

TAMWEEL AI OULA COMPANY

(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REVIEW REPORT**

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023

TAMWEEL AI OULA COMPANY
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) AND
INDEPENDENT AUDITOR'S REVIEW REPORT

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

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDER OF TAMWEEL AL OULA COMPANY (A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)

Introduction:

We have reviewed the accompanying interim condensed statement of financial position of Tamweel Al Oula Company (the "Company") as at 30 September 2023, and the related interim condensed statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, and the related interim condensed statement of changes in shareholder's equity and statement of cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review:

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily to 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 endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young Professional Services

Waleed G. Tawfiq
Certified Public Accountant
Licence No. (437)



Al Khobar: 11 Rabi Al-Thani 1445H
26 October 2023

TAMWEEL AL OULA COMPANY
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME

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

	Note	<i>Three-month period ended 30 September</i>		<i>Nine-month period ended 30 September</i>	
		2023	2022	2023	2022
		<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
		-	-	-	-
REVENUE					
Revenue from operations	4	75,232,313	62,104,177	211,877,900	171,829,748
Revenue from other activities	5	3,900,835	2,857,240	13,292,593	9,166,765
TOTAL REVENUE		79,133,148	64,961,417	225,170,493	180,996,513
EXPENSES					
Finance costs and bank charges		(5,107,546)	(6,782,221)	(18,525,160)	(21,125,701)
Salaries and employees' related expenses		(12,590,912)	(9,540,831)	(40,082,217)	(28,174,902)
Depreciation and amortisation		(1,532,355)	(2,089,352)	(4,509,266)	(4,144,639)
Provision of expected credit losses on investment in Islamic finance receivables		-	(22,261,147)	(21,407,031)	(36,934,246)
Other general and administrative expenses		(12,432,314)	(4,706,012)	(32,358,240)	(13,890,902)
TOTAL EXPENSES		(31,663,127)	(45,379,563)	(116,881,914)	(104,270,390)
PROFIT BEFORE ZAKAT		47,470,021	19,581,854	108,288,579	76,726,123
Zakat	9	(4,747,002)	(1,958,185)	(10,828,858)	(7,672,612)
PROFIT FOR THE PERIOD		42,723,019	17,623,669	97,459,721	69,053,511
OTHER COMPREHENSIVE INCOME					
Other comprehensive income for the period		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		42,723,019	17,623,669	97,459,721	69,053,511
Earnings per share					
Basic and diluted earnings per share	11	0.86	0.40	1.95	1.55
Weighted average number of outstanding shares		50,000,000	44,444,444	50,000,000	44,444,444

The attached notes 1 to 13 form part of these interim condensed financial statements.

TAMWEEL AL OULA COMPANY
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

		<i>30 September</i>	<i>31 December</i>
		<i>2023</i>	<i>2022</i>
	<i>Note</i>	<i>SR</i>	<i>SR</i>
		<i>(Unaudited)</i>	<i>(Audited)</i>
ASSETS			
Bank balances and cash		409,758,543	21,626,376
Prepayments and other receivables		63,522,846	197,015,207
Net investment in Islamic finance receivables	6	2,951,696,196	2,213,634,301
Equity investment at fair value through other comprehensive income ("OCI")		892,850	892,850
Property and equipment		4,713,357	4,622,076
Right-of-use assets		5,498,393	8,237,971
Intangible assets		1,644,143	1,900,589
TOTAL ASSETS		3,437,726,328	2,447,929,370
SHAREHOLDER'S EQUITY AND LIABILITIES			
SHAREHOLDER'S EQUITY			
Share capital	10	500,000,000	500,000,000
Statutory reserve		19,248,439	19,248,439
Retained earnings		132,379,334	94,919,613
TOTAL SHAREHOLDER'S EQUITY		651,627,773	614,168,052
LIABILITIES			
Provision for zakat		10,828,858	9,280,400
Accrued expenses and other liabilities		66,752,856	43,107,562
Accounts payable		189,471,274	135,487,171
Loans and borrowings	8	2,419,224,091	1,570,983,699
Lease liabilities		4,610,363	7,591,303
Government grant		84,184,008	56,570,812
Amounts due to related parties		2,776,149	3,726,326
Employees' defined benefits liabilities		8,250,956	7,014,045
TOTAL LIABILITIES		2,786,098,555	1,833,761,318
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		3,437,726,328	2,447,929,370

The attached notes 1 to 13 form part of these interim condensed financial statements.

TAMWEEL AL OULA COMPANY
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
For the nine-month period ended 30 September 2023

	<i>Share capital</i> SR	<i>Statutory reserve</i> SR	<i>Retained earnings</i> SR	<i>Total</i> SR
As at 1 January 2022 (audited)	250,000,000	11,172,028	55,530,456	316,702,484
Profit for the period	-	-	69,053,511	69,053,511
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	69,053,511	69,053,511
Dividends	-	-	(33,000,000)	(33,000,000)
Increase in capital (note 10)	250,000,000	-	-	250,000,000
As at 30 September 2022 (unaudited)	<u>500,000,000</u>	<u>11,172,028</u>	<u>91,583,967</u>	<u>602,755,995</u>
As at 1 January 2023 (audited)	500,000,000	19,248,439	94,919,613	614,168,052
Profit for the period	-	-	97,459,721	97,459,721
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	97,459,721	97,459,721
Dividends	-	-	(60,000,000)	(60,000,000)
As at 30 September 2023 (unaudited)	<u>500,000,000</u>	<u>19,248,439</u>	<u>132,379,334</u>	<u>651,627,773</u>

The attached notes 1 to 13 form part of these interim condensed financial statements.

TAMWEEL AL OULA COMPANY
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (Unaudited)

For the nine-month period ended 30 September 2023

	<i>Nine-month period ended 30 September</i>	
	2023	2022
	SR	0
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
OPERATING ACTIVITIES		
Profit before zakat	108,288,579	76,726,123
Adjustments to reconcile profit before zakat to net cashflow:		
Depreciation of property and equipment	1,135,506	810,119
Depreciation of right-of-use assets	2,739,577	2,365,640
Amortisation of intangible assets	634,183	968,880
Finance costs and bank charges	73,046,306	56,082,570
Employees' defined benefits liabilities, charged	2,076,428	1,497,610
Provision of expected credit loss on investment in Islamic finance	21,407,031	36,934,246
Loss on sale of property and equipment	(5,901)	563,837
Modification gain on deferred payments program	-	(9,086,861)
Grant income realised	(54,521,146)	(34,956,869)
	154,800,563	131,905,295
Changes in operating assets and liabilities:		
Net investment in Islamic finance receivables	(759,468,926)	(458,208,150)
Prepayments and other receivables	133,646,874	70,635,704
Amounts due to related parties	(950,177)	6,530,256
Accounts payable	53,984,103	115,775,739
Accruals and other current liabilities	23,645,294	(10,152,361)
Cash used in operations	(394,342,269)	(143,513,517)
Employees' defined benefits liabilities, paid	(839,517)	(16,697)
Zakat paid	(9,280,400)	(5,108,356)
Finance costs and bank charges paid	(10,540,394)	(10,114,574)
Net cash used in operating activities	(415,002,580)	(158,753,144)
INVESTING ACTIVITY		
Purchase of property and equipment	(1,262,433)	(2,233,485)
Net cash used in an investing activity	(1,262,433)	(2,233,485)
FINANCING ACTIVITIES		
Dividends paid	(60,000,000)	(33,000,000)
Payment of lease liabilities	(3,135,453)	(783,127)
Proceeds from loans and borrowings	1,579,605,698	737,926,000
Repayment of loans and borrowings	(712,073,065)	(490,417,199)
Capital increase by cash injection	-	250,000,000
Net cash from financing activities	804,397,180	463,725,674
NET INCREASE IN BANK BALANCE AND CASH	388,132,167	302,739,045
Bank balances and cash at the beginning of the period	21,626,376	69,703,270
BANK BALANCE AND CASH AT THE END OF THE PERIOD	409,758,543	372,442,315

The attached notes 1 to 13 form part of these interim condensed financial statements.

TAMWEEL AL OULA COMPANY
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)
At 30 September 2023

1 CORPORATE INFORMATION

Tamweel Al Oula Company ("the Company"), is a Saudi Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration number 2050055043 dated 15 Ramadan 1436H (corresponding to 2 July 2015).

The Company is engaged in providing financial leasing in addition to financing production assets and offering consumer finance in accordance with the license number 39/ASH/201512 dated 21 Safar 1437H (corresponding to 3 December 2015) issued by Saudi Central Bank ("SAMA").

The Company's registered office is located at PO 34232, Dammam, Kingdom of Saudi Arabia. The Company operates through the following branches:

<i>Commercial Registration Name</i>	<i>Number</i>	<i>Location</i>	<i>Date</i>
Tamweel Al Oula - Branch	2051065442	Al Khobar	17/04/1439H
Tamweel Al Oula - Branch	2252101795	Al Hasa	02/06/1439H
Tamweel Al Oula - Branch	1010691639	Riyadh	19/07/1442H
Tamweel Al Oula - Branch	4030416684	Jeddah	14/10/1442H
Tamweel Al Oula - Branch	5855360923	Khamis Mushait	13/11/1443H

The interim condensed financial statements of the Company as of 30 September 2023 were authorised for issuance on 26 October 2023 (corresponding to 11 Rabi Al-Thani 1445H).

2 BASIS OF PREPARATION

The interim condensed financial statements of the Company as at and for the three-month and nine-month periods ended 30 September 2023 have been prepared in accordance with International Accounting Standard 34 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"). The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2022.

2.1 Basis of measurement

These interim condensed financial statements have prepared on historical cost basis, except when otherwise disclosed in the accounting policy adopted. The statement of financial position is stated in order of liquidity.

2.2 Presentation and functional currency

The presentation and functional currency of the Company is Saudi Riyal.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

TAMWEEL AL OULA COMPANY
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)
(Continued)

At 30 September 2023

**3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY
(continued)**

3.1 IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The amendments had no impact on the Company's interim condensed financial statements.

3.2 Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Company's interim condensed financial statements.

3.3 Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the Company's interim condensed financial statements, but are expected to affect the accounting policy disclosures in the Company's annual financial statements.

3.4 Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Company's interim condensed financial statements.

TAMWEEL AL OULA COMPANY
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)
(Continued)

At 30 September 2023

4 REVENUE FROM OPERATIONS

	<i>Nine-month period ended 30 September</i>	
	<i>2023</i>	<i>2022</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
External customers	176,987,561	147,118,624
Related parties	34,890,339	24,711,124
	211,877,900	171,829,748

All of the Company's revenue is generated in the Kingdom of Saudi Arabia. The Company recognises the revenue in accordance with IFRS 9 "Financial Instruments" requirements.

5 REVENUE FROM OTHER ACTIVITIES

	<i>Nine-month period ended 30 September</i>	
	<i>2023</i>	<i>2022</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Discounts from suppliers	6,128,717	8,721,206
Others	7,163,876	445,559
	13,292,593	9,166,765

TAMWEEL AL OULA COMPANY
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited) (Continued)

At 30 September 2023

6 NET INVESTMENT IN ISLAMIC FINANCE RECEIVABLES

	<i>30 September 2023 SR (Unaudited)</i>	<i>31 December 2022 SR (Audited)</i>
Gross investment in Islamic finance receivables	3,598,940,834	2,711,108,543
Less: unearned finance income	(549,113,992)	(420,750,627)
Investment in Islamic finance receivables (before allowance for expected credit loss on Islamic finance receivables)	3,049,826,842	2,290,357,916
Less: allowance for expected credit losses on Islamic finance receivables	(98,130,646)	(76,723,615)
Net investment in Islamic finance receivables	2,951,696,196	2,213,634,301
<i>Analysed as below:</i>		
Net investment in Islamic finance receivables, non-current	1,588,984,923	1,299,156,563
Net investment in Islamic finance receivables, current	1,362,711,273	914,477,738
	2,951,696,196	2,213,634,301

Below are the details of the Company's net investment in Islamic finance receivables stage wise:

30 September 2023 (unaudited)

	<i>Stage 1 (12-month ECL) SR</i>	<i>Stage 2 (life-time ECL but not credit impaired) SR</i>	<i>Stage 3 (life-time ECL credit impaired) SR</i>	<i>Total SR</i>
<i>Ijarah</i>				
Investment in Islamic finance receivables	1,055,910,968	201,868,449	186,984,870	1,444,764,287
Expected credit losses	(4,700,387)	(3,227,930)	(21,504,192)	(29,432,509)
	1,051,210,581	198,640,519	165,480,678	1,415,331,778
<i>Tawarruq</i>				
Investment in Islamic finance receivables	1,094,683,915	326,853,321	183,525,319	1,605,062,555
Expected credit losses	(19,763,918)	(7,720,325)	(41,213,894)	(68,698,137)
	1,074,919,997	319,132,996	142,311,425	1,536,364,418
	2,126,130,578	517,773,515	307,792,103	2,951,696,196

TAMWEEL AL OULA COMPANY
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited) (Continued)

At 30 September 2023

6 NET INVESTMENT IN ISLAMIC FINANCE RECEIVABLES (continued)

31 December 2022 (audited)

	<i>Stage 1 (12-month ECL) SR</i>	<i>Stage 2 (life-time ECL but not credit impaired) SR</i>	<i>Stage 3 (life-time ECL credit impaired) SR</i>	<i>Total SR</i>
<i>Ijarah</i>				
Investment in Islamic finance receivables	630,309,390	147,454,620	252,893,824	1,030,657,834
Expected credit losses	<u>(2,245,674)</u>	<u>(1,536,632)</u>	<u>(29,966,807)</u>	<u>(33,749,113)</u>
	628,063,716	145,917,988	222,927,017	996,908,721
<i>Tawaruq</i>				
Investment in Islamic finance receivables	637,450,066	420,965,330	201,284,686	1,259,700,082
Expected credit losses	<u>(6,269,232)</u>	<u>(3,171,824)</u>	<u>(33,533,446)</u>	<u>(42,974,502)</u>
	631,180,834	417,793,506	167,751,240	1,216,725,580
	<u>1,259,244,550</u>	<u>563,711,494</u>	<u>390,678,257</u>	<u>2,213,634,301</u>

The movement in allowance for expected credit losses on investment in finance leases is given below:

	<i>Nine-month period ended 30 September</i>	
	<i>2023</i>	<i>2022</i>
	<i>SR</i>	<i>0</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
At the beginning of the period	76,723,615	28,616,817
Charge for the period	21,407,031	51,054,992
Amounts written off	-	(2,948,194)
At the end of the period	<u>98,130,646</u>	<u>76,723,615</u>

- 6.1 The Company's implicit rate of return on investment in Islamic finance receivables is in market rate range. These receivables are majorly secured against assets, personal guarantees, Kafala program and down payments. The Company's major activities for investment in finance receivables are in Tawarruq and Ijarah.
- 6.2 Investment in Islamic finance receivables mainly include Ijara and Tawaruq contracts amounting to SR 1.44 billion and SR 1.61 billion respectively (2022: SR 1.03 billion and SR 1.25 billion respectively).
- 6.3 The contractual rights and the titles of certain assets subject to the financing arrangements of Islamic financing receivables are under the name of Al Kifah Trading Company (a shareholder) amounting to nil (31 December 2022: SR 0.8 million). The shareholder waived rights over the assets and confirmed that the risks and rewards pertaining to the assets have been transferred to the Company.
- 6.4 At 30 September 2023, ijarah receivables include the Company's repossessed assets inventory for contracts having outstanding receivables amounting to SR 2.1 million (31 December 2022: 1.1 million).

TAMWEEL AL OULA COMPANY
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited) (Continued)

At 30 September 2023

6 NET INVESTMENT IN ISLAMIC FINANCE RECEIVABLES (continued)

6.5 During the year, the Company has entered into a Musharakah agreement with a local Bank (“Musharakah Partner”) for Ijara and Tawarruq receivables. In accordance with the terms of this agreement, the partners are participating in the underlying Ijarah and Tawarruq transactions on agreed basis allocating 20% for the Company and the remaining 80% for the other Musharakah Partner. Such receivables represent instruments initially originated by the Company and subsequently transferred to a third party. The Company assumes credit risk to the extent of its share in the agreement, a similar transactions was entered into by the Company during 2021 and 2022.

The Company has derecognised net investment in Islamic finance receivables amounting to SR 563.3 million representing 80% of the Musharakah agreements. As of 30 September 2023, the total outstanding balance related to the Musharaka Partner and the Company was SR 511.6 million and SR 127.9 million, respectively (31 December 2022: SR 313.3 million and SR 78.3 million, respectively).

6.6 During 2022, the Company has entered into an agreement to sell a tranche of its net investment in Islamic finance receivables amounting to SR 50 million of the gross value of the net investment in Islamic finance receivables outstanding balance to a commercial bank (the “Purchaser”) within the Kingdom of Saudi Arabia. Such receivables represent instruments initially originated by the Company and subsequently sold to a third party. The Company acts as an Agent to collect the outstanding amounts on behalf of the Purchaser and is entitled to collect a fee, this is dependent on the performance of the Company in the collection of the receivables. As of 30 September 2023, the Company has a restricted cash amounting to SR 4.265 million (31 December 2022: 4.6 million) representing 10% of the collected amount against the sold net investment in Islamic finance receivables. As of 30 September 2023 the balance outstanding of the transaction amounted to SR 42.65 million (31 December 2022: 45.7 million).

TAMWEEL AL OULA COMPANY

(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)

(Continued)

At 30 September 2023

7 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include partners and entities controlled, jointly controlled or significantly influenced by such parties (affiliates). Pricing policies and terms of payments of transactions with related parties are approved by the Company's management. Following is the list of related parties of the Company:

<u>Names of related parties</u>	<u>Nature of Relationship</u>
Al Kifah Holding Company	Shareholder
Al Kifah Trading Company	Fellow subsidiary
Al Kifah for Building Material Company	Fellow subsidiary
Al Kifah Contracting Company	Fellow subsidiary
Al Motaweroon Company	Fellow subsidiary
Al Kifah Real Estate Company	Fellow subsidiary
Al Kifah Paper Products Company	Fellow subsidiary
Al Kifah Precast Company	Fellow subsidiary
Al Kifah Information Technology Company	Fellow subsidiary
KiCe Construction Equipment	Fellow subsidiary
Green Vision Paper Products Company	Fellow subsidiary
Medical Infection Control Company	Fellow subsidiary
Al Kifah Ready Mix Factory Company	Fellow subsidiary
Optimal Supply for Catering Services Company	Fellow subsidiary
Alafouq Alareed Trading Company	Other related party

Following are the details of the major related party transactions occurred during the period:

<u>Related party</u>	<u>Nature of transactions</u>	<u>Amounts of transactions</u>	
		<u>Nine-month period ended 30 September</u>	
		<u>2023</u>	<u>2022</u>
		<u>SR</u>	<u>SR</u>
<u>Shareholder</u>			
Al Kifah Holding Company	Value added tax paid on behalf of the Company	1,347,499	5,503,273
	Services provided	1,664,260	996,770
	Amount collected against Islamic finance receivables	(1,366,833)	(2,930,886)
	Dividends paid	60,000,000	33,000,000
<u>Fellow subsidiaries</u>			
Al Kifah Contracting Company	Amount collected against Islamic finance receivables	(4,176,277)	(4,176,274)
	Financing	30,000,000	-
KiCe Construction Equipment Company	Heavy machinery and equipment sales financed by the Company	6,060,500	29,491,000
	Amount paid against machinery and equipment financed	(5,022,750)	(23,803,750)
	Amount collected against Islamic finance receivables	(14,466,670)	(3,360,000)
	Financing	-	42,500,000
Al Kifah Real Estate Company	Amount collected against Islamic finance receivables	(20,243,194)	(11,029,566)
	Financing	7,500,000	20,000,000
	Services provided	2,968,016	2,415

TAMWEEL AL OULA COMPANY

(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)

(Continued)

At 30 September 2023

7 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

<u>Related party</u>	<u>Nature of transactions</u>	<u>Amounts of transactions</u>	
		<i>Nine-month period ended 30 September</i>	
		<u>2023</u>	<u>2022</u>
Al Kifah Paper Products Company	Amount collected against Islamic finance receivables	-	(32,036,117)
Al Kifah Precast Company	Amount collected against Islamic finance receivables	(21,558,964)	(11,323,083)
	Financing	7,500,000	30,000,000
Al Kifah Information Technology Company	Information technology fee	383,357	440,490
Al Motaweroon International Company	Amount collected against Islamic finance receivables	(17,890,669)	(6,251,999)
	Financing	-	29,200,000
Green Vision Paper Products Company	Financing	15,000,000	38,654,709
	Amount collected against Islamic finance receivables	(15,959,893)	(6,197,272)
Medical Infection Control Company	Financing	15,000,000	15,000,000
	Amount collected against Islamic finance receivables	(5,880,002)	-
Al Kifah for Building Material Company	Amount collected against Islamic finance receivables	(3,483,397)	(5,479,562)
	Financing	9,000,000	
Al Kifah Ready Mix Factory Company	Financing	15,000,000	20,000,000
	Amount collected against Islamic finance receivables	(5,986,033)	(746,667)
Optimal Supply for Catering Services	Financing	25,000,000	10,000,000
	Amount collected against Islamic finance receivables	(5,693,335)	(373,333)
<u>Other related party</u>			
Alafouq Alareed Trading Company	Financing	15,000,000	-
	Vehicles financed by the Company	710,355	-
	Amount paid against vehicles financed	(710,355)	-

TAMWEEL AL OULA COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)
(Continued)

At 30 September 2023

7 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Amounts due from related parties - (presented under net investment in Islamic finance receivables (note 6):

	<i>30 September 2023 SR (Unaudited)</i>	<i>31 December 2022 SR (Audited)</i>
KiCe Construction Equipment Company	41,687,817	53,677,298
Green Vision Paper Products Company	38,149,267	37,114,880
Al Kifah Precast Company	34,409,652	45,841,814
Al Kifah Real Estate Company	33,764,160	43,981,717
Al Motaweroon Company	31,882,295	47,329,543
Medical Infection Control Company	31,788,180	21,658,881
Optimal Supply for Catering Services Company	27,924,380	7,500,000
Alafouq Alareed Trading Company	15,000,000	-
Al Kifah Ready Mix Factory Company	27,114,643	17,945,390
Al Kifah Contracting Company	32,196,006	6,011,412
Al Kifah for Building Material Company	9,304,646	3,625,222
Al Kifah Holding Company Branch	-	1,329,765
	<u>323,221,046</u>	<u>286,015,922</u>

Advances to related parties - (presented under prepayments and other receivables):

	<i>30 September 2023 SR (Unaudited)</i>	<i>31 December 2022 SR (Audited)</i>
KiCe Construction Equipment Company	-	152,563,977

Amounts due to related parties - (presented under liabilities):

	<i>30 September 2023 SR (Unaudited)</i>	<i>31 December 2022 SR (Audited)</i>
Al Kifah Real Estate Company	2,209,715	3,234,597
Al Kifah Holding Company	553,416	439,335
Al Kifah for Building Material Company	13,018	12,718
Al Kifah Contracting Company	-	32,926
Al Kifah Information Technology Company	-	6,750
	<u>2,776,149</u>	<u>3,726,326</u>

TAMWEEL AL OULA COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)
(Continued)

At 30 September 2023

7 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Compensation and remuneration (including salaries and other benefits) for key management personnel is disclosed as follows:

	<i>Nine-month period ended 30</i>	
	<i>September</i>	
	<u>2023</u>	<u>2022</u>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Short-term employee benefit	4,133,086	2,175,160
Post-employment benefits	608,969	495,622
	<u>4,742,055</u>	<u>2,670,782</u>

8 LOANS AND BORROWINGS

	<i>30 September</i>	<i>31 December</i>
	<i>2023</i>	<i>2022</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
SAMA support program (note 8.1)	1,881,439,170	1,327,265,342
Tawaruq financing (note 8.2)	442,787,802	167,813,690
Social development bank financing (note 8.3)	45,120,601	80,972,056
Small and medium enterprises bank	50,000,000	-
Less: Modification gain on deferment (note 8.1)	(123,482)	(5,067,389)
Net loans and borrowings	<u>2,419,224,091</u>	<u>1,570,983,699</u>

Analyzed as follows:

	<i>30 September</i>	<i>31 December</i>
	<i>2023</i>	<i>2022</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Non-current portion	1,118,533,921	687,418,487
Current portion	1,300,690,170	883,565,212
	<u>2,419,224,091</u>	<u>1,570,983,699</u>

8.1 During 2020, the Company has signed an agreement with SAMA to enrol in the Deferred Payments Program ("SAMA's DPP"), that entitled the Company to obtain interest free loans as a part of the support provided to the financial sector to mitigate the impact of COVID-19. During 2022, the Company has received the last interest free loans amounting to SR 77.9 million. As of 31 March 2023 the modification gain on deferment includes an amount of SR nil (31 December 2022: SR 9.1 million), which is recorded under revenue from operations in the statement of profit or loss and other comprehensive income. All loans related to SAMA's DPP shall mature during 2023.

Further, the Company has obtained additional funds from SAMA under the loans guarantee program ("Kafalah") amounting to SR 1,196 million (the year ended 31 December 2022: SR 830 million) to finance its activities. These loans are repayable in equal monthly instalment over a 30 month period commencing six months after the receipt of each funding. The Company's funds under this arrangement has been extended until 2026.

SAMA deferred payments program and loans guarantee program are carried at fair value using internal rate of return equivalent to the prevailing market rate. SAMA's DPP was terminated on 31 March 2022.

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(Continued)

At 30 September 2023

8 LOANS AND BORROWINGS (continued)

8.2 The Company has obtained a Tawarruq financing facilities from local commercial banks to finance the purchase of assets for leasing services. Tawarruq loans are of both long-term and revolving nature. The long-term loan is repayable within a 5-year period. The revolving loans are payable within the next 12 months. Tawarruq loans carry financial charges at prevailing market borrowing costs plus SIBOR. These Tawarruq loans are secured by promissory notes issued by the shareholder. The Company is required to comply with certain covenants under the facility agreements which includes maintenance of certain leverage ratios. The Company had no breach of covenants during the period.

8.3 During 2018, the Company obtained long-term loans from Social Development Bank ("SDB"), a governmental agent, to finance the purchase of assets for leasing services for small and medium sized entities ("SMEs") with 3-month grace periods. The Company has entered into similar agreements during 2020, 2021, 2022 and 2023 with all having 3-month grace periods, except for one loan obtained during 2020 which had a 6-month grace period due to COVID-19 related extension. The loans are repayable in equal monthly instalments commencing from January 2019 with the final instalment due in October 2025.

The loans agreements do not include any covenant to maintain financial ratios during the loan period. Social Development Bank financing are carried at fair value using internal rate of return equivalent to the prevailing market rate. The difference between carrying value and face value as of initial recognition date, is treated as government grant, which is amortised over the duration of the related loans.

The loans received from SDB, carry special commission at rates significantly lower than the currently prevailing market rates. These loans carry a number of conditions, one of which is that these loans are to be used for providing loans to specific types/sectors of customers at discounted rates. The benefit being the impact of the "lower than market value" loans obtained by the Company has been identified and accounted for as "government grant" and has initially been recorded as income and such benefit is being recognised in statement of comprehensive income of the Company.

8.4 During the year, the Company obtained a long-term loan from the Small and Medium Enterprises Bank ("SMEs Bank"), a governmental agent, to finance the small and medium size enterprises in the Kingdom of Saudi Arabia. The loan will mature in January 2026.

9 ZAKAT

9.1 Zakat charge

Zakat charge for the nine-month period ended 30 September 2023 was SR 10.8 million (30 September 2022: SR 7.7 million).

9.2 Status of the assessment

Zakat returns for the years 2016 through 2018 have been submitted to ZATCA as part of Al Kifah Holding Company (referred to as the "Group") as part of a consolidated zakat return. The Company is not liable for any additional liability related to those years. The zakat returns for the years 2019 through 2022 have been submitted, however, the assessment has not yet been raised by ZATCA. The Company has a valid zakat certificate till 30 April 2023.

Zakat has been computed based on the Company's understanding of the zakat regulations enforced in the Kingdom of Saudi Arabia. The zakat regulations in Saudi Arabia are subject to different interpretations and new zakat regulations have been issued by ZATCA for financing companies. The assessments to be raised by ZATCA could be different from the declarations filed by the Company.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)
(Continued)

At 30 September 2023

10 SHARE CAPITAL

The authorised, issued and paid up capital is SR 500 million as at 30 September 2023 consisting of 50 million shares of SR 10 per share (31 December 2022: same). During the Extraordinary General Assembly of the Company held on 24 Jumada Al-Akhirah 1443H (corresponding to 27 January 2022), the Shareholder of the Company has resolved to increase the Company's share capital to SR 500 million. The capital increase was through direct cash injection by the single shareholder.

The Company has received SAMA's no objection letter to increase the Company's share capital and legal formalities have been completed. Ownership percentage and amount of share capital are as follows:

<i>Name of shareholders</i>	<u>Ownership %</u>		<i>30 September 2023</i>	<i>31 December 2022</i>
	<i>30 September 2023</i>	<i>31 December 2022</i>		
Al Kifah Holding Company	100%	100%	<u>500,000,000</u>	<u>500,000,000</u>

11 EARNINGS PER SHARE

Basic and diluted earnings per share for the period ended 30 September 2023 and 2022 is calculated on a weighted average basis by dividing the net income for the period by outstanding number of shares during the year.

12 COMMITMENTS AND CONTINGENCIES

As of the date of the interim condensed statement of financial position, the Company did not have any outstanding commitments or contingencies.

13 SUBSEQUENT EVENTS

There have been no events subsequent to the reporting date that would significantly affect the amounts reported in the interim condensed financial statements as at and for the three-month and nine-month periods ended 30 September 2023.