

NATIONAL FINANCE COMPANY SAOG

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025

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NATIONAL FINANCE COMPANY SAOG

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025

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NATIONAL FINANCE COMPANY SAOG

UNAUDITED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE

		Three months ended 31 March 2025 RO '000	Three months ended 31 March 2024 RO '000
Income	Note		
Income from financing activities	12 (a)	17,028	13,956
Finance cost		(7,698)	(6,920)
Net finance income		9,330	7,036
Other operating income	6	783	599
		10,113	7,635
Expenses			
Operating expenses	7	(3,866)	(3,444)
Depreciation	13	(257)	(174)
Amortisation	14	(26)	(89)
Net impairment loss on finance leases, working capital finance and factoring receivables	12 (b)	(1,856)	(985)
Bad debts written off		(211)	(91)
Total expenses		(6,216)	(4,783)
Profit before tax		3,897	2,852
Income tax expense	8 (c)	(585)	(428)
Profit after tax		3,312	2,424
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Gain on revaluation of Land & Building – net of tax		5	5
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Change in fair value of cash flow hedge		(47)	(164)
Other comprehensive loss		(42)	(159)
Total comprehensive income		3,270	2,265
Basic and diluted earnings per share (RO)	9	0.003	0.004

The notes and other explanatory information on pages 7 to 21 form an integral part of these unaudited condensed interim financial statements.

NATIONAL FINANCE COMPANY SAOG

UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT

		31 March 2025 RO '000	31 March 2024 RO '000	31 December 2024 RO '000
	Note			
ASSETS				
Cash and cash equivalents	10	11,511	6,400	7,577
Net investment in finance leases	12	472,739	413,837	458,363
Working capital	12	127,537	98,510	120,041
Factoring receivables	12	465	149	465
Advances, prepayments and other receivables	30	7,428	4,997	4,600
Asset held for sale	27	1,500	1,500	1,500
Goodwill		5,950	5,950	5,950
Intangible assets	14	166	353	158
Property, equipment and right-of-use assets	13	7,721	7,116	7,587
Statutory deposit	11	250	250	250
Total assets		635,267	539,062	606,491
LIABILITIES AND EQUITY				
LIABILITIES				
Creditors and accruals	18	29,478	19,734	12,665
Tax liabilities	8 (b)	3,102	2,679	2,516
Bank borrowings	20	398,077	368,481	385,512
Fixed deposits	21	61,215	43,643	58,489
Deferred tax liabilities	8 (b)	1,031	862	1,032
Provision for employees' end of service benefits	19	725	672	674
Total liabilities		493,628	436,071	460,888
EQUITY				
Capital and reserves				
Share capital	15	60,813	57,370	57,370
Share premium		5,786	5,786	5,786
Revaluation reserve		1,394	1,415	1,399
Foreign currency reserve	28	-	-	-
Cash flow hedge reserve		55	462	102
Impairment reserve	29	8,670	7,717	8,670
Legal reserve	16	12,699	11,487	12,699
Retained earnings		17,222	18,754	24,577
Total shareholders' equity attributable to the equity holders of the company		106,639	102,991	110,603
Perpetual bonds	17	35,000	-	35,000
Total equity		141,639	102,991	145,603
Total liabilities and equity		635,267	539,062	606,491
Net assets per share (RO)	9	0.175	0.180	0.193

These unaudited condensed interim financial statements including notes and other explanatory information on pages 7 to 21 were approved and authorised for issue in accordance with a resolution of the Board of Directors on 30 April 2025 and signed on their behalf by:

ABDULAZIZ AL BALUSHI
DEPUTY CHAIRMAN

TARIQ SULAIMAN AL FARSI
CHIEF EXECUTIVE OFFICER

NATIONAL FINANCE COMPANY SAOG

STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS PERIOD ENDED

	Share capital RO'000	Share premium RO'000	Revaluation reserve RO'000	Cash flow hedge reserve RO'000	Impairment reserve RO'000	Legal reserve RO'000	Retained earnings RO'000	Total RO'000	Perpetual bonds RO'000	Total RO'000
1 January 2025	57,370	5,786	1,399	102	8,670	12,699	24,577	110,603	35,000	145,603
<i>Comprehensive income:</i>										
Profit for the year	-	-	-	-	-	-	3,312	3,312	-	3,312
<i>Other comprehensive income</i>										
Change in fair value	-	-	-	(47)	-	-	-	(47)	-	(47)
<i>Total comprehensive income</i>	-	-	-	(47)	-	-	3,312	3,265	-	3,265
<i>Other transactions within equity:</i>										
Incremental depreciation – net of tax	-	-	(5)	-	-	-	5	-	-	-
<i>Total other transactions within equity</i>	-	-	(5)	-	-	-	5	-	-	-
<i>Transactions with owners:</i>										
Cash dividend (note 22)	-	-	-	-	-	-	(7,229)	(7,229)	-	(7,229)
Bonus shares under allotment (note 22)	3,443	-	-	-	-	-	(3,443)	-	-	-
<i>Total transactions with owners</i>	3,443	-	-	-	-	-	(10,672)	(7,229)	-	(7,229)
31 March 2025	60,813	5,786	1,394	55	8,670	12,699	17,222	106,639	35,000	141,639

The notes and other explanatory information on pages 7 to 21 form an integral part of these unaudited condensed interim financial statements.

NATIONAL FINANCE COMPANY SAOG

STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS PERIOD ENDED (continued)

	Share capital RO'000	Share premium RO'000	Revaluation reserve RO'000	Cash flow hedge reserve RO'000	Impairment reserve RO'000	Legal reserve RO'000	Retained earnings RO'000	Total RO'000	Perpetual bonds RO'000	Total RO'000
1 January 2024	57,370	5,786	1,420	626	7,717	11,487	21,833	106,239	-	106,239
<i>Comprehensive income:</i>										
Profit for the period	-	-	-	-	-	-	2,424	2,424	-	2,424
<i>Other comprehensive income</i>										
Change in fair value	-	-	-	(164)	-	-	-	(164)	-	(164)
<i>Total comprehensive income</i>	-	-	-	(164)	-	-	2,424	2,260	-	2,260
<i>Other transactions within equity:</i>										
Incremental depreciation – net of tax	-	-	(5)	-	-	-	5	-	-	-
<i>Total other transactions within equity</i>	-	-	(5)	-	-	-	5	-	-	-
<i>Transactions with owners:</i>										
Cash dividend (note 22)	-	-	-	-	-	-	(5,508)	(5,508)	-	(5,508)
<i>Total transactions with owners</i>	-	-	-	-	-	-	(5,508)	(5,508)	-	(5,508)
31 March 2024	57,370	5,786	1,415	462	7,717	11,487	18,754	102,991	-	102,991

The notes and other explanatory information on pages 7 to 21 form an integral part of these unaudited condensed interim financial statements.

NATIONAL FINANCE COMPANY SAOG

STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS PERIOD ENDED (continued)

	Share capital RO'000	Share premium RO'000	Revaluation reserve RO'000	Cash flow hedge reserve RO'000	Impairment reserve RO'000	Legal reserve RO'000	Retained earnings RO'000	Total RO'000	Perpetual bonds RO'000	Total RO'000
1 January 2024	57,370	5,786	1,420	626	7,717	11,487	21,833	106,239	-	106,239
<i>Comprehensive income:</i>										
Profit for the year	-	-	-	-	-	-	12,114	12,114	-	12,114
<i>Other comprehensive income</i>										
Change in fair value	-	-	-	(524)	-	-	-	(524)	-	(524)
<i>Total comprehensive income</i>	-	-	-	(524)	-	-	12,114	11,590	-	11,590
<i>Other transactions within equity:</i>										
Incremental depreciation – net of tax	-	-	(21)	-	-	-	21	-	-	-
Issue of perpetual bond (note 17)	-	-	-	-	-	-	-	-	35,000	35,000
Perpetual Bond issue cost	-	-	-	-	-	-	(358)	(358)	-	(358)
Transfer to legal reserve (note 16)	-	-	-	-	-	1,212	(1,212)	-	-	-
Transfer to impairment reserve (note 30)	-	-	-	-	953	-	(953)	-	-	-
Perpetual bond interest (note 17)	-	-	-	-	-	-	(1,360)	(1,360)	-	(1,360)
<i>Total other transactions within equity</i>	-	-	(21)	-	953	1,212	(3,862)	(1,718)	35,000	33,282
<i>Transactions with owners:</i>										
Cash dividend (note 22)	-	-	-	-	-	-	(5,508)	(5,508)	-	(5,508)
<i>Total transactions with owners</i>	-	-	-	-	-	-	(5,508)	(5,508)	-	(5,508)
31 December 2024	57,370	5,786	1,399	102	8,670	12,699	24,577	110,603	35,000	145,603

The notes and other explanatory information on pages 7 to 21 form an integral part of these unaudited condensed interim financial statements.

NATIONAL FINANCE COMPANY SAOG

UNAUDITED CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE THREE MONTHS PERIOD ENDED

	Note	31 March 2025 RO '000	31 March 2024 RO '000
Cash flows from operating activities			
Profit before tax		3,897	2,852
Adjustments for:			
Depreciation	13	257	174
Amortisation	14	26	89
Employees' end of service benefits charge	19	51	54
Impairment on lease receivables	12 (b)	1,857	985
Bad debts written off		210	91
Net finance income		(9,330)	(7,036)
Cash flows from operating activities before working capital changes and payment of end of service benefits, interest and tax		(3,032)	(2,791)
Changes in working capital:			
Net investment in finance leases, working capital and factoring receivables		(24,084)	(26,577)
Bank borrowings	23	10,201	16,481
Fixed deposits	23	2,736	3,335
Advances, prepayments and other receivables		(1,593)	(154)
Creditors and accruals		9,740	4,689
		(3,000)	(2,226)
Interest received		17,088	13,300
Interest paid		(5,344)	(6,690)
Income tax paid		-	(549)
Employees' end of service benefits paid	19	-	-
Net cash (used in) / generated from operating activities		5,712	1,044
Cash flows from investing activities			
Purchase of property and equipment	13	(391)	(185)
Purchase of intangible assets	14	(34)	(18)
Net cash used in investing activities		(425)	(203)
Cash flows from financing activities			
Perpetual bond interest paid		(1,353)	-
Net cash generated from / (used in) financing activities		(1,353)	-
Net increase / (decrease) in cash and cash equivalents during the period		3,934	841
Cash and cash equivalents at the beginning of the period		7,577	5,559
Cash and cash equivalents at the end of the period	10	11,511	6,400

The notes and other explanatory information on pages 7 to 21 form an integral part of these unaudited condensed interim financial statements.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025****1. General****1.1 Legal status and principal activities**

National Finance Company SAOG (the Company or NFC) is an Omani joint stock Company registered under the Commercial Companies Law of the Sultanate of Oman and is listed on the Muscat Securities Market. The principal activity of the Company is leasing business. The Company derives all of its income from financing operations, factoring and working capital funding within the Sultanate of Oman.

The Company operates across the Sultanate of Oman in 23 branches as at 31 March 2025 (31 March 2024: 21 branches, 31 December 2024: 23 locations).

2 Summary of material accounting policies

This unaudited condensed interim financial information as at and for the three months period ended 31 March 2025 has been prepared in accordance with IAS 34, 'Interim financial reporting' and in compliance with the applicable provisions of the Rules and Guidelines on Disclosure by Issuers of Securities and Insider Trading ('R&G') issued by the Capital Market Authority ('CMA') of the Sultanate of Oman and the Commercial Companies Law of 2019, as amended.

This unaudited condensed interim financial information does not include all the information required for full annual financial statements, and should be read in conjunction with the most recent full audited financial statements of the Company as at and for the year ended 31 December 2024.

2.1 Basis of preparation*(a) Compliance with IFRS*

The interim financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB) and comply with the requirements of the Commercial Companies Law and the relevant disclosure requirements of the Capital Market Authority ("CMA") and applicable regulations of the Central Bank of Oman (CBO).

(b) Historical cost convention

These interim financial statements have been prepared under the historical cost convention except for asset held for sale, derivatives, freehold land and buildings which are measured at fair value.

The statement of financial position is presented in descending order of liquidity, as this presentation is more appropriate to the Company's operations.

(c) New and amended standards adopted by the Company

For the period ended 31 March 2025, the Company has adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRS IC) of the IASB that are relevant to its operations and effective for periods beginning on 1 January 2025.

3 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements as at 31 December 2024. There have been no changes in the risk management policies since that date.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025 (continued)**

4 Critical estimates and judgements

The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2024.

5 Operating segments

The Company has only one reportable segment namely, leasing and financing activities which includes leasing activities, working capital and debt factoring, all of which are carried out in Oman; hence no geographical segmentation is disclosed. Although the Company has individual and corporate customers, the entire lease portfolio is managed internally as one operating segment. All the Company's funding and costs are common. All relevant information relating to this reportable segment is disclosed in the unaudited condensed interim statement of financial position, unaudited condensed interim statement of profit or loss and other comprehensive income and notes to the interim financial statements.

6 Other operating income

	Three months ended 31 March 2025 RO '000	Three months ended 31 March 2024 RO '000
Income from pre-closed leases	130	108
Penal charges	139	106
Cheque related charges	226	179
Miscellaneous income	288	206
	783	599

7 Operating expenses

	Three months ended 31 March 2025 RO '000	Three months ended 31 March 2024 RO '000
Employee related expenses	2,826	2,498
Office expenses	407	358
Communication costs	256	262
Professional fees and subscriptions	137	112
Advertising and sales promotion	119	90
Directors' remuneration and sitting fees (note 26)	91	75
Occupancy costs	30	49
	3,866	3,444

8 Taxation

The Company is liable to income tax in accordance with the income tax law of the Sultanate of Oman at the tax rate of 15% (2024 – 15%) on the taxable profits.

(a) Status of tax assessments

The Company's tax assessments have been completed by the tax authorities up to tax year 2020. Assessments of the Company for tax years 2021 to 2024 are subject to agreement with the Oman Taxation Authorities. The management is of the opinion that the additional taxes assessed in respect of open tax assessments, if any, would not be material to the Company's financial position as at 31 March 2025.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025 (continued)**

8 Taxation (continued)

(b) Tax liabilities - net

	31 March 2025 RO '000	31 March 2024 RO '000	31 December 2024 RO '000
Deferred tax liability	1,031	862	1,032
Provision for income tax	3,102	2,679	2,516
Net tax liabilities	4,133	3,541	3,548

(c) Reconciliation of tax expense

The following is a reconciliation of income taxes calculated on accounting profits at the applicable tax rates with the income tax expense for the period:

	Three months ended 31 March 2025 RO '000	Three months ended 31 March 2024 RO '000
Accounting profit before income tax	3,897	2,852
Income tax expense computed at applicable tax rates	585	428
Tax charge for the period	585	428

9 Basic and diluted earnings per share and net assets per share

The calculation of earnings per share is as follows:

	Three months ended 31 March 2025	Three months ended 31 March 2024
Profit for the period attributable to equity shareholders (RO '000)	3,312	2,424
Interest on perpetual bonds (RO '000)	(1,353)	-
Net profit attributable to ordinary shareholders (RO '000)	1,959	2,424
Weighted average number of shares during the period ('000)	608,127	608,127
Basic and diluted earnings per share (RO)	0.003	0.004

The calculation of net assets per share is as follows:

	31 March 2025 RO '000	31 March 2024 RO '000	31 December 2024 RO '000
Net assets attributable to ordinary shareholders (RO '000)	106,639	102,991	110,603
Number of shares at the period/ year end ('000)	608,127	573,704	573,704
Net assets per share (RO)	0.175	0.180	0.193

Earnings per share as at 31 March 2025 have been calculated using weighted average shares outstanding for the period. Net assets per share have been calculated using outstanding shares as at 31 March 2025, 31 March 2024 and 31 December 2024.

10 Cash and cash equivalents

	31 March 2025 RO '000	31 March 2024 RO '000	31 December 2024 RO '000
Current accounts with banks	11,493	6,322	7,446
Cash in hand	18	78	131
	11,511	6,400	7,577

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025 (continued)**

10 Cash and cash equivalents (continued)

The Company classifies its bank balances under Stage 1. In relation to exposures with banks, the credit risk exposure is expected to be minimal because the Company transacts with reputable and rated local banks, with global ratings by Moody's Investors Service ranging between Aa3 to Ba2.

11 Statutory deposit

The Company is required to maintain capital deposit of RO 250,000 with the Central Bank of Oman (CBO) in accordance with the applicable licensing requirements. During the year, the deposit earned effective interest at the rate of 1.5% (2024-1.5%) per annum.

12 Net investment in finance leases, working capital finance and factoring receivables

	31 March 2025 RO '000	31 March 2024 RO '000	31 December 2024 RO '000
Gross investment in finance leases	666,899	577,086	645,064
Unearned finance lease income	(146,204)	(118,494)	(139,955)
	520,695	458,592	505,109
Working capital finance*	142,920	110,213	134,422
Factoring receivables	1,099	696	1,099
	664,714	569,501	640,630
Allowance for expected credit losses	(63,973)	(57,005)	(61,761)
Net investment in finance leases, working capital finance and factoring receivables	600,741	512,496	578,869

*This does not include unearned interest income of RO 61.91 million from Working Capital finance (31 March 2024 RO 46.84 million, 31 December 2024 RO 57.84 million)

	31 March 2025 RO '000	31 March 2024 RO '000	31 December 2024 RO '000
Net investment in finance leases	472,739	413,837	458,363
Working capital	127,537	98,510	120,041
Factoring receivables	465	149	465
	600,741	512,496	578,869

(a) Unearned finance lease income:

	31 March 2025 RO '000	31 March 2024 RO '000	31 December 2024 RO '000
Opening balance	139,955	112,405	112,405
Additions during the period	19,521	17,325	76,193
Recognised during the period	(13,272)	(11,236)	(48,643)
Closing balance	146,204	118,494	139,955

*This does not include unearned interest income of RO 61.91 million from Working Capital finance (31 March 2024 RO 46.84 million, 31 December 2024 RO 57.84 million)

Income from financing activities

	Three months ended 31 March 2025 RO '000	Three months ended 31 March 2024 RO '000
Finance lease income	13,272	11,236
Working capital and factoring receivables	3,756	2,720
	17,028	13,956

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025 (continued)**

12 Net investment in finance leases, working capital finance and factoring receivables (continued)

(b) *Allowance for expected credit losses (ECL):*

The loss allowances for ECL reconcile to the opening loss allowances as follows:

	31 March 2025 RO '000	31 March 2024 RO '000	31 December 2024 RO '000
Opening balance	61,761	55,413	55,413
<i>Provision</i>			
Provided during the period	4,540	4,069	11,768
Released during the period	(2,684)	(3,084)	(7,356)
	1,856	985	4,412
<i>Unrecognised contractual income</i>			
Provided during the period	1,037	870	3,197
Released during the period	(681)	(263)	(1,261)
	356	607	1,936
Closing balance	63,973	57,005	61,761

(c) The current and non-current amounts are disclosed in note 32 to these financial statements.

(d) The table below represents analysis of investment in finance leases, working capital finance and factoring receivables (gross and present value) for each of the following periods:

	Up to 1 year RO'000	1-2 Years RO'000	2-3 Years RO'000	3-4 Years RO'000	4-5 Years RO'000	>5 Year RO'000	Total RO'000
31 March 2025							
Gross	189,853	168,073	142,140	114,350	80,113	178,432	872,961
Present value	123,711	116,581	104,234	88,511	64,037	167,640	664,714
31 March 2024							
Gross	165,550	146,780	120,845	94,843	67,823	138,992	734,833
Present value	110,590	104,377	90,378	74,251	55,348	134,557	569,501
31 December 2024							
Gross	184,688	163,333	137,725	111,465	78,544	162,796	838,551
Present value	120,357	113,521	101,016	86,416	63,049	156,271	640,630

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025 (continued)**

12 Net investment in finance leases, working capital finance and factoring receivables (continued)

(e) The below table shows comparison of provision held as per IFRS 9 and required as per CBO norms:

As at 31 March 2025

Asset classification as per CBO norms	Asset classification as per IFRS 9	Gross carrying amount RO' 000	Provision required as per CBO norms RO' 000	Provision held as per IFRS 9 RO' 000	Difference RO' 000	Net carrying amount RO' 000	Interest recognized as per IFRS 9 RO' 000	Reserve interest as per CBO norms RO' 000
Standard	Stage 1	482,592	6	3,474	(3,468)	479,118	14,405	-
	Stage 2	94,240	11	10,629	(10,618)	83,611	2,572	-
	Stage 3	-	-	-	-	-	-	-
Subtotal		576,832	17	14,103	(14,086)	562,729	16,977	-
Special mention	Stage 1	134	7	4	3	130	4	-
	Stage 2	977	48	40	8	937	30	14
	Stage 3	3,782	181	705	(524)	3,077	-	166
Subtotal		4,893	236	749	(513)	4,144	34	180
Substandard	Stage 1	118	30	4	26	114	3	-
	Stage 2	54	13	1	12	53	5	-
	Stage 3	3,761	884	773	111	2,988	-	226
Subtotal		3,933	927	778	149	3,155	8	226
Doubtful	Stage 1	-	-	-	-	-	-	-
	Stage 2	66	33	5	28	61	7	-
	Stage 3	2,690	951	638	313	2,052	-	223
Subtotal		2,756	984	643	341	2,113	7	223
Loss	Stage 1	3	4	-	4	3	-	-
	Stage 2	16	10	1	9	15	2	-
	Stage 3	76,281	56,226	47,699	8,527	28,582	-	13,912
Subtotal		76,300	56,240	47,700	8,540	28,600	2	13,912
Total	Stage 1	482,847	47	3,482	(3,435)	479,365	14,412	-
	Stage 2	95,353	115	10,676	(10,561)	84,677	2,616	14
	Stage 3	86,514	58,242	49,815	8,427	36,699	-	14,527
	Total	664,714	58,404	63,973	(5,569)	600,741	17,028	14,541
Total - 31 March 2024	Stage 1	395,093	71	2,624	(2,553)	392,469	11,297	-
	Stage 2	93,763	52	9,193	(9,141)	84,570	2,609	3
	Stage 3	80,645	53,939	45,188	8,751	35,457	50	12,853
	Total	569,501	54,062	57,005	(2,943)	512,496	13,956	12,856
Total - 31 December 2024	Stage 1	465,028	41	2,854	(2,813)	462,174	50,185	-
	Stage 2	90,996	81	10,170	(10,089)	80,826	9,642	1
	Stage 3	84,606	57,653	48,737	8,916	35,869	644	14,184
	Total	640,630	57,775	61,761	(3,986)	578,869	60,471	14,185

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025 (continued)**

12 Net investment in finance leases, working capital finance and factoring receivables (continued)

The below table shows comparison of provision held as per IFRS 9 and required as per CBO norms for restructured accounts:

As at 31 March 2025

Asset classification as per CBO norms	Asset classification as per IFRS 9	Gross carrying amount RO' 000	Provision required as per CBO norms RO' 000	Provision held as per IFRS 9 RO' 000	Difference RO' 000	Net carrying amount RO' 000	Interest recognized as per IFRS 9 RO' 000	Reserve interest as per CBO norms RO' 000
Classified as performing	Stage 1	15,927	-	251	(251)	15,676	585	-
	Stage 2	51,779	11	9,303	(9,292)	42,476	1,327	-
	Stage 3	-	-	-	-	-	-	-
Subtotal		67,706	11	9,554	(9,543)	58,152	1,912	-
Classified as non-performing	Stage 1	226	33	3	30	223	7	-
	Stage 2	5	-	-	-	5	-	-
	Stage 3	13,066	9,232	6,813	2,419	6,253	-	2,418
Subtotal		13,297	9,265	6,816	2,449	6,481	7	2,418
Total	Stage 1	16,153	33	254	(221)	15,899	592	-
	Stage 2	51,784	11	9,303	(9,292)	42,481	1,327	-
	Stage 3	13,066	9,232	6,813	2,419	6,253	-	2,418
	Total	81,003	9,276	16,370	(7,094)	64,633	1,919	2,418
Total - 31 March 2024	Stage 1	13,108	65	749	(684)	12,359	368	-
	Stage 2	64,398	-	8,488	(8,488)	55,910	1,741	-
	Stage 3	8,703	5,791	4,052	1,739	4,651	-	1,415
	Total	86,209	5,856	13,289	(7,433)	72,920	2,109	1,415
Total - 31 December 2024	Stage 1	19,344	31	288	(257)	19,056	2,008	-
	Stage 2	50,662	11	8,899	(8,888)	41,763	5,042	-
	Stage 3	13,215	9,419	6,838	2,581	6,377	-	2,367
	Total	83,221	9,461	16,025	(6,564)	67,196	7,050	2,367

The below table shows comparison of impairment allowance and loss held as per IFRS 9 and required as per CBO norms:

	As per CBO norms		As per IFRS 9		Difference	
	Current year	Previous year	Current year	Previous year	Current year	Previous year
	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000
Impairment loss charged to profit or loss	1,856	985	1,856	985	-	-
Provisions required as per CBO norms / held as per IFRS 9	72,945	66,918	63,973	57,005	8,972	9,913
Gross NPL ratio	13.2	14.3	13.0	14.2	0.2	0.1
Net NPL ratio	4.0	4.8	6.1	6.9	(2.1)	(2.1)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025 (continued)

13 Property, equipment and right-of-use assets

	Freehold land RO '000	Buildings RO '000	Furniture, fixtures and equipment RO '000	Motor vehicles RO '000	Right-of-use assets RO '000	Total RO '000
At 31 March 2025						
Cost or valuation						
At 1 January 2025	1,122	4,066	6,739	182	456	12,565
Additions	-	-	391	-	-	391
Disposals	-	-	-	-	-	-
At 31 March 2025	1,122	4,066	7,130	182	456	12,956
Accumulated depreciation						
At 1 January 2025	-	162	4,510	168	138	4,978
Charge for the period	-	41	187	2	27	257
Disposals	-	-	-	-	-	-
At 31 March 2025	-	203	4,697	170	165	5,235
Net book amount						
At 31 March 2025	1,122	3,863	2,433	12	291	7,721
	Freehold land RO '000	Buildings RO '000	Furniture, fixtures and equipment RO '000	Motor vehicles RO '000	Right-of-use assets RO '000	Total RO '000
At 31 March 2024						
Cost or valuation						
At 1 January 2024	1,122	4,066	5,723	174	231	11,316
Additions	-	-	185	-	-	185
Disposals	-	-	(14)	-	-	(14)
At 31 March 2024	1,122	4,066	5,894	174	231	11,487
Accumulated depreciation						
At 1 January 2024	-	-	3,939	174	98	4,211
Charge for the period	-	41	123	-	10	174
Disposals	-	-	(14)	-	-	(14)
At 31 March 2024	-	41	4,048	174	108	4,371
Net book amount - At 31 March 2024	1,122	4,025	1,846	-	123	7,116

NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025 (continued)

13 Property, equipment and right-of-use assets (continued)

	Freehold land RO '000	Buildings RO '000	Furniture, fixtures and equipment RO '000	Motor vehicles RO '000	Right-of-use assets RO '000	Total RO '000
At 31 December 2024						
Cost or valuation						
At 1 January 2023	1,122	4,066	5,723	174	231	11,316
Additions	-	-	1,030	16	284	1,330
Disposals	-	-	(14)	(8)	(59)	(81)
At 31 December 2024	1,122	4,066	6,739	182	456	12,565
Accumulated depreciation						
At 1 January 2024	-	-	3,939	174	98	4,211
Charge for the year	-	162	585	2	99	848
Disposals	-	-	(14)	(8)	(59)	(81)
At 31 December 2024	-	162	4,510	168	138	4,978
Net book amount						
At 31 December 2024	1,122	3,904	2,229	14	318	7,587

A valuation of the freehold land and buildings was last performed by third party independent valuers as on 24 December 2023 on an open market value basis. The revaluation surplus net of applicable deferred income tax was credited to other comprehensive income and is shown in 'revaluation reserve'. If the freehold land and buildings were stated on the historical cost basis, the amount would be RO 4.19 million (31 March 2024- RO 4.19 million, 31 December 2024- RO 4.19 million). The fair value measurement of the land and building have been categorized as Level 3 fair value measurements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025 (continued)

14 Intangible assets

	31 March 2025			31 March 2024			31 December 2024
	Computer software	Intangible assets on acquisition	Total	Computer software	Intangible assets on acquisition	Total	Total
	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000
Opening balance	701	1,792	2,493	601	1,792	2,393	2,393
Additions	34	-	34	18	-	18	100
	<u>735</u>	<u>1,792</u>	<u>2,527</u>	<u>619</u>	<u>1,792</u>	<u>2,411</u>	<u>2,493</u>
Accumulated Amortisation							
Opening balance	543	1,792	2,335	433	1,536	1,969	1,969
Charge for the period/year	26	-	26	25	64	89	366
	<u>569</u>	<u>1,792</u>	<u>2,361</u>	<u>458</u>	<u>1,600</u>	<u>2,058</u>	<u>2,335</u>
Closing balance	<u>166</u>	<u>-</u>	<u>166</u>	<u>161</u>	<u>192</u>	<u>353</u>	<u>158</u>

15 Share capital

The authorised share capital of the Company comprises 750,000,000 ordinary shares of Baizas 100 each (31 March 2024 and 31 December 2024 - 750,000,000 ordinary share of Baizas 100 each). The Company's issued and fully paid-up share capital amounts to 573,704,281 shares and bonus shares under allotment of 34,422,257 shares of Baizas 100 each (31 March 2024 - 573,704,281 shares of Baizas 100 each and 31 December 2024 - 573,704,281 shares of Baizas 100 each).

16 Legal reserve

In accordance with the Commercial Companies Law of Oman 2019, annual appropriations of 10% of the profit for the year are made to the legal reserve until the accumulated balance of the reserve is equal to at least one third of the Company's share capital. This reserve is not available for distribution.

17 Perpetual bonds

The Company has successfully completed the issuance of perpetual bonds on 03rd April 2024, in the amount of RO 35 million, with an annual coupon rate of 7.75%.

18 Creditors and accruals

	31 March 2025 RO '000	31 March 2024 RO '000	31 December 2024 RO '000
Creditors	17,165	10,260	7,107
Accruals and other liabilities	4,835	3,866	5,292
Lease liabilities	249	100	266
Dividend payable	7,229	5,508	-
	<u>29,478</u>	<u>19,734</u>	<u>12,665</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025 (continued)

19 Provision for employees' end of service benefits

The movement in end of service benefit during the period is stated below:

	31 March 2025 RO '000	31 March 2024 RO '000	31 December 2024 RO '000
Opening balance	674	617	617
Charge for the period	51	55	118
Payments during the period	-	-	(61)
Closing balance	<u>725</u>	<u>672</u>	<u>674</u>

20 Bank borrowings

	31 March 2025 RO '000	31 March 2024 RO '000	31 December 2024 RO '000
Bank overdrafts	3,730	3,193	-
Short-term loans	177,202	135,816	178,129
Current portion of long-term loans	113,148	126,168	115,339
Non-current portion of long-term loans	103,997	103,304	92,044
	<u>398,077</u>	<u>368,481</u>	<u>385,512</u>

(a) During the period, interest was charged on the above borrowings at rates ranging between 5.75% and 6.85% per annum (31 March 2024- 5.75% and 7.20%, 31 December 2024- 5.75% and 6.95% per annum).

(b) At the reporting date, all outstanding borrowings were secured by a pari-passu floating charge on the Company's receivables from its customers.

(c) *Foreign currency forward contracts*

As at 31 March 2025, the notional amount of foreign currency forward contract amounted to RO 101.51 million [USD 263.91 million] (31 March 2024 RO 79.98 million [USD 207.94 million], 31 December 2024 - RO 68.31 million [USD 177.61 million]) to repay US Dollar term loans.

21 Fixed deposits

At 31 March 2025, the Company has accepted fixed deposits from corporate entities based in Oman for a total amount of RO 61.22 million (31 March 2024 - 43.64 million, 31 December 2024 - RO 58.49 million), with tenure ranging from 3 months to 5 years as per guidelines issued by the Central Bank of Oman. The carrying amount includes interest accrued till the end of the period.

22 Proposed and approved dividends

Approved

The shareholders at the latest Annual General Meeting approved a cash dividend of Baizas 12.6 per share (12.6%) and stock dividend of 6% on the shares outstanding on the record date. The cash dividend is amounted to RO 7,228,674 and stock dividend is amounted of RO 3,442,226. These financial statements reflect these dividends, which accounted for in shareholders' equity as an appropriation of retained earnings in 2025. The stock dividend was approved by MCD on 09 April 2025.

The cash dividend for 2023 amounting to RO 5,507,561 (cash dividend of Baizas 9.6 per share) was distributed during 2024.

23 Change in cash flows from operating activities (Principal)

Particulars	31 March 2025		31 March 2024	
	Cash flow from bank borrowings RO '000	Cash flow from fixed deposits RO '000	Cash flow from bank borrowings RO '000	Cash flow from fixed deposits RO '000
Opening balance	385,003	57,394	350,612	39,460
Additions during the period	47,655	26,170	129,232	5,683
Repayments during the period	(37,454)	(23,434)	(112,751)	(2,348)
Closing balance	<u>395,204</u>	<u>60,130</u>	<u>367,093</u>	<u>42,795</u>
Change in cash flows	<u>10,201</u>	<u>2,736</u>	<u>16,481</u>	<u>3,335</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025 (continued)

24 Commitments

	31 March 2025 RO '000	31 March 2024 RO '000	31 December 2024 RO '000
Approved lease commitments (refer 'a')	7,853	10,926	6,835
Operating lease in respect of rentals of branches (short term leases) (refer 'b')	120	44	120
	7,973	10,970	6,955

- (a) Approved lease commitments expected to be paid within 30 days from the date of lease creation.
(b) The operating lease pertain to the approved rentals to be paid in the future for the respective branches.

25 Contingencies

	31 March 2025 RO '000	31 March 2024 RO '000	31 December 2024 RO '000
Bank guarantees	114	114	114

In its ordinary course of business, the Company has arranged for bank guarantees in favour of its customers from banks in Oman.

26 Related party transactions and balances

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Key management personnel are those personnel having authority and responsibility for planning, directing and controlling the activities of the Company.

The Company has entered into transactions in the ordinary course of business with related parties. Such transactions with related parties only on arm's length terms and in accordance with the relevant laws and regulations. Significant related party transactions during the period ended 31 March were as follows:

	Three months ended 31 March 2025 RO '000	Three months ended 31 March 2024 RO '000
Transactions with entities under common control		
Operating expenses	41	33
Purchase of property and equipment & intangible assets	52	1
Income from financing activities	80	64
Directors' fees and remuneration		
Directors' sitting fees and proposed remuneration	91	75
Remuneration to key members of management during the year		
Salaries and other benefits	599	467

The following balances were payable to related parties:

	31 March 2025 RO '000	31 March 2024 RO '000	31 December 2024 RO '000
Investment in finance leases and working capital finance	4,272	4,260	4,270

NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025 (continued)

27 Asset held for sale

Assets held for sale represents land acquired by the Company in part settlement of amounts due by the borrower following the conclusion of all credit recovery procedures available to the Company. This property was valued in September 2019 at RO 1.50 million and subsequently expected to be sold in the year 2025. The Company has recently valued this property on 18 December 2024 at RO 1.50 million. The property is based in Muscat at Ghala Heights, Wilayat Bausher.

28 Foreign currency reserve

In accordance with the CBO circular FM 41, in modification to the conditions stipulated in circular FM 11 the finance leasing Companies are exempted from creating exchange reserve (20%), in case the foreign currency borrowings (in excess of 40% of net worth) is denominated in US Dollars or in any other currency, where the exchange rate risk is fully hedged. As of 31 March 2025, the Company has foreign currency borrowing of RO 101.51 million [USD 263.91 million] (31 March 2024 RO 79.98 million [USD 207.94 million], 31 December 2024 - RO 68.31 million [USD 177.61 million]) which is fully hedged against exchange rate risk.

29 Impairment reserve

In accordance with Central Bank of Oman (CBO) circular BM 1149, the mandatory regulatory impairment reserve is created when the provisions and reserve interest required as per CBO norms exceeds the allowance for expected credit losses held as per IFRS 9. The regulatory impairment reserve will not be available for payment of dividend or for inclusion in regulatory capital. Any subsequent utilisation of the impairment reserve would require prior approval of the CBO.

Impairment reserve net of tax is created by appropriation from retained earnings when the calculated provision as per CBO norms is higher than IFRS 9 ECL.

During the year 2024, an amount of RO 0.95 million was transferred to the impairment reserve in compliance with the guidelines issued by the CBO. As of 31 March 2025, the Company holds an impairment reserve of RO 8.67 million net of tax for the difference (31 March 2024: RO 7.72 million, 31 December 2024 - RO 8.67 million).

30 Advances, prepayments and other receivables

	31 March 2025 RO'000	31 March 2024 RO'000	31 December 2024 RO'000
Other receivables	3,100	3,012	3,058
Fair value of derivatives	55	462	102
Prepayments	3,168	1,240	1,049
Advances	1,105	283	391
	7,428	4,997	4,600

31 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

	31 March 2025	31 March 2024 RO'000	31 December 2024 RO'000
Financial assets			
Fair Value			
Derivative financial instrument	55	462	102
Amortised cost			
Cash and cash equivalents (note 10)	11,511	6,400	7,577
Net investment in finance leases (note 12)	472,739	413,837	458,363
Working capital finance and factoring receivables (note 12)	128,002	98,659	120,506
Other receivables	342	284	395
Statutory deposit (note 11)	250	250	250
Total financial assets	612,899	519,892	587,193

NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025 (continued)

31 Financial instruments by category (continued)

	31 March 2025 RO'000	31 March 2024 RO'000	31 December 2024 RO'000
Financial liabilities			
Amortised cost			
Short-term loans (note 20)	180,932	139,009	178,129
Creditors and accruals (note 18)	29,478	19,734	12,665
Fixed deposits (note 21)	61,215	43,643	58,489
Long term loans (note 20)	217,145	229,472	207,383
Total financial liabilities	488,770	431,858	456,666

32 Maturity analysis of assets and liabilities

The table below analyses the contractual maturities of assets and liabilities at the reporting date. The amounts show gross undiscounted cash flows.

At 31 March 2025	Up to 1 month RO '000	> 1 month to 1 year RO '000	> 1 year RO '000	Non-fixed maturity RO '000	Total RO '000
Assets					
Cash and cash equivalents	11,511	-	-	-	11,511
Statutory deposit	-	-	-	250	250
Investment in finance leases, working capital and factoring receivables	16,931	172,922	683,108	-	872,961
Advances and prepayments	-	7,428	-	-	7,428
Assets held for sale	-	1,500	-	-	1,500
Total assets	28,442	181,850	683,108	250	893,650
Equity and liabilities					
Total equity	-	-	-	141,639	141,639
Liabilities:					
Bank borrowings and fixed deposits	116,174	226,134	140,752	-	483,060
Creditors and accruals	24,394	5,084	-	-	29,478
Tax and other liabilities	3,102	-	725	1,031	4,858
Total equity and liabilities	143,670	231,218	141,477	142,670	659,035
Liquidity gap	(115,228)	(49,368)	541,631	(142,420)	
Cumulative liquidity gap	(115,228)	(164,596)	377,035	234,615	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025 (continued)

32 Maturity analysis of assets and liabilities (continued)

At 31 March 2024	Up to 1 month RO '000	> 1 month to 1 year RO '000	> 1 year RO '000	Non-fixed maturity RO '000	Total RO '000
Assets					
Cash and cash equivalents	6,400	-	-	-	6,400
Statutory deposit	-	-	-	250	250
Investment in finance leases, working capital and factoring receivables	14,296	151,254	569,283	-	734,833
Advances and prepayments	-	4,997	-	-	4,997
Assets held for sale	-	1,500	-	-	1,500
Total assets	20,696	157,751	569,283	250	747,980
Equity and liabilities					
Total equity	-	-	-	102,991	102,991
Liabilities:					
Bank borrowings and fixed deposits	101,310	211,924	118,093	-	431,327
Creditors and accruals	15,768	3,966	-	-	19,734
Tax and other liabilities	2,679	-	672	862	4,213
Total equity and liabilities	119,757	215,890	118,765	103,853	558,265
Liquidity gap	(99,061)	(58,139)	450,518	(103,603)	
Cumulative liquidity gap	(99,061)	(157,200)	293,318	189,715	

At 31 December 2024	Up to 1 month RO '000	> 1 month to 1 year RO '000	> 1 year RO '000	Non-fixed maturity RO '000	Total RO '000
Assets					
Cash and cash equivalents	7,577	-	-	-	7,577
Statutory deposit	-	-	-	250	250
Investment in finance leases, working capital and factoring receivables	16,062	168,626	653,863	-	838,551
Advances and prepayments	-	4,600	-	-	4,600
Total assets	23,639	173,226	653,863	250	850,978
Equity and liabilities					
Total equity	-	-	-	145,603	145,603
Liabilities:					
Bank borrowings and fixed deposits	136,547	212,247	123,182	-	471,976
Creditors and accruals	7,107	5,558	-	-	12,665
Tax and other liabilities	-	2,689	674	859	4,222
Total equity and liabilities	143,654	220,494	123,856	146,462	634,466
Liquidity gap	(120,015)	(47,268)	530,007	(146,212)	
Cumulative liquidity gap	(120,015)	(167,283)	362,724	216,512	

The Company had unutilised credit facilities amounting to RO 40.13 million available as on 31 March 2025 (31 March 2024 – RO 29.26 million, 31 December 2024 – RO 60.74 million) to mitigate the impact of negative mismatch. The Company expects, given experience, local practice and discussions with lenders that short-term borrowing facilities will be extended, renewed or replaced on expiry and fixed deposits maturing within one year will be renewed if required as well as other measures to meet the gap in maturity. Accordingly, these financial statements been prepared on a going concern basis.