carrying amounts of its property and equipment to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

As a result, the management carried out an impairment test for the Palm Beach Resort in the Eastern Province, which is considered as one cash generating unit during the reporting year ended December 31, 2023, as events and changes in circumstances indicated that the carrying amount of this cash generating units ("CGU") may not be recoverable, for which management has considered both internal and external information for indicators of impairment. Management used the discounted cash flow model to determine the recoverable amount of the CGU. Management determines that the recoverable amount of the CGU is its value in use. Management used a discount rate of 11.2% with no terminal growth rate in estimating the value in use. It was concluded that the recoverable amount was lower than the carrying value for the CGU and as a result the Company has recorded an impairment loss of approximately SR 38.8 million.

11 SHARE CAPITAL AND STATUTORY RESERVE

11.1 Share Capital

On 26 Rabi' II 1444H (corresponding to 20 November 2022) , the Company`s Extraordinary General Assembly resolved to increase the share capital by an amount of SR 525,669,300 by issuance of rights issue shares. On 15 December 2022, the Company announced the results of the offering, and on 22 December 2022, the Company received the net proceeds of the offering. Legal formalities in this regard have been completed during the year ended 31 December 2022.

On 23 Dhul Qidah 1444H (corresponding to 12 June 2023) the Company`s Extraordinary General Assembly resolved to split the shares available to 20 shares to each of the existing shares. As a result, the share capital of the Company is divided into 1,156,472,460 shares with a nominal value of SR 0.5 each (31 December 2022: 57,823,623 shares with a nominal value of SR 10 each).

11.2 Statutory reserve

The new Companies Regulations issued by Royal Decree M/132 dated 30 June 2022 (hereinafter referred to as the "Regulation") entered into force on 19 January 2023. The Regulation replaces the Companies Regulations issued in 1437H and other provisions which are in conflict with the Regulation will be overridden. Existing companies must amend their status in conformity with the Regulation's provisions within two years of the effective date of the Regulation. The Company has not amended its articles of association to align it with new companies regulations requirements and consequently, the Company continues to maintain the reserve appropriated in prior years.

Once the articles of association is updated in accordance with the new regulations, the balance of statutory reserve appropriated in the prior years will be subject to the shareholders' resolution in the future, either to keep it as a general reserve or transfer it back to retained earnings.

12 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	2023	*2022*
	SR	*SR*
Accrued expenses	**3,627,654**	4,807,308
Payable to unsubscribed shares	**939,134**	5,071,997
Dividends payable	**180,003**	180,003
Advances from customers	**141,466**	140,846
Other payables	**232,746**	1,288,347
	5,121,003	11,488,501

13 ZAKAT

13.1 Charge for the year

The zakat charge consists of:

	2023	*2022*
	SR	*SR*
Current year provision	**13,548,889**	452,897
Charge related to prior years	**-**	62,103
Charge for the year	**13,548,889**	515,000

13.2 Components of zakat base	***2023***	*2022*
	SR	*SR*
Total equity and external sources of funding	**531,451,664**	63,608,545
Long-term assets	**6,778,245**	55,056,817
Zakat base	**524,673,419**	2,484,109
Adjusted net loss for the year	**(31,497,006)**	(6,333,350)

Zakat is payable at 2.578% of the zakat base excluding adjusted results for the year, where adjusted results are subject to zakat at 2.5%.

13.3 Movement in zakat provision

	2023	*2022*
	SR	*SR*
At the beginning of the year	**717,581**	759,978
Charge for the year	**13,548,889**	515,000
Paid during the year	**(62,101)**	(557,397)
At the end of the year	**14,204,369**	717,581

13.4 Status of assessments

Subsequent to year end, the Company received zakat assessments from ZATCA for the years 2021 and 2022 claiming additional zakat liability amounting to SR 481,126 and SR 82,372, respectively. The Company has filed an appeal against the liability during the statuary period and ZATCA reply is still awaited.

The Company has submitted its zakat returns for all years from inception up to the year ended 31 December 2022 and obtained the required certificates. Other than the years 2021 and 2022, no assessments have been received from ZATCA for the remaining years.

14 EMPLOYEES DEFINED BENEFITS OBLIGATIONS

The management has carried out an exercise to assess the present value of its defined benefit obligations at 31 December 2023 and 31 December 2022 in respect of employees' end-of-service benefits payable under relevant local regulations and contractual arrangements. The following tables summarises the components of net benefit expense recognized in the statement of comprehensive income and balances reported in the statement of financial position:

14 EMPLOYEES DEFINED BENEFITS OBLIGATIONS (continued)

	2023	*2022*
Reconciliation of present value of liability	***SR***	*SR*
End of service liability at the beginning of the year	**1,253,650**	1,342,866
Current service costs	**237,404**	220,707
Benefits paid during the year	**(156,164)**	(146,072)
Actuarial loss/(gain)	**113,779**	(163,851)
At end of the year	**1,448,669**	1,253,650

The significant assumptions used in determining employees' end of service liability are shown below:

	2023	*2022*
Discount rate	**4.70%**	5.00%
Future salary increment rate	**3.00%**	3.00%

Sensitivity analysis

	31 December 2023		31 December 2022	
	PVDBL - SR	**% Change**	PVDBL - SR	% Change
+ 1% discount rate	**1,352,027**	**-7%**	1,166,197	-7%
- 1% discount rate	**1,558,977**	**8%**	1,353,403	8%
+ 1% salary increase	**1,566,990**	**8%**	1,360,988	9%
-1% salary decrease	**1,343,403**	**-7%**	1,158,128	-8%

PVDBL: Present Value of Defined Benefits Liability

The following are the expected payments of the undiscounted defined benefit plan for the future years:

	2023	*2022*
	SR	*SR*
Within the next 12 months	**148,487**	141,864
Between 1 and 2 years	**115,157**	66,265
Between 2 and 3 years	**59,223**	101,970
Beyond 3 years	**1,813,479**	1,620,378
Total expected payments	**2,136,346**	1,930,477

15 REVENUE

Set out below is the disaggregation of the Company's revenue:

	2023	*2022*
	SR	*SR*
Type of services		
Daily rent	**5,087,000**	5,870,473
Services and other fees	**3,918,475**	3,761,330
Annual rent	**601,173**	520,761
	9,606,648	10,152,564

15 REVENUE (continued)

	2023 SR	2022 SR
Geographical markets		
Saudi Arabia	**9,606,648**	10,152,564
Timing of revenue recognition		
Recognised at a point in-time	**9,005,475**	9,631,803
Recognised over time	**601,173**	520,761
Total revenue	**9,606,648**	10,152,564

16 COST OF REVENUE

	2023 SR	2022 SR
Depreciation of property and equipment	**6,709,716**	5,986,008
Employee costs	**3,546,233**	1,715,755
Electricity and water	**1,056,902**	955,684
Maintenance	**667,241**	481,117
Security guard services	**636,205**	638,430
Cleaning and hospitality	**610,431**	264,617
Government fees	**311,178**	286,543
Transportation	**195,819**	206,194
Rent	**24,830**	36,000
Others	**13,348**	3,506
	13,771,903	10,573,854

17 SELLING AND MARKETING EXPENSES

	2023 SR	2022 SR
Employee costs	**1,096,319**	1,130,052
Events and advertising	**77,111**	191,540
Others	**67,449**	69,246
	1,240,879	1,390,838

18 GENERAL AND ADMINISTRATIVE EXPENSES

	2023 SR	2022 SR
Allowances and bonuses of the Board of Directors (note 20)	**4,093,205**	4,058,000
Employee costs	**3,498,331**	3,228,393
Government fees	**722,765**	418,601
Professional fees	**539,280**	619,326
Depreciation of property and equipment	**371,335**	398,733
Telephone and post	**242,821**	331,581
Bad debts	**212,845**	557,623
Electricity and water	**81,589**	24,840
Other	**490,765**	272,446
	10,252,936	9,909,543

19 EARNINGS PER SHARE

Basic and diluted earnings per share (EPS) is calculated by dividing the net loss for the year attributable to equity holder of the Company by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and ordinary shares outstanding data used in the basic and diluted loss per share calculation of the shareholders of the Company:

	2023	*2022*
	SR	*SR*
Loss before Zakat attributable to equity holders of the Company	**(30,647,385)**	(6,717,908)
Net loss attributable to equity holders of the Company	**(44,196,274)**	(7,232,908)
Weighted average number of ordinary shares outstanding	**1,156,472,460**	131,057,278
Basic and diluted loss per share from loss before zakat for the year	**(0.03)**	(0.05)
Basic and diluted loss per share from net loss for the year	**(0.04)**	(0.06)

20 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders, directors and key management personnel of the Company, and entities controlled or significantly influenced by such parties.

20.1 Amounts due to related parties presented under accrued expenses and other current liabilities comprise of the following:

	2023	*2022*
	SR	*SR*
Board of directors	**2,703,160**	2,741,875

20.2 The significant related party transactions are as follows:

	2023	*2022*
	SR	*SR*
Salaries and allowances of executives	**2,589,090**	2,512,340
Remuneration and bonus to board of directors and other board members	**4,093,205**	4,058,000

21 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks including currency risk, credit risk and liquidity risk.

Financial instruments by categories

	2023	*2022*
	SR	*SR*
Financial assets measured at amortized cost		
Accounts receivable	**1,402,974**	4,808,260
Cash and cash equivalents	**516,663,130**	509,695,719
Total financial assets measured at amortized cost	**518,066,104**	514,503,979
Financial liabilities measured at amortized cost		
Accounts payable	**414,546**	653,516
Accrued expenses and other current liabilities	**4,979,537**	11,347,655
Employees defined benefits obligations	**1,448,669**	1,253,650
Total financial liabilities measured at amortized cost	**6,842,752**	13,254,821

21 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

The main financial risks arising from the Company's financial instruments are market risk, commodity risk, liquidity and credit risk. Management reviews and agrees policies for managing each of these risks which are summarized below:

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign currency exchange rates may affect the Company's income. The Company was exposed to market risk, in the form of interest rate risk and foreign currency risk as described below, during the year under review. There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

Currency risk

Currency risk is the risk of changes in the value of financial instruments due to changes in foreign exchange rates. Most of the Company's transactions are in Saudi Riyals, the management monitors changes in currency exchange rates and management believes that the currency risk is not material to the Company.

Consequently, no foreign currency sensitivity analysis has been presented. The Company maximum exposed to foreign currency risk is as follows:

	Currency	***2023*** ***SR***	*2022* *SR*
Cash and cash equivalents	SR	**516,663,130**	509,695,719
Accounts payable and other liabilities	SR	**414,546**	653,516

Interest rate risk

Interest rate risk represents the risk that the fair value of future cash flow of financial instruments will fluctuate due to the change in of the market interest rates. The Company's exposure to the risk of changes in market interest rates relate preliminary to the Company's short-term deposits. The Company manages its exposure to interest rate risks by continually monitoring movement in interest rates.

Commodity risk

The Company is exposed to the impact of market fluctuations of the price of different products to be used in the operations. The Company prepares annual budgets including sensitivity analyses in respect of various prices levels of such materials to manage the risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter the necessary liquidity to meet its obligations associated with financial liabilities. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by ensuring periodically that sufficient liquidity is available to meet any obligations as they arise.

Contractual maturity analysis for financial liabilities

The following table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables represent undiscounted cash flows:

31 December 2023	**Less than 1 year** **SR**	**More than 1 year but less than 5 years** **SR**	**More than 5 years** **SR**	**Total** **SR**
Accounts payable	**414,546**	**-**	**-**	**414,546**
Accrued expenses and other credit balances	**4,979,537**	**-**	**-**	**4,979,537**
Employees defined benefits obligations	**148,487**	**174,380**	**1,813,479**	**2,136,346**
	5,542,570	**174,380**	**1,813,479**	**7,530,429**

21 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

Contractual maturity analysis for financial liabilities (continued)

31 December 2022	Less than 1 year	More than 1 year but less than 5 years	More than 5 years	Total
	SR	SR	SR	SR
Accounts payable	653,516	-	-	653,516
Accrued expenses and other credit balances	11,347,655	-	-	11,347,655
Employees defined benefits obligations	141,864	168,235	1,620,378	1,930,477
	12,143,035	168,235	1,620,378	13,931,648

Credit risk

Credit risk is the risk that one party to a financial instrument may fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk on its cash and cash equivalents and accounts receivable.

The maximum exposure to credit risk at the reporting date was as follows:

Description	***2023*** ***SR***	*2022* *SR*
Cash and cash equivalents	**516,663,130**	509,695,719
Accounts receivable	**1,402,974**	4,808,260

The following table represents information that provide information on the exposure of the Company to the credit risk and ECL for accounts receivable for customers:

31 December 2023	**Gross carrying amount**	**Weighted average loss**	**Loss allowance (%)**
0 - 30 days	**246,711**	**7,674**	**3.11%**
31 - 60 days	**70,487**	**2,191**	**3.11%**
61 - 90 days	**35,244**	**3,416**	**9.69%**
91 - 120 days	**214,823**	**46,751**	**21.76%**
121 - 180 days	**214,823**	**86,437**	**40.24%**
181 - 240 days	**426,146**	**156,872**	**36.81%**
241 - 360 days	**524,851**	**233,007**	**44.39%**
More than 360 days	**6,651,326**	**6,445,088**	**96.90%**
	8,384,410	**6,981,436**	

31 December 2022	Gross carrying amount	Weighted average loss	Loss allowance (%)
0 - 30 days	54,143	1,733	3.20%
31 - 60 days	54,143	1,732	3.20%
61 - 90 days	54,143	5,650	10.44%
91 - 120 days	232,695	53,918	23.17%
121 - 180 days	232,695	98,901	42.50%
181 - 240 days	327,336	186,960	57.12%
241 - 360 days	403,154	240,276	59.60%
More than 360 days	6,051,121	5,771,496	95.38%
	7,409,431	6,360,666	

21 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

Capital management

The Company manages its capital to ensure that the Company will be able to continue as going concerns while maximizing the return to the owner through the optimization of the equity balance. The Company's overall strategy remains unchanged from the previous year. The capital structure of the Company consists of equity comprising capital, the statutory reserve and accumulated losses. The Company is not subject to any externally imposed capital requirements.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The five largest customers account approximately for 31% of outstanding accounts receivable at 31 December 2023 (31 December 2022: 33%).

Furthermore, all of the Company's operations are derived from its sole resort located in the Eastern Province of Saudi Arabia, which is considered as geographical concentration of risk.

Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction and the same conditions of dealing with other parties. As the accompanying financial statements are prepared under the historical cost method difference may arise between the book values and the fair value estimates.

22 CONTINGENCIES AND COMMITMENTS

The Company has an ongoing legal case filed by the owner of a group of companies that the Company was initially planning to invest in, and later on, the board of directors of the Company revoked the decision due to certain facts identified and resulted in taking decision not to proceed with this investment as it will not be in favour of the Company. The total claim in this respect amounted to approximately SR 5.6 million, which has been provided for in full by management in the past. The legal proceedings are still in progress.

Further, the Company has other ongoing legal cases filed by certain suppliers and subcontractors amounting to SR 1.393 million, of which SR 879,961 has been provided for by management, while the management is awaiting the results of the legal proceeding for the remaining cases. The legal proceedings are still in progress.

23 SEGMENT INFORMATION

A segment is a distinguishable component of the Company that is engaged in managing Palm Beach Resort (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

The Board of Directors of the Company monitor the results of the Company’s operations and have been identified as the Chief Operating Decision Maker (CODM). The net results of the Company are reported to the Board of Directors, for the Company as a whole. The various expenses which are included in the measurement of the net result for the Company are disclosed in the respective notes to the financial statements.

23 SEGMENT INFORMATION (continued)

The Company's activities are limited to managing Palm Beach Resort. The Company analyses the financial information of its operations as a whole. Accordingly, segmental analysis of the statement profit and loss and other comprehensive income and statement of financial position is not presented. The CODM considers the Company to be a single operating segment based on the nature of its operations and services as all of the Company's operations relate to one operating sector. In addition all of the Company's activities are concentrated in the Kingdom of Saudi Arabia. Consequently, the Company does not disclose business segments neither geographical segments.

24 PRIOR YEAR ADJUSTMENT AND COMPARATIVE FIGURES

During the year, the Company's management discovered that a plot of land and building constructed on it were erroneously classified as investment properties instead of property and equipment based on IAS 16 "Property, plant and equipment". Consequently, the management has reclassified these items to reflect the correct accounting treatment.

The following summarises the impact on the statement of financial position as at 1 January 2022 and 31 December 2022:

	Balances as of 1 January 2022		
	SR	*SR*	*SR*
	Previously reported	*Adjustment*	*Restated*
Property and equipment	**47,309,764**	**6,541,824**	**53,851,588**
Investment properties	**6,541,824**	**(6,541,824)**	**-**

	Balances as of 31 December 2022		
	SR	*SR*	*SR*
	Previously reported	*Adjustment*	*Restated*
Property and equipment	**48,741,893**	**6,314,924**	**55,056,817**
Investment properties	**6,314,924**	**(6,314,924)**	**-**

There has been no impact on the statement of profit and loss and other comprehensive income, neither on the equity statement, as the investment property was accounted for at cost less accumulated depreciation and impairment, if any, which is the same accounting policy used under the new classification

In addition to the above reclassification, certain balances/ amounts in the comparative statements have been reclassified to conform with the current year presentation.

25 SUBSEQUENT EVENTS

Subsequent to year end, the management ceased to use a building constructed on freehold land as its head quarters. Consequently, land and building with net book value of SR 6.1 million as of 31 December 2023 has been reclassified from property and equipment to investment property during 2024 to reflect the change in use of such assets as these will be held for capital appreciation in value in the future.

In the opinion of management, there have been no other significant subsequent events since the year ended 31 December 2023 that would have a material impact on the financial position of the Company as reflected in these financial statements.

26 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized for issuance by the board of directors on 17 Ramadan 1445H (corresponding to 27 March 2024G).