TOURISM ENTERPRISE COMPANY (SHAMS)
A SAUDI JOINT STOCK COMPANY

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE AND SIX-MONTH PERIOD ENDED 30 JUNE 2026

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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

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 of 30 June 2026, and the related interim condensed statement of profit or loss and other comprehensive income for the three and six-month period ended 30 June 2026 and the related 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") as 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 the International Standard 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 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 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.

Other matters

- The financial statements of the Company for the year ended 31 December 2025 were audited by another auditor, who issued an unmodified opinion on those financial statements dated 12 Shawwal 1447H (corresponding to 31 March 2026). Further, the interim condensed financial statements of the Company for the three and six-month periods ended 31 June 2025 were reviewed by another auditor, who expressed an unmodified conclusion on those financial statements dated 26 Muharram 1447H (corresponding to 21 July 2025).
- The Company's shareholders did not approve the independent auditor's report on the financial statements of the Company for the year ended 31 December 2025, during the Ordinary General Assembly Meeting held on 4 June 2026 (corresponding to 18 Dul Hijjah 1447H).

For Alzoman, Alfahad & Alhajjaj Professional Services

شركة الزومان والفهد والحجاج
للاستشارات المهنية
Alzoman, Alfahad & Alhajjaj
Professional Services
CR 1010461402

Zaher Abdullah Al Hajjaj
Certified Public Accountant
License no. (562)

Riyadh, Kingdom of Saudi Arabia

Date: 27 Safar 1448H
Corresponding to: 10 August 2026

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TOURISM ENTERPRISE COMPANY (SHAMS)
A SAUDI JOINT STOCK COMPANY
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2026

	Notes	30 June 2026	31 December 2025
		⃁	⃁
		(Unaudited)	(Audited)
ASSETS			
NON CURRENT ASSETS			
Property and equipment	4	4,840,059	5,641,202
Investment properties	5	5,591,186	5,693,521
Investment in a real estate fund	6	233,699,086	233,699,086
Right-of-use asset		69,279	128,661
Financial assets at fair value through profit or loss	7	17,187,541	20,049,000
TOTAL NON CURRENT ASSETS		261,387,151	265,211,470
CURRENT ASSETS			
Accounts receivable		44,124	31,575
Prepayments and other receivables		1,565,559	1,331,920
Cash and cash equivalents	8	235,614,172	249,090,314
TOTAL CURRENT ASSETS		237,223,855	250,453,809
TOTAL ASSETS		498,611,006	515,665,279
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		(86,726,971)	(80,131,544)
Fair value reserve	6	(15,708,314)	(15,708,314)
TOTAL SHAREHOLDERS' EQUITY		478,714,066	485,309,493
LIABILITIES			
NON CURRENT LIABILITIES			
Employees defined benefits obligations		1,846,493	1,606,139
TOTAL NON CURRENT LIABILITIES		1,846,493	1,606,139
CURRENT LIABILITIES			
Accounts payable		212,937	344,616
Accrued expenses and other current liabilities		3,539,845	3,882,051
Provision for claims	15	5,618,000	5,618,000
Lease liability - current portion		63,545	125,238
Provision for zakat	10	8,616,120	18,779,742
TOTAL CURRENT LIABILITIES		18,050,447	28,749,647
TOTAL LIABILITIES		19,896,940	30,355,786
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		498,611,006	515,665,279

Chief Financial Officer	Managing Director and Chief Executive Officer	Chairman
Mohamed El Hagry	Majed bin Nawwar Al-Otaibi	Nasser bin Khalaf Al-Barrak

The accompanying notes 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 AND SIX-MONTH PERIOD ENDED 30 JUNE 2026

	Note	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2026	2025	**2026**	2025
		⃁	⃁	⃁	⃁
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue	12	**2,476,386**	3,472,753	**4,052,550**	4,884,180
Cost of revenue		**(3,418,988)**	(3,616,589)	**(6,381,071)**	(6,115,771)
GROSS LOSS		**(942,602)**	(143,836)	**(2,328,521)**	(1,231,591)
EXPENSES					
Sales and marketing		**(92,215)**	(306,145)	**(174,555)**	(606,978)
General and administration		**(3,175,683)**	(2,946,004)	**(4,813,767)**	(4,831,818)
Reversal for expected credit losses		**337,989**	-	**966,656**	392,911
OPERATING LOSS		**(3,872,511)**	(3,395,985)	**(6,350,187)**	(6,277,476)
Gain on sale of property and equipment		**-**	-	**-**	22,261
Finance income from time deposits	8	**3,195,967**	3,376,868	**6,556,116**	7,241,918
Dividend income from financial assets carried at FVTPL		**612,474**	-	**612,474**	-
Unrealised gain/(loss) from fair value remeasurement on financial assets at FVTPL	7	**307,744**	(2,139,375)	**339,216**	(1,618,964)
Realised loss from financial assets at FVTPL	7	**-**	-	**(3,193,046)**	-
PROFIT/(LOSS) BEFORE ZAKAT		**243,674**	(2,158,492)	**(2,035,427)**	(632,261)
Zakat	10	**(2,250,000)**	(1,608,921)	**(4,500,000)**	(2,408,921)
NET LOSS FOR THE PERIOD		**(2,006,326)**	(3,767,413)	**(6,535,427)**	(3,041,182)
OTHER COMPREHENSIVE LOSS					
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods					
Remeasurement losses on employees defined benefits obligation		**(30,000)**	(15,000)	**(60,000)**	(23,505)
TOTAL COMPREHENSIVE LOSS		**(2,036,326)**	(3,782,413)	**(6,595,427)**	(3,064,687)
EARNINGS PER SHARE					
Basic and diluted earnings per share from profit/(loss) before zakat for the period	11	**0.004**	(0.037)	**(0.035)**	(0.011)
Basic and diluted earnings per share from net loss for the period	11	**(0.035)**	(0.065)	**(0.113)**	(0.053)

Chief Financial Officer	Managing Director and Chief Executive Officer	Chairman
Mohamed El Hagry	Majed bin Nawwar Al-Otaibi	Nasser bin Khalaf Al-Barrak

The accompanying notes 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 2026

	Share capital	Reserve	Accumulated losses	Fair value reserve	Total shareholders' equity
	⃁	⃁	⃁	⃁	⃁
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)	(9,130,277)	(3,064,687)
Balance at 30 June 2025 (unaudited)	578,236,230	2,913,121	(71,379,016)	(9,130,277)	500,640,058
As at 1 January 2026 (audited)	**578,236,230**	**2,913,121**	**(80,131,544)**	**(15,708,314)**	**485,309,493**
Net loss for the period	**-**	**-**	**(6,535,427)**	**-**	**(6,535,427)**
Other comprehensive loss for the period	**-**	**-**	**(60,000)**	**-**	**(60,000)**
Total comprehensive loss for the period	**-**	**-**	**(6,595,427)**	**-**	**(6,595,427)**
Balance at 30 June 2026 (unaudited)	**578,236,230**	**2,913,121**	**(86,726,971)**	**(15,708,314)**	**478,714,066**

Chief Financial Officer	Managing Director and Chief Executive Officer	Chairman
Mohamed El Hagry	Majed bin Nawwar Al-Otaibi	Nasser bin Khalaf Al-Barrak

The accompanying notes 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 2026

	For the six-month period ended 30 June	
	2026	2025
	⃁	⃁
OPERATING ACTIVITIES	**(Unaudited)**	(Unaudited)
Loss before zakat	**(2,035,427)**	(632,261)
Non-cash adjustments to reconcile loss before zakat to net cash flows:		
Depreciation of property and equipment	**887,040**	705,006
Depreciation of investment properties	**102,335**	102,335
Depreciation of right-of-use asset	**59,382**	59,382
Gain on sale of property and equipment	**-**	(22,261)
Unrealised (gain)/loss from fair value remeasurement on financial assets at FVTPL	**(339,216)**	1,618,964
Realised loss from financial assets carried at FVTPL	**3,193,046**	-
Dividend income from financial assets carried at FVTPL	**(612,474)**	-
Finance income from time deposits	**(6,556,116)**	(7,241,918)
Finance charge on lease liabilities	**2,162**	5,702
Reversal of expected credit losses	**(966,656)**	(392,911)
Employees' defined benefits obligations	**186,946**	190,544
	(6,078,978)	(5,607,418)
Working capital adjustments:		
Accounts receivable	**954,107**	1,181,223
Prepayments and other debit balances	**241,832**	771,399
Accounts payable	**(131,679)**	(305,202)
Accrued expenses and other current liabilities	**(342,206)**	(60,236)
Cash used in operations	**(5,356,924)**	(4,020,234)
Finance income received	**6,080,645**	6,563,481
Zakat paid	**(14,663,622)**	(5,000,000)
Employees' defined benefits paid	**(6,592)**	(104,369)
Net cash flows used in operating activities	**(13,946,493)**	(2,561,122)
INVESTING ACTIVITIES		
Additions to property and equipment	**(85,897)**	(927,740)
Proceeds from sale of property and equipment	**-**	22,261
Dividend income from financial assets carried at FVTPL	**612,474**	-
Additions of financial assets at fair value through profit or loss	**(16,848,325)**	-
Proceeds from sale of financial assets at fair value through profit or loss	**16,855,954**	-
Net cash flows from/(used in) investing activities	**534,206**	(905,479)
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)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	**(13,476,142)**	(3,530,456)
Cash and cash equivalents at the beginning of the period	**249,090,314**	255,049,804
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**235,614,172**	251,519,348

Chief Financial Officer	Managing Director and Chief Executive Officer	Chairman
Mohamed El Hagry	Majed bin Nawwar Al-Otaibi	Nasser bin Khalaf Al-Barrak

The accompanying notes form an integral part of these interim condensed 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 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), without specifying in the contract on the possibility of renewing the lease contract.

The Company has the following branch:

Commercial registration	Issuance date	Location
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 2025. 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 ("⃁"), which is also the functional currency of the Company.

3 NEW STANDARDS, AMENDMENTS TO STANDARDS, AND INTERPRETATION STANDARDS

New and revised standards, interpretations and amendments effective during the period

The following new and revised standards, interpretations and amendments are effective in the current period but are either not relevant to the Company or their application does not have any material impact on the interim condensed financial statements of the Company other than presentation and disclosures, except as stated otherwise.

Lack of Exchangeability (Amendments to IAS 21)

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

Amendments to the SASB standards to enhance their international applicability

The amendments remove and replace jurisdiction-specific references and definitions in the SASB standards, without substantially altering industries, topics or metrics.

Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments

The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 Financial Instruments.

Annual Improvements to IFRS Accounting Standards - Volume 11

The pronouncement comprises the following amendments:

- IFRS 1: Hedge accounting by a first-time adopter
- IFRS 7: Gain or loss on derecognition
- IFRS 7: Disclosure of deferred difference between fair value and transaction price
- IFRS 7: Introduction and credit risk disclosures
- IFRS 9: Lessee derecognition of lease liabilities
- IFRS 9: Transaction price
- IFRS 10: Determination of a ‘de facto agent’
- IAS 7: Cost method

Amendments to IFRS 9 and IFRS 7 regarding power purchase arrangements

The amendments aim at enabling entities to include information in their financial statements that in the IASB’s view more faithfully represents contracts referencing nature-dependent electricity.

New and revised standards, interpretations and amendments issued but not yet effective

The following new and revised standards, interpretations and amendments are effective for periods beginning on or after 1 July 2026 and earlier application is permitted; however, the Company has not early adopted them in preparing these interim condensed financial statements.

3 NEW STANDARDS, AMENDMENTS TO STANDARDS, AND INTERPRETATION STANDARDS (Continued)

New and revised standards, interpretations and amendments issued but not yet effective (Continued)

IFRS 18 Presentation and Disclosures in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified ‘roles’ of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from ‘profit or loss’ to ‘operating profit or loss’ and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Company is in the process of assessing the estimated impact that the initial application of IFRS 18 will have on its financial statements.

a) Structure of the statement of profit or loss

IFRS 18 requires entities to classify all income and expenses into categories in the statement of profit or loss - namely operating, investing, financing, zakat / income tax and discontinued operations. Classification of income and expenses depends on the main business activities of an entity. The Company has determined that it does not have a specified main business activity of investing in assets and/or providing financing to customers.

Neither net profit nor net assets will change as a result of the Company’s adoption of IFRS 18. The Company will be required to present two newly defined subtotals, which are 'operating profit' and 'profit or loss before financing and income taxes', However, operating profit subtotal differs from the current operating profit subtotal presented by the Company. Based on the information currently available, the Company expects changes to the current structure of the statement of profit or loss to result from the following:

- Interest income and expenses are generally included in finance income, other income / expenses - net and finance cost under the Company's current accounting policy. IFRS 18 provides specific guidance on the income and expenses classified in the investing and financing categories.
- Interest cost on employee benefit obligations, which is currently presented within finance cost, will continue to be classified and presented within finance cost.
- Net foreign exchange losses / gains are currently included in other income / expenses - net. Under IFRS 18 foreign exchange differences are required to be presented in the same category as the income and expenses from the items that gave rise to the differences. The Company has determined that it has foreign exchange differences to be classified in the operating category. For example, foreign exchange differences on trade payables and trade receivables will be classified in the operating category.
- Gains and losses on certain designated cash flow hedging instruments are currently included in finance Income and/or other income / expense - net. Under IFRS 18, gains and losses on designated hedging instruments are required to be classified in the same category as the income and expenses affected by the hedged risks. The Company has determined that gains or losses on these hedging instruments will be classified in the operating and investing categories.

3 NEW STANDARDS, AMENDMENTS TO STANDARDS, AND INTERPRETATION STANDARDS (Continued)

New and revised standards, interpretations and amendments issued but not yet effective (Continued)

IFRS 18 Presentation and Disclosures in Financial Statements (Continued)

b) Management-defined performance measures

The Company does not communicate any management defined performance measures outside its financial statements. Public communications issued by the Company include only financial information presented in the financial statements. Accordingly, the Company has not identified any management defined performance measures requiring disclosure under IFRS 18.

c) Principles of aggregation and disaggregation

IFRS 18 provides enhanced principles on how to present Company's information in the financial statements (i.e. the primary financial statements and the notes). It also introduces guidance on labelling and describing items presented in the primary financial statements or disclosed in the notes.

The Company is assessing the grouping of items on the basis of similar and dissimilar characteristics. Based on this assessment, it will present line items in the primary financial statements that provide useful structured summaries and disclose additional material information in the notes.

The Company is also assessing line items currently labelled as 'other' and will use more informative labels.

d) Consequential amendments

IFRS 18 introduces consequential amendments to IAS 7, which require entities to use the newly defined operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. The Company currently uses profit before zakat for the period / year as the starting point of the reconciliation to cash flows from operating activities. Certain adjusting items included in the reconciliation will change as a result of the new starting point.

The consequential amendments also provide specific guidance on the classification of interest and dividend cash flows. The Company will classify cash flows from interest paid as financing activities rather than operating activities under this guidance. Cash flows from interest and dividends received and from dividends paid will continue to be classified as investing activities.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.

IFRS 20 Regulatory Assets and Regulatory Liabilities

IFRS 20 requires an entity that is subject to a regulatory agreement to provide information about its regulatory assets, regulatory liabilities, regulatory income and regulatory expense.

Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures

The amendments cover new or amended IFRS Accounting Standards issued between 28 February 2021 and 1 May 2024 that were not considered when IFRS 19 was first issued.

Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21)

The amendments clarify how companies should translate financial statements from a non-hyperinflationary currency into a hyperinflationary one.

Amendments to Greenhouse Gas Emissions Disclosures (Amendments to IFRS S2)

The amendments to IFRS S2 aim to support entities applying IFRS S2 by reducing the complexity, risk of potential duplication of reporting and related costs of applying specific requirements in IFRS S2.

Amendments to the Fair Value Option for Investments in Associates and Joint Ventures (Amendments to IAS 28)

The amendments provide clarity about which entities are eligible to measure investments using the fair value option in IAS 28.

3 NEW STANDARDS, AMENDMENTS TO STANDARDS, AND INTERPRETATION STANDARDS (Continued)

3.1 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 2025.

4 PROPERTY AND EQUIPMENT

	30 June 2026	31 December 2025
	⃁	⃁
	(Unaudited)	(Audited)
Cost:		
At beginning of the period/year	**155,888,318**	154,934,918
Additions	**85,897**	1,152,099
Disposals	**-**	(198,699)
At end of the period/year	**155,974,215**	155,888,318
Accumulated depreciation and impairment:		
At beginning of the period/year	**150,247,116**	148,587,458
Charge for the period/year	**887,040**	1,858,357
Disposals	**-**	(198,699)
At end of the period/year	**151,134,156**	150,247,116
Net book amount as at the end of the period/year	**4,840,059**	5,641,202

The property and equipment include fully depreciated assets that are still in use by the Company and recorded in the accounting records. The cost of these assets as of 30 June 2026 amounted to ⃁ 32.6 million (31 December 2025: ⃁ 32.6 million).

5 INVESTMENT PROPERTIES

	30 June 2026	31 December 2025
	⃁	⃁
	(Unaudited)	(Audited)
Cost:		
At the beginning and end of the period/year	**10,312,035**	10,312,035
Accumulated depreciation:		
At the beginning of the period/year	**4,618,514**	4,411,569
Charge for the period/year	**102,335**	206,945
At the end of the period/year	**4,720,849**	4,618,514
Net book amount at the end of the period/year	**5,591,186**	5,693,521

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 disclosure relating to the fair value of investment properties is made in the Company's annual financial statements.

6 INVESTMENT IN A REAL ESTATE FUND

During 2024, the Company invested ⃁ 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 ⃁ 100,000 per unit. The transaction costs incurred on this transaction amounting to ⃁ 5.6 million has been included in the investment carrying value.

	30 June 2026	31 December 2025
	⃁	⃁
	(Unaudited)	(Audited)
At the beginning of the period/year	**233,699,086**	240,277,123
Net loss from fair value remeasurement	**-**	(6,578,037)
At the end of the period/year	**233,699,086**	233,699,086

There were no transactions incurred with the real estate fund during the period and the management believes that there are no material fair value changes during the three- month periods ended 30 June 2026.

The accumulated fair value reserve relating to investment in the real estate fund amounted to ⃁ 15,708,314 as of 30 June 2026 (31 December 2025: ⃁ 15,708,314).

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 2026, FVTPL investments consist of a portfolio of quoted shares managed by a local investment bank(31 December 2025: same). The movement in investments measured at FVTPL is set out below:

	30 June 2026	31 December 2025
	⃁	⃁
	(Unaudited)	(Audited)
At the beginning of the period/year	**20,049,000**	22,707,089
Proceeds from sales during the period/year	**(16,855,954)**	-
Additions during the period/year	**16,848,325**	-
Realized losses during the period/year	**(3,193,046)**	-
Unrealized gain /(loss) during the period/year	**339,216**	(2,658,089)
At the end of the period/year	**17,187,541**	20,049,000

8 CASH AND CASH EQUIVALENTS

	30 June 2026	31 December 2025
	⃁	⃁
	(Unaudited)	(Audited)
Time deposits (note 8.1)	**232,000,000**	249,000,000
Bank balances	**3,613,172**	89,314
Cash in hand	**1,000**	1,000
	235,614,172	249,090,314

8.1 Bank balances represent cash held with local banks and are dominated mainly in Saudi Riyal. Time deposit earns interested income at an average rate of 5.4 % and are renewed on average for a period of 90 days (2025: earn interest income at an average rate of 5.9% and are renewed on average for a period of 65 days).

9 SHARE CAPITAL AND RESERVE

9.1 Share Capital

The share capital of the Company is divided into 57,823,623 ordinary shares with a nominal value of ⃁ 10 each as at 30 June 2026 (31 December 2025: 57,823,623 ordinary shares of ⃁ 10 each).

On 2 Safar 1447 (corresponding to 27 July 2025), the Board of Directors recommended to the Extraordinary General Assembly to change the nominal value of the Company's shares from ⃁ 0.5 per share to ⃁ 10 per share.
On 24 Rabi' II 1447 (corresponding to 16 October 2025), the Extraordinary General Assembly approved the change in nominal value and consequently, the number of shares has been adjusted from 1,156,472,460 shares to 57,823,623 shares.

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.

10.2 Movements in provision during the period/year

The movement in the zakat provision was as follows:	**30 June 2026**	31 December 2025
	⃁	⃁
	(Unaudited)	(Audited)
At the beginning of the period/year	**18,779,742**	19,047,477
Charge for the period/year	**4,500,000**	9,752,513
Paid during the period/year	**(14,663,622)**	(10,020,248)
At the end of the period/year	**8,616,120**	18,779,742

10.3 Status of assessments

The Company has submitted its zakat returns for all years from inception up to the year ended 31 December 2025 and obtained the required certificates. The Company has agreed its zakat position with ZATCA for all years up to 2024.

11 EARNINGS PER SHARE

Basic and diluted earnings per share (EPS) is calculated by dividing the net profit 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 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**	
	2026	2025	**2026**	2025
	⃁	⃁	**⃁**	⃁
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Profit/(loss) before zakat attributable to equity holders of the Company	**243,674**	(2,158,492)	**(2,035,427)**	(632,261)
Net loss attributable to equity holders of the Company	**(2,006,326)**	(3,767,413)	**(6,535,427)**	(3,041,182)
Weighted average number of ordinary shares outstanding during the period	**57,823,623**	57,823,623	**57,823,623**	57,823,623
Basic and diluted earnings per share from profit/(loss) before zakat for the period	**0.004**	(0.037)	**(0.035)**	(0.011)
Basic and diluted earnings per share from net loss for the period	**(0.035)**	(0.065)	**(0.113)**	(0.053)

11 EARNINGS PER SHARE (Continued)

The weighted average number of shares outstanding have been adjusted to reflect the reverse share split that took place during the year ended 31 December 2025 (note 9) and consequently, earnings per share for the current and comparative periods have been adjusted as required by the relevant accounting standards (IAS 33).

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	
	2026	2025	**2026**	2025
	⃁	⃁	⃁	⃁
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Type of services				
Revenue from rooms	**1,576,673**	2,509,667	**2,312,824**	2,931,906
Revenue from food and beverages	**770,066**	922,001	**1,081,553**	1,406,486
Challet rent and other revenue	**129,647**	41,085	**658,173**	545,788
Total revenue	**2,476,386**	3,472,753	**4,052,550**	4,884,180
Geographical markets				
Saudi Arabia	**2,476,386**	3,472,753	**4,052,550**	4,884,180
Timing of revenue recognition				
Recognised at a point in-time	**2,346,739**	3,431,668	**3,394,377**	4,338,392
Recognised over time	**129,647**	41,085	**658,173**	545,788
Total revenue from contracts with customers	**2,476,386**	3,472,753	**4,052,550**	4,884,180

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.

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 2026	31 December 2026
	⃁	⃁
	(Unaudited)	(Audited)
Board of directors/committee members	**1,198,580**	1,225,580

13.2 The significant related party transactions were as follows:

	Three-month period ended 30 June		Six-month period ended 30 June	
	2026	2025	**2026**	2025
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Salaries and allowances of executives	**792,004**	792,002	**1,584,004**	1,630,004
Board of directors/committee members' remunerations	**1,254,000**	1,205,000	**1,379,000**	1,205,000
	2,046,004	1,997,002	**2,963,004**	2,835,004

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 against 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 past.

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 2026 (31 December 2025: same).

17 FAIR VALUE MEASUREMENT (continued)

Financial instruments by categories

	30 June 2026	31 December 2026
	⃁	⃁
	(Unaudited)	(Audited)
Financial assets measured at amortized cost		
Accounts receivable	**44,124**	31,575
Cash and cash equivalents	**235,613,172**	249,089,314
	235,657,296	249,120,889
Financial liabilities measured at amortized cost		
Accounts payable	**212,937**	344,616
Accrued expenses and other current liabilities	**3,484,533**	3,818,698
Lease liability	**63,545**	125,238
	3,761,015	4,288,552

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 equity or net loss 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 period ended 30 June 2025:

	Previously reported	Adjustment	Reclassified
	⃁	⃁	⃁
Revenue	3,472,753	-	3,472,753
Cost of revenue	(3,161,189)	(455,400)	(3,616,589)
GROSS LOSS	311,564	(455,400)	(143,836)
EXPENSES			
Sales and marketing	(306,145)	-	(306,145)
General and administration	(3,401,404)	455,400	(2,946,004)
LOSS FROM MAIN OPERATIONS	(3,395,985)	-	(3,395,985)
Finance income from time deposits	3,376,868	-	3,376,868
Fair value gain on financial assets at fair value through profit or loss	(2,139,375)	-	(2,139,375)
LOSS BEFORE ZAKAT	(2,158,492)	-	(2,158,492)
Zakat	(1,608,921)	-	(1,608,921)
NET LOSS FOR THE PERIOD	(3,767,413)	-	(3,767,413)
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods			
Remeasurement losses on employee benefits obligations	(15,000)	-	(15,000)
TOTAL COMPREHENSIVE LOSS	(3,782,413)	-	(3,782,413)

19 EVENTS AFTER THE REPORTING DATE

There have been no significant subsequent events since the period ended 30 June 2026 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 Safar 1448H (corresponding to 9 August 2026).