

TOURISM ENTERPRISE COMPANY (SHAMS)

(A Saudi Joint Stock Company)

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE -MONTH AND SIX-MONTH
PERIOD ENDED 30 JUNE 2025
AND INDEPENDENT AUDITOR'S REVIEW REPORT**

TOURISM ENTERPRISE COMPANY (SHAMS)
(A Saudi Joint Stock Company)

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT

For the three-month and six-month period ended 30 June 2025

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**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF TOURISM ENTERPRISE COMPANY (SHAMS)
(A Saudi Joint Stock Company)**

1/1

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Tourism Enterprise Company (Shams) (A Saudi Joint Stock Company) ("the Company") as at 30 June 2025, and the interim condensed statement of profit or loss and the other comprehensive income for the three-month and six-month period ended 30 June 2025, and the interim condensed financial statements of changes in shareholders' equity and cash flows for the six-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.


Scope of Review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed By the Independent Auditor of the Entity", that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information requires inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical procedures and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

For Maham Company for Professional Services


Abdulaziz Saud Al Shabeebi
Certified Public Accountant
(339).License no

Date: 26 Muharram 1447H
21 July 2025



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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		30 June 2025 SR (Unaudited)	31 December 2024 SR (Audited)
ASSETS	Notes		
NON CURRENT ASSETS			
Property and equipment	4	6,570,194	6,347,460
Investment properties	5	5,798,131	5,900,466
Investment in a real estate fund	6	240,277,123	240,277,123
Right-of-use asset		188,043	247,425
Financial assets at fair value through profit or loss	7	21,088,125	22,707,089
TOTAL NON CURRENT ASSETS		273,921,616	275,479,563
CURRENT ASSETS			
Accounts receivable		700,755	1,489,067
Prepayments and other receivables		2,205,377	2,298,339
Cash and cash equivalents	8	251,519,348	255,049,804
TOTAL CURRENT ASSETS		254,425,480	258,837,210
TOTAL ASSETS		528,347,096	534,316,773
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	9	578,236,230	578,236,230
Reserve	9	2,913,121	2,913,121
Accumulated losses		(71,379,016)	(68,314,329)
Fair value reserve		(9,130,277)	(9,130,277)
TOTAL SHAREHOLDERS' EQUITY		500,640,058	503,704,745
NON CURRENT LIABILITIES			
Employees defined benefits obligations		1,503,694	1,394,014
Lease liability - non-current portion		57,426	115,579
TOTAL NON CURRENT LIABILITIES		1,561,120	1,509,593
CURRENT LIABILITIES			
Accounts payable		192,703	497,905
Accrued expenses and other current liabilities		3,678,521	3,738,757
Provision for claims	15	5,690,586	5,690,586
Lease liability - current portion		127,710	127,710
Provision for zakat	10	16,456,398	19,047,477
TOTAL CURRENT LIABILITIES		26,145,918	29,102,435
TOTAL LIABILITIES		27,707,038	30,612,028
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		528,347,096	534,316,773

Chief Financial Officer
Mohamed El Hagry

Managing Director and Chief Executive Officer
Abdullah Omar Al Suwailem

The attached notes 1 to 20 form an integral part of these interim condensed financial statements.

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

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the three-month and six-month period ended 30 June 2025

		For the three-month period ended 30 June		For the six-month period ended 30 June	
		2025	2024	2025	2024
		SR	SR	SR	SR
	Note	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	12	3,472,753	2,885,170	4,884,180	4,273,313
Cost of revenue		(3,161,189)	(2,253,560)	(5,125,729)	(4,268,065)
GROSS PROFIT / (LOSS)		311,564	631,610	(241,549)	5,248
EXPENSES					
Sales and marketing		(306,145)	(579,456)	(728,803)	(895,398)
General and administration		(3,401,404)	(3,173,837)	(5,700,035)	(5,272,390)
Reversal for expected credit losses		-	179,501	392,911	1,005,945
LOSS FROM MAIN OPERATIONS		(3,395,985)	(2,942,182)	(6,277,476)	(5,156,595)
Gain on sale of property and equipment		-	-	22,261	-
Finance income from time deposits	8	3,376,868	8,405,553	7,241,918	16,820,395
Fair value loss on financial assets at fair value through profit or loss	7	(2,139,375)	-	(1,618,964)	-
Provision for claims		-	(433,624)	-	(433,624)
(LOSS) / PROFIT BEFORE ZAKAT		(2,158,492)	5,029,747	(632,261)	11,230,176
Zakat	10	(1,608,921)	(4,155,630)	(2,408,921)	(4,311,260)
NET (LOSS) / PROFIT FOR THE PERIOD		(3,767,413)	874,117	(3,041,182)	6,918,916
OTHER COMPREHENSIVE LOSS					
<i>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods</i>					
Remeasurement losses on employee benefits		(15,000)	(35,000)	(23,505)	(70,000)
TOTAL COMPREHENSIVE (LOSS) / INCOME		(3,782,413)	839,117	(3,064,687)	6,848,916
EARNINGS PER SHARE					
Basic and diluted (losses)/earnings per share from (loss)/profit before zakat for the period	11	(0.002)	0.004	(0.001)	0.010
Basic and diluted (losses)/earnings per share from net (loss)/profit for the period	11	(0.003)	0.001	(0.003)	0.006

Chief Financial Officer
Mohamed El Hagry

Managing Director and Chief Executive Officer
Abdullah Omar Al Suwailem

The attached notes 1 to 20 form an integral part of these interim condensed financial statements.

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

INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

For the six-month period ended 30 June 2025

	<i>Share capital</i>	<i>Reserve</i>	<i>Accumulated losses</i>	<i>Fair value reserve</i>	<i>Total shareholders' equity</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
As at 1 January 2024 (audited)	578,236,230	2,913,121	(74,649,555)	-	506,499,796
Net profit for the period	-	-	6,918,916	-	6,918,916
Other comprehensive loss for the period	-	-	(70,000)	-	(70,000)
Total comprehensive income for the period	-	-	6,848,916	-	6,848,916
Balance at 30 June 2024 (unaudited)	<u>578,236,230</u>	<u>2,913,121</u>	<u>(67,800,639)</u>	<u>-</u>	<u>513,348,712</u>
As at 1 January 2025 (audited)	578,236,230	2,913,121	(68,314,329)	(9,130,277)	503,704,745
Net loss for the period	-	-	(3,041,182)	-	(3,041,182)
Other comprehensive loss for the period	-	-	(23,505)	-	(23,505)
Total comprehensive loss for the period	-	-	(3,064,687)	-	(3,064,687)
Balance at 30 June 2025 (unaudited)	<u>578,236,230</u>	<u>2,913,121</u>	<u>(71,379,016)</u>	<u>(9,130,277)</u>	<u>500,640,058</u>

Chief Financial Officer

Mohamed El Hagry

Managing Director and Chief Executive Officer

Abdullah Omar Al Suwailem

The attached notes 1 to 20 form an integral part of these interim condensed financial statements.

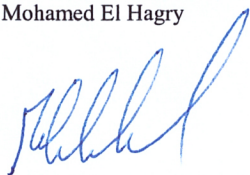
TOURISM ENTERPRISE COMPANY (SHAMS)
(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

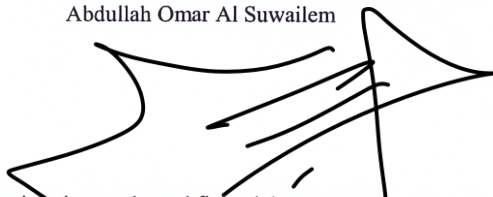
For the six-month period ended 30 June 2025

	For the six-month period ended 30 June	
	2025	2024
	SR	SR
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
(Loss)/profit before zakat	(632,261)	11,230,176
<i>Non-cash adjustments to reconcile (loss)/profit before zakat to net cash flows from operating activities :</i>		
Depreciation of property and equipment	705,006	626,674
Depreciation of investment properties	102,335	102,905
Depreciation of right-of-use asset	59,382	21,288
Gain on sale of property and equipment	(22,261)	-
Fair value loss on financial assets at fair value through profit or loss	1,618,964	-
Finance income from time deposits	(7,241,918)	(16,820,395)
Finance charge on lease liabilities	5,702	4,674
Reversal of expected credit losses	(392,911)	(1,005,945)
Employees' defined benefits obligations	190,544	169,508
	(5,607,418)	(5,671,115)
Working capital adjustments:		
Accounts receivable	1,181,223	299,823
Prepayments and other debit balances	771,399	(688,449)
Accounts payable	(305,202)	216,835
Accrued expenses and other current liabilities	(60,236)	(2,831,592)
Provision for claims	-	(982,082)
Cash used in operations	(4,020,234)	(9,656,580)
Finance income received	6,563,481	16,948,862
Zakat paid	(5,000,000)	(1,000,000)
Employees' defined benefits paid	(104,369)	(162,577)
Net cash flows (used in)/from operating activities	(2,561,122)	6,129,705
INVESTING ACTIVITIES		
Additions to property and equipment	(927,740)	(241,784)
Proceeds from sale of property and equipment	22,261	-
Net cash flows used in investing activities	(905,479)	(241,784)
FINANCING ACTIVITY		
Payment of principal portion of lease liability	(63,855)	(63,855)
Net cash flows used in a financing activity	(63,855)	(63,855)
CHANGE IN CASH AND CASH EQUIVALENTS	(3,530,456)	5,824,066
Cash and cash equivalents at the beginning of the period	255,049,804	516,663,130
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	251,519,348	522,487,196
SIGNIFICANT NON CASH TRANSACTIONS		
Recognition of right-of-use asset against lease liability	-	383,182
Transfer of property and equipment to investment properties	-	6,107,979

Chief Financial Officer
Mohamed El Hagry



Managing Director and Chief Executive Officer
Abdullah Omar Al Suwailem



The attached notes 1 to 20 form an integral part of these interim condensed financial statements.

TOURISM ENTERPRISE COMPANY (SHAMS)

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

At 30 June 2025

1 ACTIVITIES

Tourism Enterprise Company (Shams) (the “Company”) is a Saudi joint stock company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 2050021572 and unified number 7001353452 issued 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 2029). The lease contract does not contain renewal nor extension options.

The Company had the following branch as at 30 June 2025:

<i>Commercial registration</i>	<i>Issuance date</i>	<i>Location</i>
2052103401	6/7/1443H	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

These interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 ‘Interim Financial Reporting’ (“IAS 34”) as endorsed in KSA and other standards and pronouncements that are endorsed by the Saudi Organisation for Chartered and Professional Accountants (“SOCPA”).

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual financial statements as at 31 December 2024. In addition, results shown in these interim condensed financial statements may not be an indicative for the annual results of the Company's operations.

2.2 Basis of measurement

These interim condensed 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 and investment in a real estate fund and financial assets at fair value through profit or loss, that have been measured at fair value.

2.3 Functional and presentation currency

These interim condensed financial statements are presented in Saudi Arabian Riyals ("SR"), which is also the functional currency of the Company.

TOURISM ENTERPRISE COMPANY (SHAMS)
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)
At 30 June 2025

2 BASIS OF PREPARATION (continued)

2.4 New standards, interpretations and amendments adopted by the Company

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2024, except for the adoption of new standards effective as of 1 January 2025. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The Company has adopted the following relevant amendments to IFRS which are effective for periods beginning on and after 1 January 2025, and have no impact on the Company's transactions and balances for the current or prior periods:

- Lack of exchangeability - Amendments to IAS 21.

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's interim condensed financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements for the year ended 31 December 2024.

4 PROPERTY AND EQUIPMENT

	30 June	31 December
	2025	2024
	SR	SR
	(Unaudited)	(Audited)
<i>Cost:</i>		
At beginning of the period/year	154,934,918	164,791,877
Additions	927,740	543,226
Disposals	(198,699)	(88,150)
Reclassified to investment properties	-	(10,312,035)
At end of the period/year	155,663,959	154,934,918
<i>Accumulated depreciation and impairment:</i>		
At beginning of the period/year	148,587,458	151,470,562
Charge for the period/year	705,006	1,409,102
Disposals	(198,699)	(88,150)
Reclassified to investment properties	-	(4,204,056)
At end of the period/year	149,093,765	148,587,458
<i>Net book amount as at the end of the period/year</i>	6,570,194	6,347,460

TOURISM ENTERPRISE COMPANY (SHAMS)
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2025

5 INVESTMENT PROPERTIES

	30 June 2025 SR (Unaudited)	31 December 2024 SR (Audited)
<i>Cost:</i>		
At the beginning of the period/year	10,312,035	-
Reclassified from property and equipment	-	10,312,035
At the end of the period/year	10,312,035	10,312,035
<i>Accumulated depreciation:</i>		
At the beginning of the period/year	4,411,569	-
Reclassified from property and equipment	-	4,204,056
Charge for the period/year	102,335	207,513
At the end of the period/year	4,513,904	4,411,569
Net book amount as at the end of the period/year	5,798,131	5,900,466

- Investment properties represent an owned plot of land and building located in Al Khobar, Kingdom of Saudi Arabia. The cost model is used to measure investment properties, and the fair value of investment properties is disclosed in the Company's annual financial statements. The property valuation is conducted by a licensed valuator at the end of the financial year.

6 INVESTMENT IN A REAL ESTATE FUND

During 2024, the Company invested SR 243,800,000 in a closed private equity fund licensed by the Capital Market Authority and managed by SEDCO Capital ("Fund Manager"). The fund is dedicated to developing a five-star hotel along the Al Khobar corniche, to be operated under the "Fairmont" brand. The Company owns 2,438 units at a price of SR 100,000 per unit. The transaction costs incurred on this transaction amounting to SR 5.6 million has been included in the investment carrying value.

	30 June 2025 SR (Unaudited)	31 December 2024 SR (Audited)
At the beginning of the period/year	240,277,123	-
Additions during the period/year	-	243,800,000
Transaction costs incurred	-	5,607,400
Fair value loss during the period/year	-	(9,130,277)
At the end of the period/year	240,277,123	240,277,123

There were no transactions incurred with the real estate fund during the period and the management believes there is no material fair value change during the six-month period. Changes in fair value are charged to the other comprehensive income.

TOURISM ENTERPRISE COMPANY (SHAMS)

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2025

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Company classifies those equity investments at FVTPL for which it has not elected to recognize fair value gains and losses through other comprehensive income at initial recognition. As at 30 June 2025, FVTPL investments consist of a portfolio managed by a local investment bank composed of quoted shares (as at 31 December 2024: same). The movement in FVTPL investments is set out below:

	30 June 2025 SR (Unaudited)	31 December 2024 SR (Audited)
At the beginning of the period/year	22,707,089	-
Additions during the period/year	-	23,993,059
Fair value loss during the period/year	(1,618,964)	(1,285,970)
At the end of the period/year	21,088,125	22,707,089

8 CASH AND CASH EQUIVALENTS

	30 June 2025 SR (Unaudited)	31 December 2024 SR (Audited)
Time deposits (note 8.1)	250,000,000	252,000,000
Bank balances	1,515,540	3,039,910
Cash in hand	3,808	9,894
	251,519,348	255,049,804

- 8.1 These are short term Islamic Murabaha deposits and are denominated in Saudi Riyals. The Company's interest income on these deposits amounted to approximately SR 7.2 million during the six-month period ended 30 June 2025 (six-month period ended 30 June 2024: approximately SR 16.8 million).

9 SHARE CAPITAL AND RESERVE

9.1 Share Capital

The share capital of the Company is divided into 1,156,472,460 ordinary shares with a nominal value of SR 0.5 each as at 30 June 2025 (30 June 2024 and 31 December 2024: same).

9.2 Reserve

During the year 2023, the Company amended its by-laws to comply with the new Companies Regulations requirements issued by Royal Decree M/132 dated 30 June 2022 and consequently, the Company is no longer required to appropriate statutory reserve. Accordingly, the reserve appropriated during the prior years will be subject to shareholders resolution in the future, either to keep it as a general reserve, or transfer it back to retained earnings.

10 ZAKAT

10.1 Charge for the period

The charge for the interim period is calculated based on the estimated zakat charge for the whole year.

TOURISM ENTERPRISE COMPANY (SHAMS)
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2025

10 ZAKAT (continued)

10.2 Movements in provision during the period/year

The movement in the zakat provision was as follows:

	30 June 2025 SR (Unaudited)	31 December 2024 SR (Audited)
At the beginning of the period/year	19,047,477	14,204,369
Charge for the period/year	2,408,921	10,171,838
Paid during the period/year	(5,000,000)	(5,328,730)
At the end of the period/year	16,456,398	19,047,477

10.3 Status of assessments

During 2024, 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 filed an appeal against the liabilities during the statutory period. During 2024, ZATCA revised the zakat liabilities to SR 110,287 and SR 35,480 for the years 2021 and 2022, respectively. The revised liabilities were accepted and paid by the Company.

The Company has submitted its zakat returns for all years from inception up to the year ended 31 December 2024 and obtained the required certificates.

11 EARNINGS PER SHARE

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

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

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2025 SR (Unaudited)	2024 SR (Unaudited)	2025 SR (Unaudited)	2024 SR (Unaudited)
(Loss)/profit before Zakat attributable to equity holders of the Company	(2,158,492)	5,029,747	(632,261)	11,230,176
Net (loss)/profit attributable to equity holders of the Company	(3,767,413)	874,117	(3,041,182)	6,918,916
Weighted average number of ordinary shares outstanding	1,156,472,460	1,156,472,460	1,156,472,460	1,156,472,460
Basic and diluted (losses)/earnings per share from (loss)/profit before zakat for the period	(0.002)	0.004	(0.001)	0.010
Basic and diluted (losses)/earnings per share from net (loss)/profit for the period	(0.003)	0.001	(0.003)	0.006

TOURISM ENTERPRISE COMPANY (SHAMS)
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2025

12 REVENUE

Below is the disaggregation of the Company's revenue:

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2025	2024	2025	2024
	SR	SR	SR	SR
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Type of services				
Daily rent revenue	2,509,667	1,868,353	2,931,906	2,283,711
Services and other fees	899,336	913,110	1,824,774	1,722,672
Annual rent revenue	63,750	103,707	127,500	266,930
Total revenue	3,472,753	2,885,170	4,884,180	4,273,313
Geographical markets				
Saudi Arabia	3,472,753	2,885,170	4,884,180	4,273,313
Timing of revenue recognition				
Services transferred over time	63,750	103,707	127,500	266,930
Services transferred at a point in time	3,409,003	2,781,463	4,756,680	4,006,383
Total revenue from contracts with customers	3,472,753	2,885,170	4,884,180	4,273,313

13 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. Other than the below transactions, the Company didn't have any significant transactions with related parties.

13.1 Amounts due to related parties presented under accrued expenses and other current liabilities in the statement of financial position comprise of the following:

	30 June 2025 SR (Unaudited)	31 December 2024 SR (Audited)
Accrued allowances for Board of Directors	1,198,580	1,568,826

13.2 The significant related party transactions were as follows:

	30 June 2025 SR (Unaudited)	30 June 2024 SR (Unaudited)
Salaries and allowances of executives	1,630,004	604,548
Remuneration and bonus to board of directors and other board members	1,205,000	1,218,662

TOURISM ENTERPRISE COMPANY (SHAMS)

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2025

14 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 interim condensed financial statements.

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 interim condensed statement profit or loss and other comprehensive income and interim condensed 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.

15 COMMITMENTS AND CONTINGENCIES

The Company has various legal cases raised by various parties on the Company. The management believes that there is no significant exposure on the Company to incur additional losses as a result of the resolution of these cases beyond the provisions booked already by the Company in the previous periods.

16 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 shareholders 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 reserve and accumulated losses. The Company is not subject to any externally imposed capital requirements.

17 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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date.

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement. There were no changes in the Company's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between Levels 1, 2 or 3 during the six-month period ended 30 June 2025 (31 December 2024: same).

TOURISM ENTERPRISE COMPANY (SHAMS)
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)
At 30 June 2025

17 FAIR VALUE MEASUREMENT (continued)

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

	<i>Carrying value</i>	<i>Fair value measurement using</i>		
		<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
<i>30 June 2025</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Investment in a real estate fund	240,277,123	-	-	240,277,123
Financial assets at fair value through profit or loss	21,088,125	21,088,125	-	-
	<u>261,365,248</u>	<u>21,088,125</u>	<u>-</u>	<u>240,277,123</u>
	<i>Carrying value</i>	<i>Fair value measurement using</i>		
		<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
<i>31 December 2024</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Investment in a real estate fund	240,277,123	-	-	240,277,123
Financial assets at fair value through profit or loss	22,707,089	22,707,089	-	-
	<u>262,984,212</u>	<u>22,707,089</u>	<u>-</u>	<u>240,277,123</u>

The following table provides the financial assets and liabilities measured at amortised cost:

	30 June 2025 SR (Unaudited)	31 December 2024 SR (Audited)
Financial assets measured at amortized cost		
Accounts receivable	700,755	1,489,067
Cash and cash equivalents	<u>251,515,540</u>	<u>255,039,910</u>
	<u>252,216,295</u>	<u>256,528,977</u>
Financial liabilities measured at amortized cost		
Accounts payable	192,703	497,905
Accrued expenses and other current liabilities	3,465,415	3,593,130
Provision for claims	<u>5,690,586</u>	<u>5,690,586</u>
	<u>9,348,704</u>	<u>9,781,621</u>

TOURISM ENTERPRISE COMPANY (SHAMS)
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2025

18 RECLASSIFICATION

Certain items in the statement of profit or loss and other comprehensive income have been reclassified for better presentation purposes, which do not have any impact on the retained earnings or net profit for the comparative period.

The following table presents the impact of the reclassification on the statement of profit or loss and other comprehensive income for the three-month period ended 30 June 2024:

	<i>Previously reported SR</i>	<i>Reclassification SR</i>	<i>Reclassified SR</i>
Revenue	2,835,387	49,783	2,885,170
Cost of revenue	(1,879,152)	(374,408)	(2,253,560)
GROSS PROFIT	956,235	(324,625)	631,610
EXPENSES			
Sales and marketing	(591,129)	11,673	(579,456)
General and administration	(3,536,572)	362,735	(3,173,837)
Reversal for expected credit losses	179,501	-	179,501
LOSS FROM MAIN OPERATIONS	(2,991,965)	49,783	(2,942,182)
Other income, net	49,783	(49,783)	-
Finance income from time deposits	8,405,553	-	8,405,553
Provision for claims	(433,624)	-	(433,624)
PROFIT BEFORE ZAKAT	5,029,747	-	5,029,747
Zakat	(4,155,630)	-	(4,155,630)
NET PROFIT FOR THE PERIOD	874,117	-	874,117
OTHER COMPREHENSIVE LOSS			
<i>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods</i>			
Remeasurement losses on employee benefits obligations	(35,000)	-	(35,000)
TOTAL COMPREHENSIVE INCOME	839,117	-	839,117

TOURISM ENTERPRISE COMPANY (SHAMS)
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2025

18 RECLASSIFICATION (continued)

The following table presents the impact of the reclassification on the statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2024:

	<i>Previously reported SR</i>	<i>Reclassification SR</i>	<i>Reclassified SR</i>
Revenue	4,205,095	68,218	4,273,313
Cost of revenue	(3,677,381)	(590,684)	(4,268,065)
GROSS PROFIT	<u>527,714</u>	<u>(522,466)</u>	<u>5,248</u>
EXPENSES			
Sales and marketing	(928,344)	32,946	(895,398)
General and administration	(5,830,128)	557,738	(5,272,390)
Reversal for expected credit losses	1,005,945	-	1,005,945
LOSS FROM MAIN OPERATIONS	<u>(5,224,813)</u>	<u>68,218</u>	<u>(5,156,595)</u>
Other income, net	68,218	(68,218)	-
Finance income from time deposits	16,820,395	-	16,820,395
Provision for claims	(433,624)	-	(433,624)
PROFIT BEFORE ZAKAT	<u>11,230,176</u>	<u>-</u>	<u>11,230,176</u>
Zakat	(4,311,260)	-	(4,311,260)
NET PROFIT FOR THE PERIOD	<u><u>6,918,916</u></u>	<u><u>-</u></u>	<u><u>6,918,916</u></u>
OTHER COMPREHENSIVE LOSS			
<i>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods</i>			
Remeasurement losses on employee benefits obligations	(70,000)	-	(70,000)
TOTAL COMPREHENSIVE INCOME	<u><u>6,848,916</u></u>	<u><u>-</u></u>	<u><u>6,848,916</u></u>

19 SUBSEQUENT EVENTS

In the opinion of the management, there have been no significant subsequent events since the period ended 30 June 2025 which would require either a disclosure or have a material impact on the Company's interim condensed financial statements.

20 APPROVAL OF THE FINANCIAL STATEMENTS

The interim condensed financial statements were approved and authorized for issuance by the board of directors on 26 Muharram 1447H (corresponding to 21 July 2025).