

NATIONAL FINANCE COMPANY SAOG

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

Registered office:

P.O.Box 1706
Postal Code 112
Ruwi
Sultanate of Oman

Principal place of business:

Madinat Al Irfan
Muscat Hills, Block No 9993,
Building No. 95, Fifth Floor,
Sultanate of Oman

NATIONAL FINANCE COMPANY SAOG

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

Contents	Pages
Statement of profit or loss and other comprehensive income	1
Statement of financial position	2
Statement of changes in equity	3 - 5
Statement of cash flows	6
Notes to the financial statements	7 – 22

NATIONAL FINANCE COMPANY SAOG

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

	Note	Quarter ended 30 September 2023 RO '000	Nine months ended 30 September 2023 RO '000	Quarter ended 30 September 2022 RO '000	Nine months ended 30 September 2022 RO '000
Income					
Income from financing activities	12 (a)	12,384	35,472	10,589	31,973
Finance cost		(5,979)	(16,517)	(4,636)	(13,252)
Net finance income		6,405	18,955	5,953	18,721
Other operating income	6	614	1,888	661	2,117
		7,019	20,843	6,614	20,838
Expenses					
Operating expenses	7	(2,909)	(8,914)	(2,403)	(8,264)
Depreciation	13	(145)	(415)	(145)	(434)
Amortisation	14	(78)	(260)	(84)	(246)
Net impairment loss on finance leases, working capital finance and factoring receivables	12 (b)	(834)	(1,811)	(1,898)	(3,987)
Bad debts written (off) / back		3	(25)	33	108
Total expenses		(3,963)	(11,425)	(4,497)	(12,823)
Profit before tax		3,056	9,418	2,117	8,015
Income tax expense	8 (c)	(459)	(1,413)	(317)	(1,202)
Profit after tax		2,597	8,005	1,800	6,813
Other comprehensive income					
<u>Items that will not be reclassified to profit or loss</u>					
Movement in revaluation reserve – net of tax		2	6	2	6
Change in fair value of cash flow hedge		(246)	(445)	693	1,547
Other comprehensive (loss) / income		(244)	(439)	695	1,553
Total comprehensive income		2,353	7,566	2,495	8,366
Basic and diluted earnings per share (RO)	9	0.005	0.014	0.003	0.010

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

		30 September 2023 RO '000	30 September 2022 RO '000	31 December 2022 RO '000
	Note			
ASSETS				
Cash and cash equivalents	10	7,592	5,012	5,876
Net investment in finance leases	12	381,793	354,111	355,763
Working capital and factoring receivables	12	82,535	69,932	69,689
Advances, prepayments and other receivables	30	5,149	4,699	4,907
Asset held for sale	27	1,500	1,500	1,500
Goodwill		5,950	5,950	5,950
Intangible assets	14	482	709	637
Property, equipment and right-of-use assets	13	6,427	6,601	6,572
Statutory deposit	11	250	250	250
Total assets		491,678	448,764	451,144
LIABILITIES AND EQUITY				
LIABILITIES				
Creditors and accruals	18	13,472	8,874	9,018
Tax liabilities	8 (b)	2,360	1,941	2,364
Bank borrowings	20	334,885	285,656	287,780
Fixed deposits	21	36,732	36,162	32,091
Deferred tax liabilities	8 (b)	697	533	697
Provision for employees' end of service benefits	19	595	589	565
Total liabilities		388,741	333,755	332,515
EQUITY				
Capital and reserves				
Share capital	15	57,370	54,123	54,123
Share premium		5,786	5,786	5,786
Revaluation reserve		1,017	1,025	1,023
Foreign currency reserve	28	-	4,321	5,319
Voluntary reserve	29	3,000	3,000	3,000
Cash flow hedge reserve		828	974	1,273
Legal reserve	16	10,376	9,363	10,376
Retained earnings		24,560	18,217	19,529
Total shareholders' equity attributable to the equity holders of the company		102,937	96,809	100,429
Perpetual bonds	17	-	18,200	18,200
Total equity		102,937	115,009	118,629
Total liabilities and equity		491,678	448,764	451,144
Net assets per share (RO)	9	0.179	0.179	0.186

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 October 2023 and signed on their behalf by:

HANI MUHAMMAD AL ZUBAIR
CHAIRMAN

TARIQ SULAIMAN AL FARSI
CHIEF EXECUTIVE OFFICER

NATIONAL FINANCE COMPANY SAOG

UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS PERIOD ENDED

	Share capital RO'000	Share premium RO'000	Revaluation reserve RO'000	Foreign currency reserve RO '000	Voluntary reserve RO '000	Cash flow hedge reserve RO'000	Legal reserve RO'000	Retained earnings RO'000	Total RO'000	Perpetual bonds RO'000	Total RO'000
1 January 2023	54,123	5,786	1,023	5,319	3,000	1,273	10,376	19,529	100,429	18,200	118,629
<i>Comprehensive income:</i>											
Profit for the period	-	-	-	-	-	-	-	8,005	8,005	-	8,005
<i>Other comprehensive income</i>											
Incremental depreciation – net of tax	-	-	(6)	-	-	-	-	6	-	-	-
Change in fair value	-	-	-	-	-	(445)	-	-	(445)	-	(445)
Total comprehensive income	-	-	(6)	-	-	(445)	-	8,011	7,560	-	7,560
<i>Other transactions within equity:</i>											
Perpetual bond redemption (note 17)	-	-	-	-	-	-	-	-	-	(18,200)	(18,200)
Perpetual bond interest (note 17)	-	-	-	-	-	-	-	(722)	(722)	-	(722)
Foreign currency reserve (note 28)	-	-	-	(5,319)	-	-	-	5,319	-	-	-
Total other transactions within equity	-	-	-	(5,319)	-	-	-	4,597	(722)	(18,200)	(18,922)
<i>Transactions with owners:</i>											
Cash dividend (note 22)	-	-	-	-	-	-	-	(4,330)	(4,330)	-	(4,330)
Stock dividend (note 22)	3,247	-	-	-	-	-	-	(3,247)	-	-	-
Total transactions with owners	3,247	-	-	-	-	-	-	(7,577)	(4,330)	-	(4,330)
30 September 2023	57,370	5,786	1,017	-	3,000	828	10,376	24,560	102,937	-	102,937

NATIONAL FINANCE COMPANY SAOG

UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS PERIOD ENDED (continued)

	Share capital RO '000	Share premium RO '000	Revaluation reserve RO '000	Foreign currency reserve RO '000	Voluntary reserve RO '000	Cash flow hedge reserve RO '000	Legal reserve RO '000	Retained earnings RO '000	Total RO '000	Perpetual bonds RO '000	Total RO '000
1 January 2022	54,123	5,786	1,031	4,321	3,000	(573)	9,363	17,184	94,235	18,069	112,304
<i>Comprehensive income:</i>											
Profit for the period	-	-	-	-	-	-	-	6,813	6,813	-	6,813
<i>Other comprehensive income</i>											
Incremental depreciation – net of tax	-	-	(6)	-	-	-	-	6	-	-	-
Change in fair value	-	-	-	-	-	1,547	-	-	1,547	-	1,547
<i>Total comprehensive income</i>	-	-	(6)	-	-	1,547	-	6,819	8,360	-	8,360
<i>Other transactions within equity:</i>											
Perpetual bond interest (note 17)	-	-	-	-	-	-	-	(1,456)	(1,456)	-	(1,456)
Perpetual bond issue cost amortization	-	-	-	-	-	-	-	-	-	131	131
<i>Total other transactions within equity</i>	-	-	-	-	-	-	-	(1,456)	(1,456)	131	(1,325)
<i>Transactions with owners:</i>											
Cash dividend (note 22)	-	-	-	-	-	-	-	(4,330)	(4,330)	-	(4,330)
<i>Total transactions with owners</i>	-	-	-	-	-	-	-	(4,330)	(4,330)	-	(4,330)
30 September 2022	54,123	5,786	1,025	4,321	3,000	974	9,363	18,217	96,809	18,200	115,009

NATIONAL FINANCE COMPANY SAOG

UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS PERIOD ENDED (continued)

	Share capital RO'000	Share premium RO'000	Revaluation reserve RO'000	Foreign currency reserve RO '000	Voluntary reserve RO '000	Cash flow hedge reserve RO'000	Legal reserve RO'000	Retained earnings RO'000	Total RO'000	Perpetual bonds RO'000	Total RO'000
1 January 2022	54,123	5,786	1,031	4,321	3,000	(573)	9,363	17,184	94,235	18,069	112,304
<i>Comprehensive income:</i>											
Profit for the year	-	-	-	-	-	-	-	10,134	10,134	-	10,134
<i>Other comprehensive income</i>											
Incremental depreciation – net of tax	-	-	(8)	-	-	-	-	8	-	-	-
Change in fair value	-	-	-	-	-	1,846	-	-	1,846	-	1,846
<i>Total comprehensive income</i>	-	-	(8)	-	-	1,846	-	10,142	11,980	-	11,980
<i>Other transactions within equity:</i>											
Transfer to legal reserve (note 16)	-	-	-	-	-	-	1,013	(1,013)	-	-	-
Transfer to Foreign currency reserve (note 28)	-	-	-	998	-	-	-	(998)	-	-	-
Perpetual bond interest (note 17)	-	-	-	-	-	-	-	(1,456)	(1,456)	-	(1,456)
Perpetual bond issue cost amortisation	-	-	-	-	-	-	-	-	-	131	131
<i>Total other transactions within equity</i>	-	-	-	998	-	-	1,013	(3,467)	(1,456)	131	(1,325)
<i>Transactions with owners:</i>											
Cash dividend (note 22)	-	-	-	-	-	-	-	(4,330)	(4,330)	-	(4,330)
<i>Total transactions with owners</i>	-	-	-	-	-	-	-	(4,330)	(4,330)	-	(4,330)
31 December 2022	54,123	5,786	1,023	5,319	3,000	1,273	10,376	19,529	100,429	18,200	118,629

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 NINE MONTHS PERIOD ENDED

	Note	30 September 2023 RO '000	30 September 2022 RO '000
Cash flows from operating activities			
Profit before tax		9,418	8,015
Adjustments for:			
Depreciation	13	415	434
Amortisation	14	260	246
Employees' end of service benefits charge	19	73	74
Gain on sale of property and equipment		(1)	(96)
Impairment on lease receivables	12 (b)	1,811	3,987
Bad debts written off / (back)		25	(108)
Finance costs		16,517	13,252
Cash flows from operating activities before working capital changes and payment of end of service benefits, interest and tax		28,518	25,804
Changes in working capital:			
Net investment in financing activities, working capital and factoring receivables		(42,025)	(24,060)
Bank borrowings	23	44,753	12,166
Fixed deposits	23	4,726	4,663
Advances, prepayments and other receivables		(490)	(1,499)
Creditors and accruals		5,567	3,612
		12,531	(5,118)
Interest paid		(16,087)	(12,789)
Income tax paid		(1,415)	(2,737)
Employees' end of service benefits paid	19	(43)	(73)
Net cash generated from operating activities		23,504	5,087
Cash flows from investing activities			
Purchase of property and equipment	13	(270)	(249)
Purchase of intangible assets	14	(105)	(51)
Proceeds from sale of property and equipment		1	96
Net cash used in investing activities		(374)	(204)
Cash flows from financing activities			
Perpetual bond redeemed		(18,200)	-
Dividend paid		(4,330)	(4,330)
Perpetual bond interest paid		(722)	(1,456)
Net cash used in financing activities		(23,252)	(5,786)
Net change in cash and cash equivalents during the period		(122)	(903)
Cash and cash equivalents at the beginning of the period		5,876	5,579
Cash and cash equivalents at the end of the period		5,754	4,676
Cash and cash equivalents comprise of:			
Cash and bank balances	10	7,592	5,012
Bank overdrafts	20	(1,838)	(336)
		5,754	4,676

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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023****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 21 locations as at 30 September 2023 (30 September 2022: 21 locations, 31 December 2022: 21 locations).

2 Summary of significant accounting policies

This unaudited condensed interim financial information as at and for the nine months period ended 30 September 2023 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 2022.

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

The unaudited condensed interim financial information have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB) and 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 unaudited condensed interim financial information 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 30 September 2023, 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 2023.

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 2022. There have been no changes in the risk management policies since that date.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023 (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 2022.

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

	Quarter ended 30 September 2023 RO '000	Nine months ended 30 September 2023 RO '000	Quarter ended 30 September 2022 RO '000	Nine months ended 30 September 2022 RO '000
Income from pre-closed leases	127	402	107	579
Penal charges	123	378	159	421
Cheque related charges	158	456	142	417
Miscellaneous income	206	652	253	700
	<u>614</u>	<u>1,888</u>	<u>661</u>	<u>2,117</u>

7 Operating expenses

	Quarter ended 30 September 2023 RO '000	Nine months ended 30 September 2023 RO '000	Quarter ended 30 September 2022 RO '000	Nine months ended 30 September 2022 RO '000
Employee related expenses	2,221	6,483	1,557	5,246
Office expenses	273	903	388	1,613
Communication costs	159	653	194	615
Professional fees and subscriptions	60	294	101	286
Directors' remuneration and sitting fees (note 26)	75	225	88	263
Advertising and sales promotion	75	230	42	134
Occupancy costs	46	126	33	107
	<u>2,909</u>	<u>8,914</u>	<u>2,403</u>	<u>8,264</u>

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% (2022 – 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 2018. Assessments of the Company for tax years 2019 to 2022 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 30 September 2023.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023 (continued)**

8 Taxation (continued)

(b) *Tax liabilities - net*

	30 September 2023 RO '000	30 September 2022 RO '000	31 December 2022 RO '000
Deferred tax liability	697	533	697
Provision for income tax	<u>2,360</u>	<u>1,941</u>	<u>2,364</u>
Net tax liabilities	<u>3,057</u>	<u>2,474</u>	<u>3,061</u>

(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:

	Quarter ended 30 September 2023 RO '000	Nine months ended 30 September 2023 RO '000	Quarter ended 30 September 2022 RO '000	Nine months ended 30 September 2022 RO '000
Accounting profit before income tax	<u>3,056</u>	<u>9,418</u>	2,117	8,015
Income tax expense computed at applicable tax rates	<u>459</u>	<u>1,413</u>	317	1,202
Tax charge for the period	<u>459</u>	<u>1,413</u>	<u>317</u>	<u>1,202</u>

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

The calculation of earnings per share is as follows:

	Quarter ended 30 September 2023 RO '000	Nine months ended 30 September 2023 RO '000	Quarter ended 30 September 2022 RO '000	Nine months ended 30 September 2022 RO '000
Profit for the period attributable to equity shareholders (RO '000)	<u>2,597</u>	<u>8,005</u>	1,800	6,813
Interest on perpetual bonds (RO '000)	<u>-</u>	<u>(295)</u>	<u>(367)</u>	<u>(1,089)</u>
Net profit attributable to ordinary shareholders (RO '000)	<u>2,597</u>	<u>7,710</u>	1,433	5,724
Weighted average number of shares during the period ('000)	<u>563,118</u>	<u>563,118</u>	563,118	563,118
Basic and diluted earnings per share (RO)	<u>0.005</u>	<u>0.014</u>	<u>0.003</u>	<u>0.010</u>

The calculation of net assets per share is as follows:

	30 September 2023 RO '000	30 September 2022 RO '000	31 December 2022 RO '000
Net assets attributable to ordinary shareholders (RO '000)	<u>102,937</u>	96,809	100,429
Number of shares at the period/ year end ('000)	<u>573,704</u>	541,230	541,230
Net assets per share (RO)	<u>0.179</u>	<u>0.179</u>	<u>0.186</u>

Earnings per share as at 30 September 2023 have been calculated using weighted average shares outstanding for the period. The weighted average shares outstanding for the period ended 30 September 2023 are 563,117,576 shares (30 September 2022: 563,117,576 shares). Net assets per share have been calculated using outstanding shares as at 30 September 2023, 30 September 2022 and 31 December 2022.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023 (continued)**

10 Cash and cash equivalents

	30 September 2023 RO '000	30 September 2022 RO '000	31 December 2022 RO '000
Current accounts with banks	7,551	4,983	5,843
Cash in hand	41	29	33
	<u>7,592</u>	<u>5,012</u>	<u>5,876</u>

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 period, the deposit earned effective interest at the rate of 1.5% (2022-1.5%) per annum.

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

	30 September 2023 RO '000	30 September 2022 RO '000	31 December 2022 RO '000
Gross investment in finance leases	530,861	494,506	490,311
Working capital finance and factoring receivables	137,017	115,622	118,034
Unearned lease income	(148,673)	(130,490)	(131,165)
	<u>519,205</u>	<u>479,638</u>	<u>477,180</u>
Allowance for expected credit losses	(54,877)	(55,595)	(51,728)
Net investment in finance leases, working capital finance and factoring receivables	<u>464,328</u>	<u>424,043</u>	<u>425,452</u>

	30 September 2023 RO '000	30 September 2022 RO '000	31 December 2022 RO '000
Net investment in finance leases	381,793	354,111	355,763
Working capital and factoring receivables	82,535	69,932	69,689
	<u>464,328</u>	<u>424,043</u>	<u>425,452</u>

(a) Unearned lease income:

	30 September 2023 RO '000	30 September 2022 RO '000	31 December 2022 RO '000
At 1 January	131,165	116,558	116,558
Additions during the period	52,980	45,905	58,094
Recognised during the period	(35,472)	(31,973)	(43,487)
At 30 September	<u>148,673</u>	<u>130,490</u>	<u>131,165</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023 (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:

	30 September 2023 RO '000	30 September 2022 RO '000	31 December 2022 RO '000
At 1 January	51,728	49,265	49,265
<i>Provision</i>			
Provided during the period	8,619	15,532	16,586
Released during the period	(6,808)	(11,545)	(12,396)
	1,811	3,987	4,190
Write off during the period	-	-	(3,469)
	1,811	3,987	721
<i>Unrecognised contractual income</i>			
Provided during the period	2,373	3,090	3,651
Released during the period	(1,035)	(747)	(826)
Write off during the period	-	-	(1,083)
	1,338	2,343	1,742
At 30 September	54,877	55,595	51,728

(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 month RO'000	>1 month to 1 year RO'000	> 1 year RO'000	Total RO'000
30 September 2023				
Gross	12,900	136,311	518,667	667,878
Present value	8,275	92,120	418,810	519,205
30 September 2022				
Gross	11,799	132,090	466,239	610,128
Present value	7,527	91,977	380,134	479,638
31 December 2022				
Gross	12,005	129,126	467,214	608,345
Present value	7,754	89,095	380,331	477,180

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023 (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:

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 recognised as per IFRS 9 RO' 000	Reserve interest as per CBO Norms RO' 000
Standard	Stage 1	354,585	28	2,182	(2,154)	352,403	27,583	-
	Stage 2	83,086	190	10,945	(10,755)	72,141	6,988	-
	Stage 3	-	-	-	-	-	-	-
Subtotal		437,671	218	13,127	(12,909)	424,544	34,571	-
Special Mention	Stage 1	52	3	1	2	51	4	-
	Stage 2	945	47	27	20	918	84	1
	Stage 3	6,635	319	1,409	(1,090)	5,226	304	259
Subtotal		7,632	369	1,437	(1,068)	6,195	392	260
Substandard	Stage 1	107	27	1	26	106	3	-
	Stage 2	160	40	7	33	153	17	-
	Stage 3	4,068	950	874	76	3,194	80	266
Subtotal		4,335	1,017	882	135	3,453	100	266
Doubtful	Stage 1	-	-	-	-	-	-	-
	Stage 2	2	1	1	-	1	-	-
	Stage 3	3,691	1,247	822	425	2,869	1	310
Subtotal		3,693	1,248	823	425	2,870	1	310
Loss	Stage 1	1	1	-	1	1	-	-
	Stage 2	30	28	1	27	29	7	-
	Stage 3	65,843	48,329	38,607	9,722	27,236	401	11,093
Subtotal		65,874	48,358	38,608	9,750	27,266	408	11,093
Total	Stage 1	354,745	59	2,184	(2,125)	352,561	27,590	-
	Stage 2	84,223	306	10,981	(10,675)	73,242	7,096	1
	Stage 3	80,237	50,845	41,712	9,133	38,525	786	11,928
	Total	519,205	51,210	54,877	(3,667)	464,328	35,472	11,929
Total - 30 September 2022	Stage 1	303,593	57	2,470	(2,413)	301,123	24,637	-
	Stage 2	96,351	154	10,396	(10,242)	85,955	6,798	1
	Stage 3	79,694	48,027	42,729	5,298	36,965	538	11,191
	Total	479,638	48,238	55,595	(7,357)	424,043	31,973	11,192
Total - 31 December 2022	Stage 1	301,564	116	1,791	(1,675)	299,773	32,964	-
	Stage 2	101,205	177	12,141	(11,964)	89,064	9,896	-
	Stage 3	74,411	46,845	37,796	9,049	36,615	627	10,591
	Total	477,180	47,138	51,728	(4,590)	425,452	43,487	10,591

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023 (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:

Asset classification as per CBO norms	Asset classification as per IFRS 9	Gross carrying amount RO' 000	Provision required as per CBO norms	Provision held as per IFRS 9	Difference RO' 000	Net carrying amount RO' 000	Interest recognised as per IFRS 9 RO' 000	Reserve interest as per CBO Norms RO' 000
			RO' 000	RO' 000				
Classified as performing	Stage 1	17,692	-	567	(567)	17,125	1,458	-
	Stage 2	61,954	190	10,464	(10,274)	51,490	5,196	-
	Stage 3	-	-	-	-	-	-	-
Subtotal		79,646	190	11,031	(10,841)	68,615	6,654	-
Classified as non-performing	Stage 1	156	30	1	29	155	6	-
	Stage 2	58	13	5	8	53	5	-
	Stage 3	6,992	3,971	3,221	750	3,771	-	1,036
Subtotal		7,206	4,014	3,227	787	3,979	11	1,036
Total	Stage 1	17,848	30	568	(538)	17,280	1,464	-
	Stage 2	62,012	203	10,469	(10,266)	51,543	5,201	-
	Stage 3	6,992	3,971	3,221	750	3,771	-	1,036
	Total	86,852	4,204	14,258	(10,054)	72,594	6,665	1,036
Total - 30 September 2022	Stage 1	10,063	43	186	(143)	9,877	715	-
	Stage 2	59,984	34	6,826	(6,792)	53,158	3,783	-
	Stage 3	8,868	4,391	4,899	(508)	3,969	-	1,457
	Total	78,915	4,468	11,911	(7,443)	67,004	4,498	1,457
Total - 31 December 2022	Stage 1	11,333	4	229	(225)	11,104	686	-
	Stage 2	71,519	76	11,172	(11,096)	60,347	6,622	-
	Stage 3	7,125	3,763	3,194	569	3,931	-	980
	Total	89,977	3,843	14,595	(10,752)	75,382	7,308	980

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 period RO' 000	Previous period RO' 000	Current period RO' 000	Previous period RO' 000	Current period RO' 000	Previous period RO' 000
Impairment loss charged to profit and loss	1,811	3,987	1,811	3,987	-	-
Provisions required as per CBO norms / held as per IFRS 9	63,139	59,430	54,877	55,595	8,262	3,835
Gross NPL ratio	15.7	16.9	15.5	16.6	0.2	0.3
Net NPL ratio	4.0	5.1	8.1	8.5	(4.1)	(3.4)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023 (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 30 September 2023						
Cost or valuation						
At 1 January 2023	1,050	4,201	5,173	174	334	10,932
Additions	-	-	270	-	-	270
Disposals	-	-	(160)	-	-	(160)
At 30 September 2023	1,050	4,201	5,283	174	334	11,042
Accumulated depreciation						
At 1 January 2023	-	352	3,566	174	268	4,360
Charge for the period	-	128	269	-	18	415
Disposals	-	-	(160)	-	-	(160)
At 30 September 2023	-	480	3,675	174	286	4,615
Net book amount						
At 30 September 2023	1,050	3,721	1,608	-	48	6,427

	Freehold land RO '000	Buildings RO '000	Furniture, fixtures & equipment RO '000	Motor vehicles RO '000	Right of use asset RO '000	Total RO '000
At 30 September 2022						
Cost or valuation						
At 1 January 2022	1,050	4,201	4,817	270	268	10,606
Additions	-	-	249	-	66	315
Disposals	-	-	-	(96)	-	(96)
At 30 September 2022	1,050	4,201	5,066	174	334	10,825
Accumulated depreciation						
At 1 January 2022	-	181	3,242	232	231	3,886
Charge for the period	-	129	236	38	31	434
Disposals	-	-	-	(96)	-	(96)
At 30 September 2022	-	310	3,478	174	262	4,224
Net book value						
At 30 September 2022	1,050	3,891	1,588	-	72	6,601

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023 (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 2022						
Cost or valuation						
At 1 January 2022	1,050	4,201	4,817	270	268	10,606
Additions	-	-	356	-	66	422
Disposals	-	-	-	(96)	-	(96)
At 31 December 2022	<u>1,050</u>	<u>4,201</u>	<u>5,173</u>	<u>174</u>	<u>334</u>	<u>10,932</u>
Accumulated depreciation						
At 1 January 2022	-	181	3,242	232	231	3,886
Charge for the year	-	171	324	38	37	570
Disposals	-	-	-	(96)	-	(96)
At 31 December 2022	<u>-</u>	<u>352</u>	<u>3,566</u>	<u>174</u>	<u>268</u>	<u>4,360</u>
Net book amount						
At 31 December 2022	<u>1,050</u>	<u>3,849</u>	<u>1,607</u>	<u>-</u>	<u>66</u>	<u>6,572</u>

A valuation of the freehold land and buildings was last performed by third party independent valuers as on 31 December 2020 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 (30 September 2022- RO 4.19 million, 31 December 2022- RO 4.19 million).

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023 (continued)**

14 Intangible assets

	30 September 2023			30 September 2022			31 December 2022
	Computer software RO '000	Intangible assets on acquisition RO '000	Total RO '000	Computer software RO '000	Intangible assets on acquisition RO '000	Total RO '000	Total RO '000
Opening balance	467	1,792	2,259	405	1,792	2,197	2,197
Additions	105	-	105	51	-	51	62
	<u>572</u>	<u>1,792</u>	<u>2,364</u>	<u>456</u>	<u>1,792</u>	<u>2,248</u>	<u>2,259</u>
Accumulated Amortization							
Opening balance	342	1,280	1,622	269	1,024	1,293	1,293
Charge for the period/year	68	192	260	54	192	246	329
	<u>410</u>	<u>1,472</u>	<u>1,882</u>	<u>323</u>	<u>1,216</u>	<u>1,539</u>	<u>1,622</u>
Closing balance	<u>162</u>	<u>320</u>	<u>482</u>	<u>133</u>	<u>576</u>	<u>709</u>	<u>637</u>

15 Share capital

The authorised share capital of the Company comprises 750,000,000 ordinary shares of Baizas 100 each (30 September 2022 and 31 December 2022 - 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 of Baizas 100 each (30 September 2022 - 541,230,454 shares of Baizas 100 each and 31 December 2022 - 541,230,454 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 issued 8% perpetual bonds for RO 18.200 million through private placement in 2018 for payment of purchase consideration to OOLC shareholders. During the period, these bonds have been redeemed.

18 Creditors and accruals

	30 September 2023 RO '000	30 September 2022 RO '000	31 December 2022 RO '000
Creditors	9,189	4,563	4,325
Accruals and other liabilities	4,248	4,244	4,625
Lease liabilities	35	67	68
	<u>13,472</u>	<u>8,874</u>	<u>9,018</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023 (continued)**

19 Provision for employees' end of service benefits

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

	30 September 2023 RO '000	30 September 2022 RO '000	31 December 2022 RO '000
Opening balance	565	588	588
Charge for the period	73	74	91
Payments during the period	(43)	(73)	(114)
Closing balance	<u>595</u>	<u>589</u>	<u>565</u>

20 Bank borrowings

	30 September 2023 RO '000	30 September 2022 RO '000	31 December 2022 RO '000
Bank overdrafts	1,838	336	-
Short-term loans	116,114	78,726	67,561
Current portion of long-term loans	119,968	103,477	112,261
Non-current portion of long-term loans	96,965	103,117	107,958
	<u>334,885</u>	<u>285,656</u>	<u>287,780</u>

(a) During the period, interest was charged on the above borrowings at rates ranging between 4.95% and 6.85% per annum (30 September 2022- 4.20% and 6.50%, 31 December 2022-2.57% and 6.50% per annum).

(b) At the reporting date, all outstanding borrowings were secured by a first priority pari-passu floating charge on the assets of the Company, including but not limited to the Company's receivables from its customers.

(c) *Foreign currency forward contracts*

As at 30 September 2023, the notional amount of foreign currency forward contract amounted to RO 64.66 million [USD 168.12 million] (30 September 2022 RO 84.02 million [USD 218.45 million], 31 December 2022 - RO 75.32 million [USD 195.82 million]) to repay US Dollar term loans.

21 Fixed deposits

At 30 September 2023, the Company has accepted fixed deposits from corporate entities based in Oman for a total amount of RO 36.73 million (30 September 2022 - 36.16 million, 31 December 2022 - RO 32.09 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

The cash dividend for 2022 amounted to RO 4,329,844 and stock dividend is amounted to RO 3,247,382 was distributed during the period. The cash dividend paid for 2021 amounted to RO 4,329,844 was distributed during 2022.

23 Change in cash flows from financing activities (Principal)

Particulars	30 September 2023		30 September 2022	
	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	286,759	31,314	272,148	30,551
Additions during the period	390,395	19,341	261,747	15,646
Repayments during the period	(345,642)	(14,615)	(249,581)	(10,983)
Closing balance	<u>331,512</u>	<u>36,040</u>	<u>284,314</u>	<u>35,214</u>
Change in cash flows	<u>44,753</u>	<u>4,726</u>	<u>12,166</u>	<u>4,663</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023 (continued)**

24 Commitments

	30 September 2023 RO '000	30 September 2022 RO '000	31 December 2022 RO '000
Approved lease commitments (refer 'a')	6,654	6,787	5,169
Operating lease in respect of rentals of branches (short term leases) (refer 'b')	-	24	12
	6,654	6,811	5,181

- (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

	30 September 2023 RO '000	30 September 2022 RO '000	31 December 2022 RO '000
Bank guarantees	59	59	113

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.

The Company has entered into transactions in the ordinary course of business with related parties. Such transactions are at mutually agreed terms. Significant related party transactions during the period ended 30 September were as follows:

	Nine months ended 30 September 2023 RO '000	Nine months ended 30 September 2022 RO '000
Operating expenses	38	11
Purchase of property and equipment	9	25
Directors' fees and remuneration		
Directors' sitting fees and proposed remuneration (note 7)	225	263
Remuneration to key members of management during the period		
Salaries and other benefits	789	632

The following balances were payable to related parties:

	30 September 2023 RO '000	30 September 2022 RO '000	31 December 2022 RO '000
Corporate deposit	-	5,482	5,558
Sales incentive payable	-	12	-

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023 (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 2023. The Company has recently valued this property on 6 December 2022 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 30 September 2023, the Company has foreign currency borrowing of RO 64.66 million [USD 168.12 million] (30 September 2022 RO 84.02 million [USD 218.45 million], 31 December 2022 - RO 75.32 million [USD 195.82 million]) which is fully hedged against exchange rate risk.

29 Voluntary reserve

In addition to the existing allowance for non-performing assets, the Company is maintaining a voluntary reserve of RO 3 million for non-performing assets. This reserve is non distributable in nature and transfer out of this reserve requires approval of the Board of Directors.

30 Advances, prepayments and other receivables

	30 September 2023 RO'000	30 September 2022 RO'000	31 December 2022 RO'000
Other receivables	2,900	2,944	2,936
Fair value of derivatives	828	974	1,273
Prepayments	1,177	637	536
Advances	244	144	162
	5,149	4,699	4,907

31 Financial instruments by category

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

	30 September 2023 RO'000	30 September 2022 RO'000	31 December 2022 RO'000
Financial assets			
Fair Value			
Derivative financial instrument	828	281	1,273
Amortised cost			
Cash and cash equivalents (note 10)	7,592	5,012	5,876
Net investment in finance leases (note 12)	381,793	354,111	355,763
Working capital finance and factoring receivables (note 12)	82,535	69,932	69,689
Other receivables	284	144	166
Statutory deposit (note 11)	250	250	250
Total financial assets	473,282	429,730	433,017

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023 (continued)**

31 Financial instruments by category (continued)

	30 September 2023 RO'000	30 September 2022 RO'000	31 December 2022 RO'000
Financial liabilities			
Amortised cost			
Bank overdrafts (note 20)	1,838	336	-
Short-term loans (note 20)	116,114	78,726	67,561
Creditors and accruals (note 18)	13,472	8,874	9,018
Fixed deposits (note 21)	36,732	36,162	32,091
Long term loans (note 20)	216,933	206,594	220,219
Total financial liabilities	385,089	330,692	328,889

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 30 September 2023	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	7,592	-	-	-	7,592
Statutory deposit	-	-	-	250	250
Investment in finance leases, working capital and factoring receivables	12,900	136,311	518,667	-	667,878
Advances and prepayments	-	5,149	-	-	5,149
Assets held for sale	-	1,500	-	-	1,500
Goodwill	-	-	-	5,950	5,950
Intangible assets	-	-	-	482	482
Property and equipment	-	-	-	6,427	6,427
Total assets	20,492	142,960	518,667	13,109	695,228
Equity and liabilities					
Total equity	-	-	-	102,937	102,937
Liabilities:					
Bank borrowings and fixed deposits	99,845	179,332	108,799	-	387,976
Creditors and accruals	-	13,472	-	-	13,472
End of service benefits	-	-	-	595	595
Tax liabilities	-	2,360	-	697	3,057
Total equity and liabilities	99,845	195,164	108,799	104,229	508,037
Liquidity gap	(79,353)	(52,204)	409,868	(91,120)	
Cumulative liquidity gap	(79,353)	(131,557)	278,311	187,191	

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023 (continued)**

32 Maturity analysis of assets and liabilities (continued)

At 30 September 2022	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	8,662	-	-	-	8,662
Statutory deposit	-	-	-	250	250
Investment in finance leases, working capital and factoring receivables	15,872	125,807	463,054	-	604,733
Advances and prepayments	-	3,726	281	-	4,007
Assets held for sale	-	1,500	-	-	1,500
Goodwill	-	-	-	5,950	5,950
Intangible assets	-	-	-	766	766
Property and equipment	-	-	-	6,634	6,634
Total assets	24,534	131,033	463,335	13,600	632,502
Equity and liabilities					
Total equity	-	-	-	113,250	113,250
Liabilities:					
Bank borrowings and fixed deposits	34,621	188,793	114,046	-	337,460
Creditors and accruals	-	9,814	-	-	9,814
End of service benefits	-	-	-	596	596
Tax liabilities	1,623	-	-	533	2,156
Total equity and liabilities	51,890	198,607	114,046	114,379	463,276
Liquidity gap	(11,710)	(67,574)	349,289	(100,779)	
Cumulative liquidity gap	(11,710)	(79,284)	270,005	169,226	

At 31 December 2022	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	5,876	-	-	-	5,876
Statutory deposit	-	-	-	250	250
Investment in finance leases, working capital and factoring receivables	12,005	129,126	467,214	-	608,345
Advances and prepayments	-	4,907	-	-	4,907
Assets held for sale	-	1,500	-	-	1,500
Goodwill	-	-	-	5,950	5,950
Intangible assets	-	-	-	637	637
Property and equipment	-	-	-	6,572	6,572
Total assets	17,881	135,533	467,214	13,409	634,037
Equity and liabilities					
Total equity	-	-	-	118,629	118,629
Liabilities:					
Bank borrowings and fixed deposits	58,183	161,207	116,550	-	335,940
Creditors and accruals	4,325	4,693	-	-	9,018
End of service benefits	-	-	-	565	565
Tax liabilities	-	2,364	-	697	3,061
Total equity and liabilities	62,508	168,264	116,550	119,891	467,213
Liquidity gap	(44,627)	(32,731)	350,664	(106,482)	
Cumulative liquidity gap	(44,627)	(77,358)	273,306	166,824	

The Company had unutilised credit facilities amounting to RO 41.96 million available as on 30 September 2023 (30 September 2022 – RO 54.52 million, 31 December 2022 – RO 78.69 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.