

**TOURISM ENTERPRISE COMPANY (SHAMS)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE THREE MONTHS AND NINE MONTHS**  
**PERIOD ENDED SEPTEMBER 30, 2022**  
**WITH INDEPENDENT AUDITOR'S REVIEW REPORT**

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

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

### Introduction

We have reviewed the condensed statement financial position of Tourism Enterprise Company (Shams) as at 30 September 2022, and the condensed statements of profit and loss, other comprehensive income, changes in shareholders' equity and cash flows for the three and nine-month period then ended, and notes to the condensed interim financial statements. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34- "Interim Financial Reporting" (IAS 34) as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statement based on our review.

### Scope of Review

We conducted our review in accordance with International Standards on Review Engagement 2410, "Review of Interim financial information performed by the independent auditor of the entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standard on Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

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

### Other Matter:

The financial statements of the company for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on 30 March 2022. Further the interim condensed financial statements of the company for the nine-month period ended 30 September 2021 were reviewed by another auditor who expressed an unmodified review conclusion on those financial statements on 9 November 2021.

For Al-Kharashi & Co.



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

Riyadh:  
November 10, 2022 G  
Rabi Al Thani 15, 1444 H





**TOURISM ENTERPRISE COMPANY (SHAMS)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2022**

	Note	September 30, 2022 (Un-audited) SR	December 31, 2021 (Audited) SR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment, net		48,885,938	47,309,764
Investment property, net		6,367,491	6,541,824
<b>Total non-current assets</b>		<b>55,253,429</b>	<b>53,851,588</b>
<b>Current assets</b>			
Trade receivables, net		5,264,095	2,511,590
Prepayments and other receivables, net		2,121,439	803,428
Cash and cash equivalents		2,422,853	13,317,303
<b>Total current assets</b>		<b>9,808,387</b>	<b>16,632,321</b>
<b>TOTAL ASSETS</b>		<b>65,061,816</b>	<b>70,483,909</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	3	52,566,930	52,566,930
Statutory reserve		2,913,121	2,913,121
Retained earnings/ accumulated losses		(1,353,931)	(40,567)
<b>Total equity</b>		<b>54,126,120</b>	<b>55,439,484</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Employee benefits		1,391,071	1,342,866
<b>Total non-current liabilities</b>		<b>1,391,071</b>	<b>1,342,866</b>
<b>Current liabilities</b>			
Trade payables		551,784	605,506
Accrued expenses and other credit balances		2,782,552	4,570,541
Provision for claims		5,792,707	7,765,534
Accrued zakat		417,582	759,978
<b>Total current liabilities</b>		<b>9,544,625</b>	<b>13,701,559</b>
<b>Total liabilities</b>		<b>10,935,696</b>	<b>15,044,425</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>65,061,816</b>	<b>70,483,909</b>

Chief Financial Officer  
 Ahmed Mohammed Suleiman

Chief Executive Officer  
 Ali Abdullah AL Selham

Deputy Chairman - Executive  
 Abdullah Omar Al-Suwailam



**TOURISM ENTERPRISE COMPANY (SHAMS)**

(A SAUDI JOINT STOCK COMPANY)

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2022**

		For the Three-Months Period Ended 30 September		For the Nine-Months Period Ended 30 September	
	Note	2022 SR	2021 SR	2022 SR	2021 SR
<b>Continuing Operations</b>					
Revenue	6	2,566,038	4,238,069	7,296,382	12,217,080
Cost of revenue	7	(2,357,129)	(3,444,070)	(7,003,493)	(8,892,035)
<b>Gross (loss)/ profit</b>		<b>208,909</b>	<b>793,999</b>	<b>292,889</b>	<b>3,325,045</b>
Selling and Distribution expenses		(244,276)	(241,331)	(826,556)	(775,346)
General and Administrative expenses	8	(1,340,536)	(1,186,559)	(5,678,501)	(6,145,353)
Legal provision reversal/ (expense)		-	698,827	1,972,827	(9,563,474)
Other gains		93,738	49,000	3,222,687	84,460
<b>Profit/ (loss) before zakat</b>		<b>(1,282,165)</b>	<b>113,936</b>	<b>(1,016,654)</b>	<b>(13,074,668)</b>
Zakat expense	4	(105,000)	(20,266)	<b>(215,000)</b>	(967,022)
<b>Profit/ loss for the period</b>		<b>(1,387,165)</b>	<b>93,670</b>	<b>(1,231,654)</b>	<b>(14,041,690)</b>
<b>Other comprehensive income:</b>					
Other comprehensive income not to be reclassified to profit or loss in subsequent period (net of zakat):					
Actuarial loss from Re-measurements of post-employment benefit obligations		(20,000)	(13,671)	(81,710)	(41,015)
<b>Other comprehensive loss for the period, net of zakat</b>		<b>(20,000)</b>	<b>(13,671)</b>	<b>(81,710)</b>	<b>(41,015)</b>
<b>Total comprehensive loss for the period, net of zakat</b>		<b>(1,407,165)</b>	<b>79,999</b>	<b>(1,313,364)</b>	<b>(14,082,705)</b>
<b>Profit/ (loss) per share</b>					
Profit/ (loss) per share before zakat	9	(0.24)	0.01	(0.19)	(1.29)
<b>Profit/ (loss) for the period</b>	9	<b>(0.27)</b>	<b>0.01</b>	<b>(0.25)</b>	<b>(1.39)</b>



Chief Financial Officer  
Ahmed Mohammed Suleiman

Chief Executive Officer  
Ali Abdullah AL Selham

Deputy Chairman - Executive  
Abdullah Omar Al-Suwaillem

The accompanying notes form part of these interim condensed financial statement



**TOURISM ENTERPRISE COMPANY (SHAMS)**  
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**CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2022**

	Share capital	Statutory reserve	Accumulated losses/ retained earnings	Total
Balance at 31 December 2020	101,500,000	2,913,121	(34,770,370)	69,642,751
Net loss for the period	-	-	(14,041,690)	(14,041,690)
Actuarial loss	-	-	(41,015)	(41,015)
Total comprehensive loss for the period	-	-	(14,082,705)	(14,082,705)
Balance at 30 September 2021	101,500,000	2,913,121	(48,853,075)	55,560,046
Balance at 31 December 2021	52,566,930	2,913,121	(40567)	55,439,484
Net loss for the period	-	-	(1,231,654)	(1,231,654)
Actuarial loss	-	-	(81,710)	(81,710)
Total comprehensive loss for the period	-	-	(1,313,364)	(1,313,364)
Balance at 30 September 2022	52,566,930	2,913,121	(1,353,931)	54,126,120

Chief Financial Officer  
Ahmed Mohammed Suleiman

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Deputy Chairman - Executive  
Abdullah Omar Al-Suwailem





**TOURISM ENTERPRISE COMPANY (SHAMS)**  
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**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2022**

	<b>For the Nine- Month period</b>	
	<b>Ended 30 September</b>	
	<b>2022</b>	<b>2021</b>
<b><u>Operating Activities</u></b>		
Net profit before zakat	(1,016,654)	(13,074,668)
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	4,491,927	4,323,376
Depreciation of investment in property	174,333	174,336
Provision for doubtful debt	(3,118,949)	1,478,654
Provision for employees' end of service benefits	96,227	195,967
Provision for legal expense	(1,972,827)	8,758,474
Loss on sale of property, plant and equipment	-	433,754
<b>Changes in operating assets and liabilities:</b>		
Trade receivables	366,447	(1,113,941)
Prepayments and other receivables, net	(1,318,011)	(315,796)
Trade payable	(53,723)	449,770
Accrued expenses and other credit balance	(1,787,989)	1,099,244
<b>Net cash (used in)/ generated from operations</b>	<b>(4,139,219)</b>	<b>2,409,170</b>
EOS paid	(129,733)	(160,042)
Zakat paid	(557,397)	(596,409)
<b>Net cash (used in)/ generated from Operating Activities</b>	<b>(4,826,349)</b>	<b>1,652,719</b>
<b><u>Investing Activities</u></b>		
Purchase of property, plant and equipment	(6,068,101)	(1,820,645)
<b>Net cash used in Investing Activities</b>	<b>(6,068,101)</b>	<b>(1,820,645)</b>
<b>Change in cash and cash equivalents</b>	<b>(10,894,450)</b>	<b>(167,926)</b>
Cash and cash equivalents at the beginning of the period	13,317,303	15,776,891
<b>Cash and cash equivalents at the end of the period</b>	<b>2,422,853</b>	<b>15,608,965</b>

Chief Financial Officer  
 Ahmed Mohammed Suleiman

Chief Executive Officer  
 Ali Abdullah AL Selham

Deputy Chairman - Executive  
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**TOURISM ENTERPRISE COMPANY (SHAMS)**  
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2022**

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**1- Organization and principal activities**

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

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

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

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

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

The financial statements include the head office accounts and the accounts of the branches.

Palm Beach Tourist Resort - Branch of the Tourism Enterprise Company (Shams) operates under the sub-commercial registry number 2051049490 issued by the Ministry of Trade and Industry in Dammam on Shaaban 7, 1433 H.

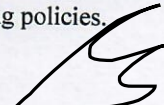
**2- Basis of preparation**

**2/1 Statement of compliance**

These financial statements have been prepared for the three and nine- month period then ended by 30 September 2022 in accordance with the International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

**2/2 Preparation of financial statements**

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





**TOURISM ENTERPRISE COMPANY (SHAMS)**  
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**FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2022**

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

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

The preparation of the financial statements in accordance with international standards for the preparation of financial reports requires the management to make judgments, estimates and assumptions that may affect the application of accounting policies and the amounts disclosed in the financial statements.

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

**2/3 New Accounting Policy**

There are no new standards that have been issued, however, a number of amendments to the standards are effective from January 1, 2022, which were explained in the annual financial statements of the company, but do not have a material impact on the condensed interim financial statements of the company.

**3- Capital**

Tourism Enterprises Company (Shams) is A Saudi Joint Stock Company listed in the Saudi Capital Market, with a capital of 101,500,000 Saudi Riyals, divided into 10,150,000 shares, with a nominal value of 10 Saudi Riyals per share. All its shares have been subscribed to and paid in full.

Based on the decision of the company's extraordinary general assembly on 5 Jumada Al-Awwal, 1443 H corresponding to 9 December 2021, the capital of the company was reduced to 52,566,930 Saudi Riyal, divided into 5,256,693 shares, with a nominal value of 10 Saudi Riyals per share. The company's articles of association and commercial register are being amended.

During the year 2021, based on the Extraordinary General Assembly meeting held on 5 Jumada Al-Awwal, 1443 H corresponding to 9 December 2021, the shareholders decided to extinguish the accumulated losses and reduce the capital by an amount of 48,933,070 Saudi Riyals.

**A) Capital Reduction**

The company's capital was reduced in order to extinguish the accumulated losses, which amounted to (48,933,070 Saudi Riyals), (48.21%) of the company's capital of (101,500,000 Saudi Riyals), so the company's capital after the reduction became (52,566,930 Saudi Riyals).

**The number of shares after the reduction is as follows:**

No of shares before Reducing	No of shares after Reducing	Canceled shares to extinguish losses
10,150,000	5,256,693	4,893,307



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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2022**

**3- Capital "continued"**

**B) Increase company capital**

During 2021 and 2022, the Board of Directors proposed to increase the company's capital from 52,566,930 Saudi Riyals to 578,236,230 Saudi Riyals through a rights issue of 525,669,300 Saudi Riyals.

The CMA announced in 20 October 2022 its resolution approving Tourism Enterprise Company's request to increase its capital by way of rights issue valued at SAR (525,669,300). The increase will be limited to the shareholders who are registered in the shareholders' registry at the Security Depository Center as of the closing of the second trading day after the extraordinary general assembly meeting

**And the number of its shares after the increase will be as follows:**

<u>No of shares before increasing</u>	<u>No of shares after increasing</u>	<u>The number of shares to be subscribed to increase the capital</u>
5,256,693	57,823,623	52,566,930

**4- Zakat**

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

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

	<b>September 30, 2022 (Un-audited) SR</b>	<b>December 31, 2021 (Audited) SR</b>
Balance at the beginning of the period/ year	759,978	598,990
Zakat adjustments	-	597,022
Provided during the period/ year	215,000	557,397
Paid during the period/ year	(557,396)	(993,431)
<b>Balance at the end of the period/ year</b>	<b>417,582</b>	<b>759,978</b>

**4/2 Zakat Status**

The company submitted the zakat return for all years up to December 31, 2021, and paid its due according to these zakat returns.

**5- Contingent liabilities**

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

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



**TOURISM ENTERPRISE COMPANY (SHAMS)**

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS****FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2022****5- Contingent liabilities (continued)**

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

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

Accordingly, there are potential commitments of around 5 million Saudi riyals, which represent the contract value until the completion of the legal procedures.

On Rajab 20, 1442 AH, corresponding to March 4, 2021, a document was issued in the first instance ruling, which was decided by the majority of the members rejecting the case, and based on the opinion of the legal advisor, this judgment is preliminary and does not have any authority and does not change the case and has no argument or consideration except in the case of ratification by a court of Appeal or not to object on it. The consultant believes that a judgment is expected in favor of the Tourism Enterprise Company (Shams), and the company has hedged the formation of a claims allowance within the limits of the company's share in the capital of Hemaya Company for Security, Safety Equipment's and Trading Ltd.

**6- Revenue**

	<i>For three- months period</i>		<i>For nine- months period</i>	
	<i>Ended 30 September</i>		<i>Ended 30 September</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
Annual rent revenue	127,880	246,902	392,880	522,643
Daily rent revenue	1,564,456	2,964,309	4,229,925	8,675,655
Services and other fees revenue	873,702	1,026,858	2,673,577	3,018,482
	<u>2,566,038</u>	<u>4,238,069</u>	<u>7,296,382</u>	<u>12,217,080</u>

**7- Cost of revenue**

The cost of services includes depreciation of property and equipment whose value during the period amounted to SR 4,369,268 (compared to SR 4,179,288 during the period ending on September 30, 2021).

**8- General and administrative expenses**

General and administrative expenses include depreciation of property and equipment whose value during the period amounted to SAR 122,658 (compared to SR 144,088 during the period ending on September 30, 2021) in addition to amortization of real estate investments of SR 174,333 (compared to SR 174,336 during the period ending on 30 September 2021).



**TOURISM ENTERPRISE COMPANY (SHAMS)**

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2022**

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

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

**10- Financial risk management**

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

**Credit risk**

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

**Foreign Currency Exchange risk**

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

**Liquidity risk**

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

**11- Comparative figures**

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

**12- Subsequent events**

**Corona Virus (Covid-19)**

The presence of the new Corona virus (Covid-19) was confirmed in early 2020 and spread throughout China and from there to most countries of the world, which led to many countries taking many precautionary measures such as stopping work in government and private sector establishments and institutions and stopping the movement of transportation. The trade exchange has caused turmoil in business and economic activities around the world.

The management considers these subsequent events to be one of the events that do not require the amendment of the financial statements of the Company as a result of the unstable situation which is characterized by rapid development.

**13- Board of directors' approval**

These audited financial statements have been approved on 16 Rabi-Al-Thani 1444H corresponding to 10 November 2022 G by the Board of Directors.