

TAMAM FINANCE COMPANY
(A CLOSED JOINT STOCK COMPANY)
INTERIM CONDENSED FINANCIAL
STATEMENTS (UNAUDITED) AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE AND NINE MONTHS PERIOD
ENDED 30 SEPTEMBER 2021

TAMAM FINANCE COMPANY
(A CLOSED JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021

INDEX	PAGE
Independent auditor's review report	2
Interim condensed statement of financial position	3
Interim condensed statement of profit or loss and other comprehensive income	4
Interim condensed statement of changes in equity	5
Interim condensed statement of cash flows	6
Notes to the interim condensed financial statements	7 – 11

Independent Auditor's Review Report

To the shareholders of
Tamam Finance Company
(A Closed Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Tamam Finance Company ("the Company"), a Closed Joint Stock Company as at 30 September 2021 and the related interim condensed statement of profit or loss and other comprehensive income for the three and nine months period then ended, and 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 fair presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 – ("IAS 34") "Interim Financial Reporting" that are 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 condensed 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 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 accompanying interim condensed financial statements are not prepared in all material respects in accordance in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

Other matters

The comparative information for the interim condensed statement of financial position is based on the audited financial statements as at 31 December 2020. The comparative information for the interim condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the nine months' period ended 30 September 2020, and related explanatory notes, have not been audited or reviewed.

For Dr. Mohamed Al-Amri & Co.

Gihad Al-Amri
Certified Public Accountant
Registration No. 362



Riyadh, on 27 October 2021 (G)
Corresponding to: 21 Rabi Al-Awwal 1443 (H)

TAMAM FINANCE COMPANY
(A CLOSED JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021
(All amounts in Saudi Riyals)

	<u>Note</u>	<u>30 September 2021</u> (Unaudited)	<u>31 December 2020</u> (Audited)
ASSETS			
Current assets			
Cash at bank		10,428,198	18,559,310
Tawaruq and other receivables	4	24,112,221	2,586,087
Due from a related party	5	812,500	-
Total current assets		<u>35,352,919</u>	<u>21,145,397</u>
Non-current assets			
Property and equipment		5,067,243	6,115,815
Intangible assets		176,101	153,125
Total non-current assets		<u>5,243,344</u>	<u>6,268,940</u>
TOTAL ASSETS		<u>40,596,263</u>	<u>27,414,337</u>
LIABILITIES AND EQUITY			
Current liabilities			
Accruals and other payables		2,730,122	183,175
Due to a related party	5	-	17,038,857
Total current liabilities		<u>2,730,122</u>	<u>17,222,032</u>
Non-current liabilities			
Employees' end of service benefits obligation		296,104	82,174
Total liabilities		<u>3,026,226</u>	<u>17,304,206</u>
EQUITY			
Share capital	6	57,000,000	20,000,000
Accumulated deficit		(19,429,963)	(9,889,869)
Total equity		<u>37,570,037</u>	<u>10,110,131</u>
TOTAL LIABILITIES AND EQUITY		<u>40,596,263</u>	<u>27,414,337</u>



Sultan Al-Deghaither
 Vice Chairman and
 Managing Director

The accompany notes (1) to (12) form an integral part of these interim condensed financial statements




TAMAM FINANCE COMPANY
(A CLOSED JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021

(All amounts in Saudi Riyals)

	Note	For the three-months period ended 30 September		For the nine-months period ended 30 September	
		2021 (Unaudited)	2020 (Unaudited and Not reviewed)	2021 (Unaudited)	2020 (Unaudited and Not reviewed)
Income from financing	8	4,246,578	119,049	8,487,999	219,581
Business Consulting		(62,601)	(1,492,067)	(278,558)	(2,965,135)
Employees' salaries and related charges		(2,393,301)	(713,237)	(6,695,216)	(1,310,389)
Subscription fees		(2,080,703)	(1,381,848)	(3,640,992)	(1,435,628)
Depreciation and amortization		(392,289)	(388,289)	(1,172,185)	(1,158,546)
IT related costs		(1,118,134)	(368,594)	(2,770,880)	(594,592)
Other operating expenses		(463,153)	(970,652)	(1,127,455)	(1,392,094)
Allowance for expected credit losses	4	(1,489,466)	-	(2,287,444)	(19,208)
Other income		17,342	-	17,342	-
Loss before zakat		(3,735,727)	(5,195,638)	(9,467,389)	(8,656,011)
Zakat	7	(72,705)	-	(72,705)	-
Loss for the period		(3,808,432)	(5,195,638)	(9,540,094)	(8,656,011)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the period		(3,808,432)	(5,195,638)	(9,540,094)	(8,656,011)



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Vice Chairman and
Managing Director

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TAMAM FINANCE COMPANY
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INTERIM CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021

(All amounts in Saudi Riyals)

	<u>Share capital</u>	<u>Accumulated deficit</u>	<u>Total</u>
Balance as at 1 January 2021 (Audited)	20,000,000	(9,889,869)	10,110,131
Share capital introduced	37,000,000	-	37,000,000
Loss for the period	-	(9,540,094)	(9,540,094)
Other comprehensive income	-	-	-
Total comprehensive loss for the period	-	(9,540,094)	(9,540,094)
Balance as at 30 September 2021 (Unaudited)	57,000,000	(19,429,963)	37,570,037
Balance as at 1 January 2020 (Audited)	100,000	(145,751)	(45,751)
Share capital introduced	19,900,000	-	19,900,000
Loss for the period	-	(8,656,011)	(8,656,011)
Other comprehensive income	-	-	-
Total comprehensive loss for the period	-	(8,656,011)	(8,656,011)
Balance as at 30 September 2020 (Unaudited and Not reviewed)	20,000,000	(8,801,762)	11,198,238



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TAMAM FINANCE COMPANY
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INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021
(All amounts in Saudi Riyals)

	Note	30 September 2021 (Unaudited)	30 September 2020 (Unaudited and Not reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before zakat		(9,467,389)	(8,656,011)
Adjustments to reconcile net loss for the period to net cash from operating activities:			
Allowance for expected credit losses	4	2,287,444	19,208
Depreciation and amortization		1,172,185	1,158,546
Provision for employees' end-of-service benefits		213,930	45,409
		<u>(5,793,830)</u>	<u>(7,432,848)</u>
Changes in working capital			
Tawaruq and other receivables		(23,813,578)	(396,265)
Accruals and other payables		2,474,242	252,736
Related parties, net		(17,851,357)	15,108,220
Net cash (used in) / generated from operating activities		<u>(44,984,523)</u>	<u>7,531,843</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(146,589)	(7,815,774)
Net cash used in investing activities		<u>(146,589)</u>	<u>(7,815,774)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share capital introduced	6	37,000,000	19,900,000
Net cash generated from financing activities		<u>37,000,000</u>	<u>19,900,000</u>
Net change in cash and cash equivalents		(8,131,112)	19,616,069
Cash and cash equivalents at beginning of the period		<u>18,559,310</u>	<u>678,591</u>
Cash and bank balances at end of the period		<u>10,428,198</u>	<u>20,294,660</u>



Sultan Al-Deghaither
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 Managing Director

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141

TAMAM FINANCE COMPANY
(A CLOSED JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021
(All amounts in Saudi Riyals)

1 ORGANIZATION AND ACTIVITIES

1.1 General Information

The Company is a "Closed Joint Stock Company" registered in Riyadh, Kingdom of Saudi Arabia under Commercial Registration no. 1010573360 dated 9 Shaban 1440 (H) corresponding to 15 April 2019 (G).

The Company is wholly owned by Mobile Telecommunications Company Saudi Arabia ("Parent Company"). The ultimate parent company of the Company is Oman Telecommunications Company SAOG, Oman.

The Company is engaged in providing consumer finance services in accordance with the approval of Saudi Central Bank ("SAMA") numbered 57/A SH/202012 issued on 15 Jamada Awwal 1442 (H) corresponding to 20 December 2020.

The duration of the Company is 49 years starting from the date of registration of the Commercial Registration.

The registered address of the Company is P.O. Box 295814, Riyadh 11351, Kingdom of Saudi Arabia.

On 1 Safar 1441 (H) corresponding to 30 September 2019 (G), the Company was converted from Limited Liability Company to Closed Joint Stock Company. During 2020, the name of the Company was changed from "Zain Payments Company Ltd" to "Tamam Finance Company".

2 BASIS OF PREPARATION

The interim condensed financial statements have been prepared in accordance with International Accounting Standard "Interim Financial Reporting"- ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organisation for Chartered and Professional Accountants ("SOCPA").

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

These interim condensed financial statements do not include all the information and disclosure required in the annual financial statements and should be read in conjunction with the annual financial statements for the year ended 31 December 2020. The interim results may not be an indicator of the annual results of the Company.

The accounting and risk management policies adopted in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual audited financial statements for the year ended 31 December 2020.

TAMAM FINANCE COMPANY
(A CLOSED JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021
(All amounts in Saudi Riyals)

3 SIGNIFICANT ACCOUNTING POLICIES

The Company has applied the same accounting policies and methods of measurements in its interim condensed financial statements as mentioned in its annual financial statements for the year ended 31 December 2020 (last year annual financial statements).

Use of estimates and judgements

There have been no material revisions to the nature and amount of estimates from those reported in last year annual financial statements.

Management believes that all sources of estimation uncertainty remain same to those disclosed in the last year annual financial statements. The Company will continue to monitor the situation, and any changes required, will be reflected in future reporting periods.

New Standards, Amendment to Standards and Interpretations:

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2021 and has been explained in Company annual Financial Statements, but they do not have a material effect on the Company's Condensed Interim Financial Statements.

4 TAWARUQ AND OTHER RECEIVABLES

	30 September 2021	31 December 2020
	(Unaudited)	(Audited)
Tawaruq receivables	26,184,690	2,732,632
Less: Allowance for expected credit loss	(2,285,293)	(165,150)
Net Tawaruq receivables	23,899,397	2,567,482
Other receivables	212,824	18,605
	24,112,221	2,586,087

The average credit period on the receivables is 30 days. Historical loss experience and derives loss rates based on historical loss rates to reflect the information about current conditions and reasonable and supportable forecast of future economic conditions. The Company recognizes an allowance against expected credit loss based on Expected Credit Losses ("ECL") model considering the ageing of its overdue debtors which increases as the debtors become more overdue as historical experience indicates that the likelihood of amounts being recoverable decreases the more the amount is overdue.

The Company performs credit-vetting procedures before granting credit to new customers. These procedures are reviewed and updated on an ongoing basis. There have been no changes to these procedures from the previous year.

Age of overdue net Tawaruq receivables

	30 September 2021	31 December 2020
	(Unaudited)	(Audited)
0 to 90 days	22,799,716	2,537,967
91 to 360 days	1,099,681	29,515
	23,899,397	2,567,482

There were no amounts at the reporting date that were neither past due nor impaired for which the credit quality had reduced since the initial granting of credit.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021
(All amounts in Saudi Riyals)

4 TAWARUQ AND OTHER RECEIVABLES (continued)

Movement on the allowance for doubtful debts

	30 September 2021	31 December 2020
	(Unaudited)	(Audited)
Opening balance	165,150	38,102
Write-off for the period/ year	(167,301)	-
Charged for the period / year	2,287,444	127,048
Closing balance	2,285,293	165,150

In determining the recoverability of a Tawaruq receivable, the Company considers any change in the credit quality of the Tawaruq receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated. The Company does not hold any collateral over the impaired Tawaruq receivables.

5 RELATED PARTY TRANSACTIONS AND BALANCES

During the period/year, the Company had the following related party transactions:

<u>Related party</u>	<u>Relationship</u>	<u>Nature</u>	30 September 2021	30 September 2020
			(Unaudited)	(Unaudited and Not reviewed)
Mobile Telecommunications Company Saudi Arabia	Parent Company	Expenses	(14,513,101)	(7,697,838)
		Assets	146,589	7,815,774

Due from a related party balance:

	30 September 2021	31 December 2020
	(Unaudited)	(Audited)
Mobile Telecommunications Company Saudi Arabia	812,500	-

Due to a related party balance:

	30 September 2021	31 December 2020
	(Unaudited)	(Audited)
Mobile Telecommunications Company Saudi Arabia	-	17,038,857

Senior management remuneration

The Company did not pay any remuneration to its senior management for the period ended 30 September 2021.

6 SHARE CAPITAL

The Company had 5,700,000 (31 December 2020: 2,000,000) shares of SR 10 each in issue as at the reporting date.

Capital Increase

On 9 Ramadan 1442 (H), corresponding to 21 April 2021 (G), the share capital was increased by SR 37,000,000 through the issuance of 3,700,000 shares and was paid in cash. The Company amended its Articles of Association and its Commercial Registration.

TAMAM FINANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021
(All amounts in Saudi Riyals)

7 PROVISION FOR ZAKAT

Till the year ended 31 December 2020, the Company had submitted its information related to zakat returns where the Parent Company had filed a consolidated zakat return which includes the company's accounts. The Parent Company had submitted its Zakat returns upto 31 December 2020 and obtained the certificates while the final assessments have not been received. However, the Company will file its first Zakat return for the year ending 31 December 2021 by itself.

8 INCOME FROM FINANCING

	30 September 2021	30 September 2020
	(Unaudited)	(Unaudited and Not reviewed)
Income from financing	8,487,999	219,581

Income from financing increased during the nine months period ended 30 September 2021 to SR 8,487,999 (30 September 2020: 219,581 (Unaudited and Not reviewed)), due to new contracts earned by the Company.

9 FAIR VALUE OF FINANCIAL INSTRUMENTS

Assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This Grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All the financial assets and liabilities of the Company are carried at amortized cost. Therefore, the fair value hierarchy disclosure which requires a three-level category of fair value is not disclosed.

9.1 Carrying amount vs fair value

The Company considers that the carrying amount of the following financial assets and financial liabilities are a reasonable approximation of their fair value:

- Cash at bank
- Tawaruq and other receivables
- Accruals and other payables

10 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments of the Company at any of the reporting dates.

11 IMPACT OF COVID-19

The outbreak of the novel Coronavirus (Covid-19) in early 2020 in most countries has caused widespread disruptions to business and continues to evolve with a consequential negative impact on economic activities. The Company is continually monitoring its impact, while working closely with the local regulatory authorities, to manage the evolving business disruption of the COVID-19 pandemic.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021
(All amounts in Saudi Riyals)

11 IMPACT OF COVID-19 (continued)

In light of COVID-19, the Company has considered whether any adjustments and changes in judgments, estimates and risk management are required to be considered and reported in the condensed interim financial information. Below are the key assumptions about the future and other key sources of estimation that may have a significant risk of causing material adjustments to the condensed interim financial information.

Impairment of non-financial assets

The Company has considered any impairment indicators arising and any significant uncertainties around its property and equipment and concluded there is no material impact due to COVID-19.

Expected Credit Losses ("ECL") and impairment of financial assets

The Company has applied management overlays on the existing ECL models by applying probability weightage scenarios on the relevant macroeconomic factors relative to the economic climate of the respective market in which it operates. The Company has also assessed the exposures in potentially affected sectors for any indicators of impairment and concluded there is no material impact on account of COVID-19.

Commitments and contingent liabilities

The Company has assessed the impact of any operational disruptions, including any contractual challenges and changes in business or commercial relationships among customers and suppliers, with a view of potential increase in contingent liabilities and commitments and no issues were noted.

Going concern

The Company has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Company's future performance, capital and liquidity. The impact of COVID-19 may continue to evolve, but at the present time the projections show that the Company has ample resources to continue in operational existence and its going concern position remains largely unaffected and unchanged from 31 December 2020. As a result, this condensed interim financial information has been appropriately prepared on a going concern basis.

12 APPROVED INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were approved by the Board of Directors on 27 October 2021.
