

TAMAM FINANCE COMPANY
(A CLOSED JOINT STOCK COMPANY)

**INTERIM CONDENSED FINANCIAL
STATEMENTS AND INDEPENDENT
AUDITOR'S REVIEW REPORT
FOR THE THREE MONTHS PERIOD
ENDED 31 MARCH 2022**

TAMAM FINANCE COMPANY
(A CLOSED JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022

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Independent Auditor's Review Report on The Interim Condensed Financial Information

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 31 March 2022 and the related interim condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three months 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 – ("IAS 34") "Interim Financial Reporting" 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" that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed 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 information is not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

For Dr. Mohamed Al-Amri & Co.



Gihad Al-Amri
Certified Public Accountant
Registration No. 362

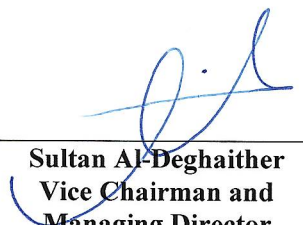


Riyadh, on 16 May 2022 (G)
Corresponding to: 15 Shawwal 1443 (H)

TAMAM FINANCE COMPANY
(A CLOSED JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022
(All amounts in Saudi Riyals)

	Note	31 March 2022 (Unaudited)	31 December 2021 (Audited)
ASSETS			
Cash at bank		4,198,955	8,845,876
Tawaruq and other receivables	4	84,596,448	38,898,693
Property and equipment		4,795,891	5,063,805
Intangible assets		151,698	113,898
TOTAL ASSETS		93,742,992	52,922,272
LIABILITIES AND EQUITY			
Accruals and other payables		5,551,327	3,909,567
Due to a related party	5	50,878,378	13,020,474
Employees' end of service benefits obligation		832,226	769,590
Total liabilities		57,261,931	17,699,631
EQUITY			
Share capital	6	57,000,000	57,000,000
Other reserve		(127,546)	(127,546)
Accumulated losses		(20,391,393)	(21,649,813)
Total equity		36,481,061	35,222,641
TOTAL LIABILITIES AND EQUITY		93,742,992	52,922,272


Sultan Al-Deghaither
Vice Chairman and
Managing Director

The accompany notes (1) to (11) 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 MONTHS PERIOD ENDED 31 MARCH 2022

(All amounts in Saudi Riyals)

For the three-months period ended 31 March			
	Note	2022 (Unaudited)	2021 (Unaudited)
Income from financing	8	10,426,984	1,992,208
Subscription fees		(2,082,808)	(542,388)
Business consulting		(18,835)	(107,991)
Employees' salaries and related charges		(2,478,981)	(2,087,975)
Depreciation and amortization		(417,614)	(390,042)
IT related costs		(1,481,103)	(812,600)
Other operating expenses		(1,295,191)	(162,664)
Allowance for expected credit losses	4	(1,092,707)	(115,807)
Other income		13,280	-
Profit / (loss) before zakat		1,573,025	(2,227,259)
Zakat	7	(314,605)	-
Profit / (loss) for the period		1,258,420	(2,227,259)
Other comprehensive income		-	-
Total comprehensive income / (loss) for the period		1,258,420	(2,227,259)


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Vice Chairman and
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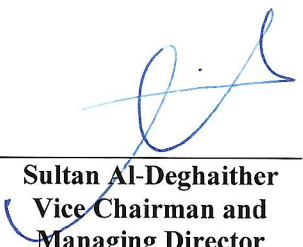
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TAMAM FINANCE COMPANY
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**INTERIM CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022**

(All amounts in Saudi Riyals)

	Share capital	Other Reserve	Accumulated losses	Total
Balance as at 1 January 2022 (Audited)	57,000,000	(127,546)	(21,649,813)	35,222,641
Profit for the period	-	-	1,258,420	1,258,420
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	1,258,420	1,258,420
Balance as at 31 March 2022 (Unaudited)	57,000,000	(127,546)	(20,391,393)	36,481,061
Balance as at 1 January 2021 (Audited)	20,000,000	-	(9,889,869)	10,110,131
Loss for the period	-	-	(2,227,259)	(2,227,259)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(2,227,259)	(2,227,259)
Balance as at 31 March 2021 (Unaudited)	20,000,000	-	(12,117,128)	7,882,872




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Vice Chairman and
Managing Director

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TAMAM FINANCE COMPANY
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INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022
(All amounts in Saudi Riyals)

	Note	31 March 2022 (Unaudited)	31 March 2021 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before zakat		1,573,025	(2,227,259)
Adjustments to reconcile net income / (loss) for the period to net cash from operating activities:			
Allowance for expected credit losses	4	1,092,707	115,807
Depreciation and amortization		417,614	390,042
Provision for employees' end-of-service benefits		62,636	74,510
		3,145,982	(1,646,900)
Changes in working capital			
Tawaruq and other receivables		(46,790,462)	(7,159,404)
Accruals and other payables		1,327,155	292,942
Related parties, net		37,857,904	3,338,332
Net cash used in operating activities		(4,459,421)	(5,175,030)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(187,500)	(31,303)
Net cash used in investing activities		(187,500)	(31,303)
Net change in cash and cash equivalents		(4,646,921)	(5,206,333)
Cash and cash equivalents at beginning of the period		8,845,876	18,559,310
Cash and cash equivalents at end of the period		4,198,955	13,352,977


Sultan Al-Deghaither
Vice Chairman and
Managing Director

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TAMAM FINANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022
(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".

1.1 Impact of Covid-19

The Company's operating environment has rebound and signs of economic recovery is visible across the region and globally. The key assumptions about the future and other key sources of estimation that may have a significant risk of causing material adjustments to the financial statements is disclosed in the Company's annual financial statements for the year ended 31 December 2021.

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 Organization 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 2021. 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 2021.

TAMAM FINANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022
(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 2021 (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 2022 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.

Standards that are issued but not yet effective for the current period

The Company has not early adopted any new standard, interpretation or amendment that have been issued but which are not yet effective. Those standards and interpretation or amendments are not disclosed in these interim condensed financial statements as the management did not consider these relevant to the company operation or will have a material impact on the financial statements of the Company in future periods.

4 TAWARUQ AND OTHER RECEIVABLES

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Tawaruq receivables	88,408,579	41,610,123
Accrued finance income	(249,326)	(161,062)
	88,159,253	41,449,061
Less: Allowance for expected credit loss	(3,601,271)	(2,719,803)
Net Tawaruq receivables	84,557,982	38,729,258
Other receivables	38,466	169,435
	84,596,448	38,898,693

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.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022
(All amounts in Saudi Riyals)

4 TAWARUQ AND OTHER RECEIVABLES (continued)

Age of overdue net Tawaruq receivables

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
0 to 90 days	80,785,243	35,423,021
91 to 360 days	3,772,739	3,306,237
	84,557,982	38,729,258

Movement on the allowance for expected credit loss

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Opening balance	2,719,803	165,150
Write-off for the period/ year	(211,239)	(330,827)
Charged for the period / year	1,092,707	2,885,480
Closing balance	3,601,271	2,719,803

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>	31 March 2022 (Unaudited)	31 March 2021 (Unaudited)
Mobile Telecommunications Company Saudi Arabia	Parent Company	Expenses	(5,670,404)	(3,338,332)
		Assets	187,500	31,303

Due to a related party balance:

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Mobile Telecommunications Company Saudi Arabia	50,878,378	13,020,474

Senior management remuneration

The Company did not pay any remuneration to its senior management for the period ended 31 March 2022.

6 SHARE CAPITAL

The Company had 5,700,000 shares of SR 10 each in issue as at the reporting date.

7 PROVISION FOR ZAKAT

Till the year ended 31 December 2020, the Company had submitted its information related to zakat returns through the Parent Company as the Parent Company had filed a consolidate zakat return which includes the company's accounts. The Parent Company had submitted its Zakat returns up to 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 ended 31 December 2021 by itself.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022
(All amounts in Saudi Riyals)

8 INCOME FROM FINANCING

	31 March 2022	31 March 2021
	(Unaudited)	(Unaudited)
Income from financing	10,426,984	1,992,208

Income from financing increased during the three months period ended 31 March 2022 to SR 10,426,984 (31 March 2021: 1,992,208) (Unaudited)), 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 APPROVED INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were approved by the Board of Directors on 16 May 2022.
