

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 NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023

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 nine-month periods ended 30 September 2023

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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) as at 30 September 2023, and the related interim condensed statements of profit and loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2023, the interim condensed statements of changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies 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 Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing 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 as endorsed in the Kingdom of Saudi Arabia.

For Maham Professional Services




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

Date: 21 Rabi' II 1445H
5 November 2023

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: ٩٠٠-٨٥٨-١٣-٩٦٦ الموقع الإلكتروني: maham.com

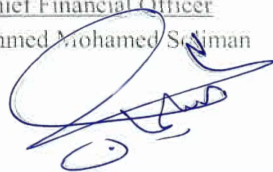
Tourism Enterprise Company (Shams)
(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2023

		30 September 2023 SR (Unaudited)	31 December 2022 SR (Audited)
	<i>Note</i>		
ASSETS			
CURRENT ASSETS			
Accounts receivable		1,026,647	4,808,260
Prepayments and other debit balances		2,766,885	1,155,008
Cash and cash equivalents	4	510,500,615	509,695,719
TOTAL CURRENT ASSETS		514,294,147	515,658,987
NON-CURRENT ASSETS			
Property and equipment	5	47,676,815	48,741,893
Investment properties	6	6,160,284	6,314,924
TOTAL NON-CURRENT ASSETS		53,837,099	55,056,817
TOTAL ASSETS		568,131,246	570,715,804
EQUITY AND LIABILITIES			
EQUITY			
Share capital	7	578,236,230	578,236,230
Statutory reserve		2,913,121	2,913,121
Accumulated losses		(24,486,751)	(30,339,502)
TOTAL EQUITY		556,662,600	550,809,849
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable		691,244	825,499
Accrued expenses and other current liabilities		2,439,305	11,316,518
Provision for claims	12	5,792,707	5,792,707
Zakat provision	8	935,479	717,581
TOTAL CURRENT LIABILITIES		9,858,735	18,652,305
NON-CURRENT LIABILITY			
Employees' defined benefits liabilities		1,609,911	1,253,650
TOTAL NON CURRENT LIABILITY		1,609,911	1,253,650
TOTAL LIABILITIES		11,468,646	19,905,955
TOTAL EQUITY AND LIABILITIES		568,131,246	570,715,804

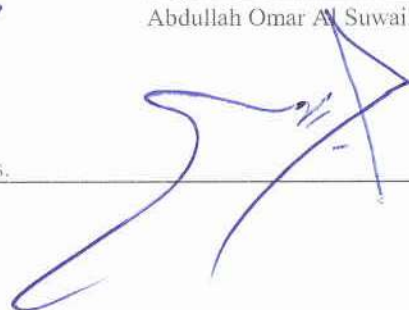
Chief Financial Officer
Ahmed Mohamed Sa'adman



Chief Executive Officer
Mohannad Saleh Al Otaizan



Deputy Chairman -Executive
Abdullah Omar Al Suwailem



The attached notes 1 to 17 form part of these interim condensed financial statements.

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

INTERIM CONDENSED STATEMENT OF PROFIT AND LOSS AND OTHER
COMPREHENSIVE INCOME (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2023

		For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2023	2022	2023	2022
		SR	SR	SR	SR
	Note	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	10	2,310,503	2,566,038	6,991,076	7,296,382
Cost of revenue		(3,475,161)	(2,097,655)	(9,204,521)	(6,558,318)
GROSS (LOSS)/PROFIT		(1,164,658)	468,383	(2,213,445)	738,064
EXPENSES					
Selling and marketing		(315,916)	(244,276)	(961,521)	(826,556)
General and administration		(3,147,988)	(1,600,010)	(7,309,514)	(6,123,675)
OPERATING LOSS		(4,628,562)	(1,375,903)	(10,484,480)	(6,212,167)
Other income, net		25,025	93,738	30,024	103,737
Reversal of provision for claims		-	-	-	1,972,827
(Provision)/reversal for expected credit losses		-	-	(4,520,265)	3,118,949
Interest income	4	7,605,014	-	21,172,472	-
PROFIT/(LOSS) BEFORE ZAKAT		3,001,477	(1,282,165)	6,197,751	(1,016,654)
Zakat	8	(150,000)	(105,000)	(280,000)	(215,000)
NET PROFIT/(LOSS) FOR THE PERIOD		2,851,477	(1,387,165)	5,917,751	(1,231,654)
OTHER COMPREHENSIVE INCOME/(LOSS)					
<i>Other comprehensive loss not to be reclassified to profit and loss in subsequent periods</i>					
Remeasurement losses on employee benefits		-	(20,000)	(65,000)	(81,710)
TOTAL COMPREHENSIVE INCOME/(LOSS)		2,851,477	(1,407,165)	5,852,751	(1,313,364)
EARNINGS PER SHARE					
Basic and diluted earnings/(loss) per share from profit/(loss) before zakat for the period attributable to shareholders of the Company					
	9	0.003	(0.012)	0.005	(0.010)
Basic and diluted earnings/(loss) per share from net profit/(loss) for the period attributable to shareholders of the Company					
	9	0.002	(0.013)	0.005	(0.012)

Chief Financial Officer
Ahmed Mohamed Serhan

Chief Executive Officer
Mohannad Saleh Al Onaizan

Deputy Chairman -Executive
Abdullah Omar Al Suwailem

The attached notes 1 to 17 form part of these interim condensed financial statements.

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

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine-month period ended 30 September 2023

	Share capital SR	Statutory reserve SR	Accumulated losses SR	Total equity SR
As at 1 January 2022 (audited)	52,566,930	2,913,121	(40,567)	55,439,484
Net loss for the period	-	-	(1,231,654)	(1,231,654)
Other comprehensive loss for the period	-	-	(81,710)	(81,710)
Total comprehensive loss for the period	-	-	(1,313,364)	(1,313,364)
Balance at 30 September 2022 (unaudited)	52,566,930	2,913,121	(1,353,931)	54,126,120
As at 1 January 2023 (audited)	578,236,230	2,913,121	(30,339,502)	550,809,849
Net profit for the period	-	-	5,917,751	5,917,751
Other comprehensive loss for the period	-	-	(65,000)	(65,000)
Total comprehensive income for the period	-	-	5,852,751	5,852,751
Balance at 30 September 2023 (unaudited)	578,236,230	2,913,121	(24,486,751)	556,662,600

Chief Financial Officer
Ahmed Mohamed Soliman



Chief Executive Officer
Mohammad Saleh Al Onaizan



Deputy Chairman - Executive
Abdullah Omar Al Shwailem



The attached notes 1 to 17 form part of these interim condensed financial statements.

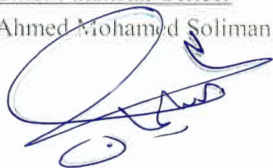
Tourism Enterprise Company (Shams)
(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

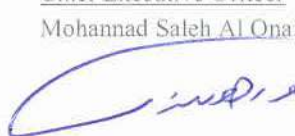
For the nine-month period ended 30 September 2023

		For the nine-month period ended 30 September	
		2023	2022
		SR	SR
	Note	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES			
Profit/(loss) before zakat		6,197,751	(1,016,654)
<i>Non-cash adjustments to reconcile profit/(loss) before zakat to net cash flows from operating activities :</i>			
Depreciation for property and equipment	5	5,098,612	4,491,927
Depreciation of investment properties	6	154,640	174,333
Provision provided / (reversal of provision) for expected credit losses		4,520,265	(3,118,949)
Employees' defined benefits liabilities		371,038	96,227
Reversal of provision for legal claims		-	(1,972,827)
		<u>16,342,306</u>	<u>(1,345,943)</u>
Working capital adjustments:			
Accounts receivable		(738,652)	366,447
Prepayments and other debit balances		(1,611,877)	(1,318,011)
Accounts payable		(134,255)	(53,723)
Accrued expenses and other current liabilities		(8,877,213)	(1,787,989)
Cash flows from/(used in) operations		<u>4,980,309</u>	<u>(4,139,219)</u>
Employees' defined benefits liabilities paid		(79,777)	(129,733)
Zakat paid	8	(62,102)	(557,397)
Net cash flows from/(used in) operating activities		<u>4,838,430</u>	<u>(4,826,349)</u>
INVESTING ACTIVITY			
Purchase of property and equipment	5	(4,033,534)	(6,068,101)
Net cash flows used in investing activity		<u>(4,033,534)</u>	<u>(6,068,101)</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		<u>804,896</u>	<u>(10,894,450)</u>
Cash and cash equivalents at the beginning of the period		509,695,719	13,317,303
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	4	<u>510,500,615</u>	<u>2,422,853</u>

Chief Financial Officer
Ahmed Mohamed Soliman



Chief Executive Officer
Mohannad Saleh Al Onaizan



Deputy Chairman - Executive
Abdullah Omar Al Suwailem



The attached notes 1 to 17 form 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 September 2023

1 CORPORATE INFORMATION

- 1.1 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, 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.

- 1.2 The Company has the following branches:

<i>Commercial registration</i>	<i>Date</i>	<i>Location</i>
2052103400	06/07/1443	Dhahran
2052103401	06/07/1443	Dhahran

- 1.3 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 2022. 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 are prepared using historical cost convention.

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 September 2023

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 2022, except for the adoption of new standards effective as of 1 January 2023. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed financial statements of the Company.

The Company has adopted the following relevant amendments to IFRS which are effective for periods beginning on and after 1 January 2023, and have no impact on the Company's transactions and balances for the current or prior periods:

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Definition of Accounting Estimates – (Amendments to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

2.5 Standards issued not yet effective

The amendments to existing standards 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 amendments to existing standards, if applicable, when they become effective:

- Classification of liabilities as current or non-current (Amendments to IAS 1), effective for annual periods beginning on or after 1 January 2024.
- Lease Liabilities in a Sale and Leaseback (Amendments to IFRS 16) effective for annual periods beginning on or after 1 January 2024.
- Non-current Liabilities with Covenants (Amendments to IAS 1), effective for annual periods beginning on or after 1 January 2024.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

The above-mentioned standards are not expected to have a significant impact on the interim condensed financial statements of the Company.

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

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

At 30 September 2023

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 2022.

4 CASH AND CASH EQUIVALENTS

	30 September 2023 SR (Unaudited)	31 December 2022 SR (Audited)
Cash on hand	66,415	73,012
Cash at banks	2,434,200	9,622,707
Short-term deposits (note 4.1)	508,000,000	500,000,000
	<u>510,500,615</u>	<u>509,695,719</u>

- 4.1 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 21.2 million during the nine-month period ended 30 September 2023 (nine-month period ended 30 September 2022: nil).

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

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

At 30 September 2023

5 PROPERTY AND EQUIPMENT

	30 September 2023 SR (Unaudited)	31 December 2022 SR (Audited)
<i>Cost:</i>		
At beginning of the period/year	150,296,389	142,836,419
Additions	4,033,534	7,589,970
Disposals	-	(130,000)
At end of the period/year	<u>154,329,923</u>	<u>150,296,389</u>
<i>Accumulated depreciation</i>		
At beginning of the period/year	101,554,496	95,526,655
Charge for the period/year	5,098,612	6,157,841
Disposals	-	(130,000)
At end of the period/year	<u>106,653,108</u>	<u>101,554,496</u>
<i>Net book amount as at the end of the period/year</i>	<u><u>47,676,815</u></u>	<u><u>48,741,893</u></u>

6 INVESTMENT PROPERTIES

	30 September 2023 SR (Unaudited)	31 December 2022 SR (Audited)
<i>Cost:</i>		
At the beginning and the end of the period/year	<u>10,312,033</u>	<u>10,312,033</u>
<i>Accumulated depreciation</i>		
At the beginning of the period/year	3,997,109	3,770,209
Charge for the period/year	<u>154,640</u>	<u>226,900</u>
At the end of the period/year	<u>4,151,749</u>	<u>3,997,109</u>
<i>Net book amount as at the end of the period/year</i>	<u><u>6,160,284</u></u>	<u><u>6,314,924</u></u>

- Investment properties represent an owned plot of land and the building constructed on it located in Al Khobar, Kingdom of Saudi Arabia.

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

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

At 30 September 2023

7 SHARE CAPITAL

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).

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.

8 ZAKAT

8.1 Charge for the period

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

8.2 Movements in provision during the period/year

The movement in the zakat provision was as follows:

	30 September 2023 SR (Unaudited)	31 December 2022 SR (Audited)
At the beginning of the period/year	717,581	759,978
Provided during the period/year	280,000	62,103
Adjustments during the year	-	452,897
Payments during the period/year	(62,102)	(557,397)
At the end of the period/year	935,479	717,581

8.3 Status of assessments

The Company has submitted the Zakat returns for all years up to 31 December 2022 and paid its dues according to these returns. Zakat assessments have been finalized with the Zakat, Tax and Customs Authority ("ZATCA") for all the years up to 2020, except for the year 2019. The assessments for the years 2019, 2021 and 2022 have not been raised by ZATCA yet.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)
At 30 September 2023

9 EARNINGS PER SHARE

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

The following reflects the income 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 September		For the nine-month period ended 30 September	
	2023	2022	2023	2022
	SR	SR	SR	SR
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit/(loss) before Zakat attributable to equity holders of the Company	3,001,477	(1,282,165)	6,197,751	(1,016,654)
Net profit/(loss) attributable to equity holders of the Company	2,851,477	(1,387,165)	5,917,751	(1,231,654)
Weighted average number of ordinary shares outstanding	1,156,472,460	105,133,860	1,156,472,460	105,133,860
Basic and diluted earnings/(loss) per share from profit before zakat for the period	0.003	(0.012)	0.005	(0.010)
Basic and diluted earnings/(loss) per share from net profit for the period	0.002	(0.013)	0.005	(0.012)

The weighted average number of shares outstanding for the comparative periods has been restated to reflect the shares split that took place during the second quarter of the year 2023 (note 7) and consequently earnings per share for the comparative periods have been restated as required by the relevant accounting standard.

10 REVENUE

Below is the disaggregation of the Company's revenue:

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2023	2022	2023	2022
	SR	SR	SR	SR
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Type of services				
Daily rent revenue	1,168,224	1,564,456	3,526,713	4,229,925
Services and other fees revenue	999,969	873,702	3,052,012	2,673,577
Annual rent revenue	142,310	127,880	412,351	392,880
Total revenue	2,310,503	2,566,038	6,991,076	7,296,382
Geographical markets				
Saudi Arabia	2,310,503	2,566,038	6,991,076	7,296,382
Timing of revenue recognition				
Services transferred over time	142,310	127,880	412,351	392,880
Services transferred at a point in time	2,168,193	2,438,158	6,578,725	6,903,502
Total revenue from contracts with customers	2,310,503	2,566,038	6,991,076	7,296,382

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)
At 30 September 2023

11 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.

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

	30 September 2023 SR (Unaudited)	31 December 2022 SR (Audited)
Board of directors	475,875	293,521

The compensation to the board of directors during the nine-month period ended 30 September 2023 amounted to SR 1,644,500 (nine-month period ended 30 September 2022: SR 1,232,056).

12 COMMITMENTS AND CONTINGENCIES

The Company has an ongoing legal case filed by the owner of a group of companies that SHAMS was initially planning to invest in, and later on, the board of directors of SHAMS 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.

13 CAPITAL MANAGEMENT

The Company's management intends to invest a significant portion of the available cash and cash equivalents into long term assets before the end of the current year.

14 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 nine-month period ended 30 September 2023 (31 December 2022: same).

As of reporting date, there were no Level 1, 2 or 3 assets or liabilities.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)
At 30 September 2023

14 FAIR VALUE MEASUREMENT (continued)

Financial instruments by categories

	30 September 2023 SR (Unaudited)	31 December 2022 SR (Audited)
Financial assets measured at amortized cost		
Accounts receivable	1,026,647	4,808,260
Cash and cash equivalents	510,500,615	509,695,719
	<u>511,527,262</u>	<u>514,503,979</u>
Financial liabilities measured at amortized cost		
Accounts payable	691,244	825,499
Accrued expenses and other current liabilities	2,439,305	11,316,518
Provision for claims	5,792,707	5,792,707
Employees' defined benefits liabilities	1,609,911	1,253,650
	<u>10,533,167</u>	<u>19,188,374</u>

15 EVENTS AFTER THE REPORTING DATE

There have been no significant subsequent events since the period ended 30 September 2023 which would require either a disclosure or have a material impact on the Company's interim condensed financial statements.

16 COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the presentation of the current period.

17 APPROVAL OF THE FINANCIAL STATEMENTS

The interim condensed financial statements were approved and authorized for issuance by the board of directors on 21 Rabi' II 1445 H (corresponding to 5 November 2023).