

# **NATIONAL FINANCE COMPANY SAOG**

## **UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024**

### **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 SIX MONTHS PERIOD ENDED 30 JUNE 2024**

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## NATIONAL FINANCE COMPANY SAOG

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

	Note	Quarter ended 30 June 2024 RO '000	Six months ended 30 June 2024 RO '000	Quarter ended 30 June 2023 RO '000	Six months ended 30 June 2023 RO '000
<b>Income</b>					
Income from financing activities	12 (a)	14,333	28,289	12,264	23,088
Finance cost		(6,992)	(13,912)	(5,491)	(10,538)
<b>Net finance income</b>		<b>7,341</b>	<b>14,377</b>	<b>6,773</b>	<b>12,550</b>
Other operating income	6	712	1,311	592	1,274
		<b>8,053</b>	<b>15,688</b>	<b>7,365</b>	<b>13,824</b>
<b>Expenses</b>					
Operating expenses	7	(3,495)	(6,939)	(3,298)	(6,005)
Depreciation	13	(196)	(370)	(135)	(270)
Amortisation	14	(91)	(180)	(94)	(182)
Net impairment loss on finance leases, working capital finance and factoring receivables	12 (b)	(186)	(1,171)	(49)	(977)
Bad debts written off		(48)	(139)	(19)	(28)
<b>Total expenses</b>		<b>(4,016)</b>	<b>(8,799)</b>	<b>(3,595)</b>	<b>(7,462)</b>
<b>Profit before tax</b>		<b>4,037</b>	<b>6,889</b>	<b>3,770</b>	<b>6,362</b>
Income tax expense	8 (c)	(605)	(1,033)	(565)	(954)
<b>Profit after tax</b>		<b>3,432</b>	<b>5,856</b>	<b>3,205</b>	<b>5,408</b>
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified to profit or loss</i>					
Movement on revaluation of Land & Building – net of tax		5	10	2	4
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Change in fair value of cash flow hedge		(133)	(297)	(195)	(199)
<b>Other comprehensive loss</b>		<b>(128)</b>	<b>(287)</b>	<b>(193)</b>	<b>(195)</b>
<b>Total comprehensive income</b>		<b>3,304</b>	<b>5,569</b>	<b>3,012</b>	<b>5,213</b>
<b>Basic and diluted earnings per share (RO)</b>	9	<b>0.006</b>	<b>0.010</b>	<b>0.006</b>	<b>0.009</b>

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 June 2024 RO '000	30 June 2023 RO '000	31 December 2023 RO '000
	<b>Note</b>			
<b>ASSETS</b>				
Cash and cash equivalents	10	7,370	9,499	5,559
Net investment in finance leases	12	428,939	364,479	397,162
Working capital	12	105,853	76,490	89,544
Factoring receivables	12	148	252	149
Advances, prepayments and other receivables	31	5,109	4,887	4,843
Asset held for sale	27	1,500	1,500	1,500
Goodwill		5,950	5,950	5,950
Intangible assets	14	297	623	424
Property, equipment and right-of-use assets	13	7,308	6,455	7,105
Statutory deposit	11	250	250	250
<b>Total assets</b>		<b>562,724</b>	<b>470,385</b>	<b>512,486</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
Creditors and accruals	18	13,852	11,372	9,889
Tax liabilities	8 (b)	1,583	1,902	2,799
Bank borrowings	20	368,431	320,340	351,736
Fixed deposits	21	36,373	34,878	40,343
Deferred tax liabilities	8 (b)	861	697	863
Provision for employees' end of service benefits	19	693	610	617
<b>Total liabilities</b>		<b>421,793</b>	<b>369,799</b>	<b>406,247</b>
<b>EQUITY</b>				
<b>Capital and reserves</b>				
Share capital	15	57,370	57,370	57,370
Share premium		5,786	5,786	5,786
Revaluation reserve		1,410	1,019	1,420
Foreign currency reserve	28	-	-	-
Voluntary reserve	29	-	3,000	-
Cash flow hedge reserve		329	1,074	626
Impairment reserve	30	7,717	-	7,717
Legal reserve	16	11,487	10,376	11,487
Retained earnings		21,832	21,961	21,833
<b>Total shareholders' equity attributable to the equity holders of the company</b>		<b>105,931</b>	<b>100,586</b>	<b>106,239</b>
Perpetual bonds	17	35,000	-	-
<b>Total equity</b>		<b>140,931</b>	<b>100,586</b>	<b>106,239</b>
<b>Total liabilities and equity</b>		<b>562,724</b>	<b>470,385</b>	<b>512,486</b>
<b>Net assets per share (RO)</b>	9	<b>0.185</b>	<b>0.175</b>	<b>0.185</b>

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 July 2024 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 SIX 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	Impairment reserve RO'000	Legal reserve RO'000	Retained earnings RO'000	Total RO'000	Perpetual bonds RO'000	Total RO'000
<b>1 January 2024</b>	<b>57,370</b>	<b>5,786</b>	<b>1,420</b>	-	-	<b>626</b>	<b>7,717</b>	<b>11,487</b>	<b>21,833</b>	<b>106,239</b>	-	<b>106,239</b>
<i>Comprehensive income:</i>												
Profit for the period	-	-	-	-	-	-	-	-	<b>5,856</b>	<b>5,856</b>	-	<b>5,856</b>
<i>Other comprehensive income</i>												
Change in fair value	-	-	-	-	-	<b>(297)</b>	-	-	-	<b>(297)</b>	-	<b>(297)</b>
<i>Total comprehensive income</i>	-	-	-	-	-	<b>(297)</b>	-	-	<b>5,856</b>	<b>5,559</b>	-	<b>5,559</b>
Issue of perpetual bond (note	-	-	-	-	-	-	-	-	-	-	<b>35,000</b>	<b>35,000</b>
Perpetual Bond issue cost	-	-	-	-	-	-	-	-	<b>(359)</b>	<b>(359)</b>	-	<b>(359)</b>
<i>Other transactions within equity:</i>												
Incremental depreciation – net of tax	-	-	<b>(10)</b>	-	-	-	-	-	<b>10</b>	-	-	-
<i>Total other transactions within equity</i>	-	-	<b>(10)</b>	-	-	-	-	-	<b>(349)</b>	<b>(359)</b>	<b>35,000</b>	<b>34,641</b>
<i>Transactions with owners:</i>												
Cash dividend (note 22)	-	-	-	-	-	-	-	-	<b>(5,508)</b>	<b>(5,508)</b>	-	<b>(5,508)</b>
<i>Total transactions with owners</i>	-	-	-	-	-	-	-	-	<b>(5,508)</b>	<b>(5,508)</b>	-	<b>(5,508)</b>
<b>30 June 2024</b>	<b>57,370</b>	<b>5,786</b>	<b>1,410</b>	-	-	<b>329</b>	<b>7,717</b>	<b>11,487</b>	<b>21,832</b>	<b>105,931</b>	<b>35,000</b>	<b>140,931</b>

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 CHANGES IN EQUITY FOR THE SIX 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 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	-	-	-	-	-	-	-	5,408	5,408	-	5,408
<i>Other comprehensive income</i>											
Incremental depreciation – net of tax	-	-	(4)	-	-	-	-	4	-	-	-
Change in fair value	-	-	-	-	-	(199)	-	-	(199)	-	(199)
<i>Total comprehensive income</i>	-	-	(4)	-	-	(199)	-	5,412	5,209	-	5,209
<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	-	-	-
<i>Total other transactions within equity</i>	-	-	-	(5,319)	-	-	-	4,597	(722)	(18,200)	(18,922)
<i>Transactions with owners:</i>											
Cash dividend (note 22)	-	-	-	-	-	-	-	(4,330)	(4,330)	-	(4,330)
Bonus shares under allotment (note 22)	3,247	-	-	-	-	-	-	(3,247)	-	-	-
<i>Total transactions with owners</i>	3,247	-	-	-	-	-	-	(7,577)	(4,330)	-	(4,330)
30 June 2023	57,370	5,786	1,019	-	3,000	1,074	10,376	21,961	100,586	-	100,586

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## NATIONAL FINANCE COMPANY SAOG

### UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE THREE 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	Impairment 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 year	-	-	-	-	-	-	-	-	11,106	11,106	-	11,106
<i>Other comprehensive income</i>												
Gain on revaluation of Land & Building – net of tax (note 13)	-	-	403	-	-	-	-	-	-	403	-	403
Change in fair value	-	-	-	-	-	(647)	-	-	-	(647)	-	(647)
<i>Total comprehensive income</i>	-	-	403	-	-	(647)	-	-	11,106	10,862	-	10,862
<i>Other transactions within equity:</i>												
Incremental depreciation – net of tax	-	-	(6)	-	-	-	-	6	-	-	-	-
Perpetual bond redemption (note 17)	-	-	-	-	-	-	-	-	-	-	(18,200)	(18,200)
Transfer to legal reserve (note 16)	-	-	-	-	-	-	-	1,111	(1,111)	-	-	-
Transfer from foreign currency reserve (note 28)	-	-	-	(5,319)	-	-	-	-	5,319	-	-	-
Transfer from voluntary reserve (note 29)	-	-	-	-	(3,000)	-	-	-	3,000	-	-	-
Transfer to impairment reserve (note 30)	-	-	-	-	-	-	7,717	-	(7,717)	-	-	-
Perpetual bond interest (note 17)	-	-	-	-	-	-	-	-	(722)	(722)	-	(722)
<i>Total other transactions within equity</i>	-	-	(6)	(5,319)	(3,000)	-	7,717	1,111	(1,225)	(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)	-	-	-
<i>Total transactions with owners</i>	3,247	-	-	-	-	-	-	-	(7,577)	(4,330)	-	(4,330)
31 December 2023	57,370	5,786	1,420	-	-	626	7,717	11,487	21,833	106,239	-	106,239

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 SIX MONTHS PERIOD ENDED

	Note	30 June 2024 RO '000	30 June 2023 RO '000
<b>Cash flows from operating activities</b>			
Profit before tax		6,889	6,362
<b>Adjustments for:</b>			
Depreciation	13	370	270
Amortisation	14	180	182
Employees' end of service benefits charge	19	76	60
Gain on sale of property and equipment		(8)	-
Impairment on lease receivables	12 (b)	1,171	977
Bad debts written off/ (written back)		139	28
Net finance income		(14,377)	(12,550)
<b>Cash flows from operating activities before working capital changes and payment of end of service benefits, interest and tax</b>		<b>(5,560)</b>	<b>(4,671)</b>
<b>Changes in working capital:</b>			
Investment in finance leases, working capital and factoring receivables		(50,220)	(17,704)
Bank borrowings	23	16,848	33,347
Fixed deposits	23	(3,630)	2,991
Advances, prepayments and other receivables		373	120
Creditors and accruals		4,190	3,084
		<b>(32,439)</b>	<b>21,838</b>
Interest received		27,512	22,988
Interest paid		(14,403)	(11,529)
Income tax paid		(2,251)	(1,415)
Employees' end of service benefits paid	19	-	(15)
<b>Net cash generated from operating activities</b>		<b>(27,141)</b>	<b>27,196</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	13	(495)	(153)
Purchase of intangible assets	14	(53)	(168)
Proceeds from sale of property and equipment		8	-
<b>Net cash used in investing activities</b>		<b>(540)</b>	<b>(321)</b>
<b>Cash flows from financing activities</b>			
Perpetual bond received		35,000	-
Perpetual bond redeemed		-	(18,200)
Dividend paid		(5,508)	(4,330)
Perpetual bond interest paid		-	(722)
<b>Net cash used in financing activities</b>		<b>29,492</b>	<b>(23,252)</b>
<b>Net change in cash and cash equivalents during the period</b>		<b>1,811</b>	<b>3,623</b>
Cash and cash equivalents at the beginning of the period		5,559	5,876
<b>Cash and cash equivalents at the end of the period</b>	10	<b>7,370</b>	<b>9,499</b>

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 SIX MONTHS PERIOD ENDED 30 JUNE 2024****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 30 June 2024 (30 June 2023: 21 branches, 31 December 2023: 21 branches).

**2 Summary of material accounting policies**

This unaudited condensed interim financial information as at and for the six months period ended 30 June 2024 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 2023.

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

The 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 30 June 2024, 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 2024.

**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 2023. There have been no changes in the risk management policies since that date.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024 (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 2023.

**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**

	<b>Quarter ended 30 June 2024 RO '000</b>	<b>Six months ended 30 June 2024 RO '000</b>	<b>Quarter ended 30 June 2023 RO '000</b>	<b>Six months ended 30 June 2023 RO '000</b>
Income from pre-closed leases	112	220	118	275
Penal charges	102	208	132	255
Cheque related charges	181	360	152	298
Miscellaneous income	317	523	190	446
	<u>712</u>	<u>1,311</u>	<u>592</u>	<u>1,274</u>

**7 Operating expenses**

	<b>Quarter ended 30 June 2024 RO '000</b>	<b>Six months ended 30 June 2024 RO '000</b>	<b>Quarter ended 30 June 2023 RO '000</b>	<b>Six months ended 30 June 2023 RO '000</b>
Employee related expenses	2,566	5,064	2,355	4,262
Office expenses	358	716	325	630
Communication costs	230	492	273	494
Professional fees and subscriptions	110	222	125	234
Directors' remuneration and sitting fees (note 26)	75	150	100	150
Advertising and sales promotion	108	198	79	155
Occupancy costs	48	97	41	80
	<u>3,495</u>	<u>6,939</u>	<u>3,298</u>	<u>6,005</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% (2023 – 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 2023 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 June 2024.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024 (continued)**

**8 Taxation (continued)**

(b) *Tax liabilities - net*

	<b>30 June 2024</b>	30 June 2023	31 December 2023
	<b>RO '000</b>	RO '000	RO '000
Deferred tax liability	<b>861</b>	697	863
Provision for income tax	<b>1,583</b>	1,902	2,799
<b>Net tax liabilities</b>	<b>2,444</b>	2,599	3,662

(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:

	<b>Quarter ended 30 June 2024 RO '000</b>	<b>Six months ended 30 June 2024 RO '000</b>	Quarter ended 30 June 2023 RO '000	Six months ended 30 June 2023 RO '000
Accounting profit before income tax	<b>4,037</b>	<b>6,889</b>	3,770	6,362
Income tax expense computed at applicable tax rates	<b>605</b>	<b>1,033</b>	565	954
Tax charge for the period	<b>605</b>	<b>1,033</b>	565	954

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

The calculation of earnings per share is as follows:

	<b>Quarter ended 30 June 2024 RO '000</b>	<b>Six months ended 30 June 2024 RO '000</b>	Quarter ended 30 June 2023 RO '000	Six months ended 30 June 2023 RO '000
Profit for the period attributable to equity shareholders (RO '000)	<b>3,432</b>	<b>5,856</b>	3,205	5,408
Interest on perpetual bonds (RO '000)	-	-	-	(295)
Net profit attributable to ordinary shareholders (RO '000)	<b>3,432</b>	<b>5,856</b>	3,205	5,113
Weighted average number of shares during the period ('000)	<b>573,704</b>	<b>573,704</b>	573,704	573,704
Basic and diluted earnings per share (RO)	<b>0.006</b>	<b>0.010</b>	0.006	0.009

The calculation of net assets per share is as follows:

	<b>30 June 2024</b>	30 June 2023	31 December 2023
	<b>RO '000</b>	RO '000	RO '000
Net assets attributable to ordinary shareholders (RO '000)	<b>105,931</b>	100,586	106,239
Number of shares at the period/ year end ('000)	<b>573,704</b>	573,704	573,704
Net assets per share (RO)	<b>0.185</b>	0.175	0.185

Earnings per share as at 30 June 2024 have been calculated using weighted average shares outstanding for the period. The weighted average shares outstanding for the period ended 30 June 2024 are 573,704,281 shares (30 June 2023: 573,704,281 shares). Net assets per share have been calculated using outstanding shares as at 30 June 2024, 30 June 2023 and 31 December 2023.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024 (continued)**

**10 Cash and cash equivalents**

	<b>30 June 2024</b>	30 June 2023	31 December 2023
	<b>RO '000</b>	RO '000	RO '000
Current accounts with banks	7,256	9,470	5,488
Cash in hand	114	29	71
	<u>7,370</u>	<u>9,499</u>	<u>5,559</u>

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 period, the deposit earned effective interest at the rate of 1.5% (2023-1.5%) per annum.

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

	<b>30 June 2024</b>	30 June 2023	31 December 2023
	<b>RO '000</b>	RO '000	RO '000
Gross investment in finance leases	600,170	506,175	552,996
Unearned finance lease income	<u>(126,542)</u>	<u>(100,854)</u>	<u>(112,405)</u>
	473,628	405,321	440,591
Working capital finance*	118,164	88,867	100,984
Factoring receivables	<u>696</u>	<u>696</u>	<u>693</u>
	592,488	494,884	542,268
Allowance for expected credit losses	<u>(57,548)</u>	<u>(53,663)</u>	<u>(55,413)</u>
<b>Net investment in finance leases, working capital finance and factoring receivables</b>	<b><u>534,940</u></b>	<b><u>441,221</u></b>	<b><u>486,855</u></b>

\*This does not include unearned interest income of RO 50.48 million from Working Capital finance (30 June 2023 RO 41.07 million, 31 December 2023 RO 45.30 million)

	<b>30 June 2024</b>	30 June 2023	31 December 2023
	<b>RO '000</b>	RO '000	RO '000
Net investment in finance leases	428,939	364,479	397,162
Working capital	105,853	76,490	89,544
Factoring receivables	<u>148</u>	<u>252</u>	<u>149</u>
	<b><u>534,940</u></b>	<b><u>441,221</u></b>	<b><u>486,855</u></b>

*(a) Unearned finance lease income:*

	<b>30 June 2024</b>	30 June 2023	31 December 2023
	<b>RO '000</b>	RO '000	RO '000
Opening balance	112,405	95,681	95,681
Additions during the period	37,020	23,758	56,305
Recognised during the period	<u>(22,883)</u>	<u>(18,585)</u>	<u>(39,581)</u>
Closing balance	<b><u>126,542</u></b>	<b><u>100,854</u></b>	<b><u>112,405</u></b>

\*This does not include unearned interest income of RO 50.48 million from Working Capital finance (30 June 2023 RO 41.07 million, 31 December 2023 RO 45.30 million)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024 (continued)**

*Income from financing activities*

	<b>Quarter ended 30 June 2024 RO '000</b>	<b>Six months ended 30 June 2024 RO '000</b>	<b>Quarter ended 30 June 2023 RO '000</b>	<b>Six months ended 30 June 2023 RO '000</b>
Finance lease income	11,647	22,883	9,538	18,585
Working capital and factoring receivables	2,686	5,406	2,726	4,503
	<u>14,333</u>	<u>28,289</u>	<u>12,264</u>	<u>23,088</u>

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

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

	<b>30 June 2024 RO '000</b>	<b>30 June 2023 RO '000</b>	<b>31 December 2023 RO '000</b>
Opening balance	55,413	51,728	51,728
<u>Provision</u>			
Provided during the period	6,365	7,199	10,990
Released during the period	(5,194)	(6,222)	(8,963)
	1,171	977	2,027
Write off during the period	-	-	-
	1,171	977	2,027
<u>Unrecognised contractual income</u>			
Provided during the period	1,731	1,724	2,841
Released during the period	(767)	(766)	(1,183)
Write off during the period	-	-	-
	964	958	1,658
Closing balance	<u>57,548</u>	<u>53,663</u>	<u>55,413</u>

(c) The current and non-current amounts are disclosed in note 33 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:

	<b>Up to 1 year RO'000</b>	<b>1-2 Years RO'000</b>	<b>2-3 Years RO'000</b>	<b>3-4 Years RO'000</b>	<b>4-5 Years RO'000</b>	<b>&gt;5 Year RO'000</b>	<b>Total RO'000</b>
<b>30 June 2024</b>							
Gross	172,142	152,202	125,357	100,478	71,620	147,706	769,505
Present value	<u>113,923</u>	<u>107,380</u>	<u>92,820</u>	<u>78,289</u>	<u>58,108</u>	<u>141,968</u>	<u>592,488</u>
<b>30 June 2023</b>							
Gross	142,805	126,115	105,540	78,761	55,735	127,850	636,806
Present value	<u>96,714</u>	<u>90,649</u>	<u>79,919</u>	<u>61,468</u>	<u>44,732</u>	<u>121,402</u>	<u>494,884</u>
<b>31 December 2023</b>							
Gross	157,049	139,666	115,803	89,319	64,839	133,294	699,970
Present value	<u>105,009</u>	<u>99,447</u>	<u>86,919</u>	<u>69,731</u>	<u>52,776</u>	<u>128,386</u>	<u>542,268</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024 (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 30 June 2024

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	423,401	14	2,548	(2,534)	420,853	23,562	-
	Stage 2	87,015	35	9,410	(9,375)	77,605	4,565	-
	Stage 3	-	-	-	-	-	-	-
<b>Subtotal</b>		<b>510,416</b>	<b>49</b>	<b>11,958</b>	<b>(11,909)</b>	<b>498,458</b>	<b>28,127</b>	<b>-</b>
Special mention	Stage 1	103	5	2	3	101	5	-
	Stage 2	472	24	12	12	460	32	1
	Stage 3	4,008	192	723	(531)	3,285	72	167
<b>Subtotal</b>		<b>4,583</b>	<b>221</b>	<b>737</b>	<b>(516)</b>	<b>3,846</b>	<b>109</b>	<b>168</b>
Substandard	Stage 1	154	38	1	37	153	9	-
	Stage 2	59	15	1	14	58	7	-
	Stage 3	2,790	656	626	30	2,164	16	166
<b>Subtotal</b>		<b>3,003</b>	<b>709</b>	<b>628</b>	<b>81</b>	<b>2,375</b>	<b>32</b>	<b>166</b>
Doubtful	Stage 1	-	-	-	-	-	-	-
	Stage 2	29	12	1	11	28	4	-
	Stage 3	1,720	649	387	262	1,333	16	138
<b>Subtotal</b>		<b>1,749</b>	<b>661</b>	<b>388</b>	<b>273</b>	<b>1,361</b>	<b>20</b>	<b>138</b>
Loss	Stage 1	4	4	1	3	3	-	-
	Stage 2	11	11	-	11	11	1	-
	Stage 3	72,722	53,381	43,836	9,545	28,886	-	12,741
<b>Subtotal</b>		<b>72,737</b>	<b>53,396</b>	<b>43,837</b>	<b>9,559</b>	<b>28,900</b>	<b>1</b>	<b>12,741</b>
<b>Total</b>	Stage 1	423,662	61	2,552	(2,491)	421,110	23,576	-
	Stage 2	87,586	97	9,424	(9,327)	78,162	4,609	1
	Stage 3	81,240	54,878	45,572	9,306	35,668	104	13,212
	<b>Total</b>	<b>592,488</b>	<b>55,036</b>	<b>57,548</b>	<b>(2,512)</b>	<b>534,940</b>	<b>28,289</b>	<b>13,213</b>
Total - 30 June 2023	Stage 1	336,312	31	2,623	(2,592)	333,689	18,045	-
	Stage 2	80,182	299	11,139	(10,840)	69,043	4,702	1
	Stage 3	78,390	49,983	39,901	10,082	38,489	341	11,548
	<b>Total</b>	<b>494,884</b>	<b>50,313</b>	<b>53,663</b>	<b>(3,350)</b>	<b>441,221</b>	<b>23,088</b>	<b>11,549</b>
Total - 31 December 2023	Stage 1	377,162	38	2,194	(2,156)	374,968	38,550	-
	Stage 2	86,755	114	9,888	(9,774)	76,867	9,298	1
	Stage 3	78,351	52,090	43,331	8,759	35,020	1,059	12,248
	<b>Total</b>	<b>542,268</b>	<b>52,242</b>	<b>55,413</b>	<b>(3,171)</b>	<b>486,855</b>	<b>48,907</b>	<b>12,249</b>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024 (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 30 June 2024**

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	13,767	-	210	(210)	13,557	717	-
	Stage 2	60,566	35	8,780	(8,745)	51,786	3,082	-
	Stage 3	-	-	-	-	-	-	-
<b>Subtotal</b>		<b>74,333</b>	<b>35</b>	<b>8,990</b>	<b>(8,955)</b>	<b>65,343</b>	<b>3,799</b>	<b>-</b>
Classified as non-performing	Stage 1	211	33	3	30	208	11	-
	Stage 2	5	-	-	-	5	1	-
	Stage 3	10,995	7,655	5,262	2,393	5,733	-	1,812
<b>Subtotal</b>		<b>11,211</b>	<b>7,688</b>	<b>5,265</b>	<b>2,423</b>	<b>5,946</b>	<b>12</b>	<b>1,812</b>
<b>Total</b>	Stage 1	13,978	33	213	(180)	13,765	728	-
	Stage 2	60,571	35	8,780	(8,745)	51,791	3,083	-
	Stage 3	10,995	7,655	5,262	2,393	5,733	-	1,812
	<b>Total</b>	<b>85,544</b>	<b>7,723</b>	<b>14,255</b>	<b>(6,532)</b>	<b>71,289</b>	<b>3,811</b>	<b>1,812</b>
Total - 30 June 2023	Stage 1	17,999	4	1,057	(1,053)	16,942	894	-
	Stage 2	62,457	209	10,735	(10,526)	51,722	3,663	-
	Stage 3	6,289	3,658	2,775	883	3,514	-	985
	<b>Total</b>	<b>86,745</b>	<b>3,871</b>	<b>14,567</b>	<b>(10,696)</b>	<b>72,178</b>	<b>4,557</b>	<b>985</b>
Total - 31 December 2023	Stage 1	18,081	30	417	(387)	17,664	2,120	-
	Stage 2	59,272	35	9,239	(9,204)	50,033	6,306	-
	Stage 3	7,490	5,022	3,608	1,414	3,882	-	1,187
	<b>Total</b>	<b>84,843</b>	<b>5,087</b>	<b>13,264</b>	<b>(8,177)</b>	<b>71,579</b>	<b>8,426</b>	<b>1,187</b>

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	1,171	977	1,171	977	-	-
Provisions required as per CBO norms / held as per IFRS 9	68,249	61,862	57,548	53,663	10,701	8,199
Gross NPL ratio	13.9	16.1	13.7	15.8	0.2	0.3
Net NPL ratio	4.6	5.9	6.7	8.7	(2.1)	(2.8)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024 (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
<b>At 30 June 2024</b>						
<b>Cost or valuation</b>						
At 1 January 2024	1,122	4,066	5,723	174	231	11,316
Additions	-	-	495	-	78	573
Disposals	-	-	(14)	(8)	-	(22)
<b>At 30 June 2024</b>	<b>1,122</b>	<b>4,066</b>	<b>6,204</b>	<b>166</b>	<b>309</b>	<b>11,867</b>
<b>Accumulated depreciation</b>						
At 1 January 2024	-	-	3,939	174	98	4,211
Charge for the period	-	81	263	-	26	370
Disposals	-	-	(14)	(8)	-	(22)
<b>At 30 June 2024</b>	<b>-</b>	<b>81</b>	<b>4,188</b>	<b>166</b>	<b>124</b>	<b>4,559</b>
<b>Net book amount</b>						
<b>At 30 June 2024</b>	<b>1,122</b>	<b>3,985</b>	<b>2,016</b>	<b>-</b>	<b>185</b>	<b>7,308</b>
<b>At 30 June 2023</b>						
<b>Cost or valuation</b>						
At 1 January 2023	1,050	4,201	5,173	174	334	10,932
Additions	-	-	153	-	-	153
Disposals	-	-	-	-	-	-
<b>At 30 June 2023</b>	<b>1,050</b>	<b>4,201</b>	<b>5,326</b>	<b>174</b>	<b>334</b>	<b>11,085</b>
<b>Accumulated depreciation</b>						
At 1 January 2023	-	352	3,566	174	268	4,360
Charge for the period	-	85	173	-	12	270
Disposals	-	-	-	-	-	-
<b>At 30 June 2023</b>	<b>-</b>	<b>437</b>	<b>3,739</b>	<b>174</b>	<b>280</b>	<b>4,630</b>
<b>Net book amount - At 30 June 2023</b>	<b>1,050</b>	<b>3,764</b>	<b>1,587</b>	<b>-</b>	<b>54</b>	<b>6,455</b>



**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024 (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 2023						
Cost or valuation						
At 1 January 2023	1,050	4,201	5,173	174	334	10,932
Additions	-	-	550	-	106	656
Disposals	-	-	-	-	(205)	(205)
Revaluation adjustment	-	(521)	-	-	(4)	(525)
Revaluation surplus	72	386	-	-	-	458
At 31 December 2023	<u>1,122</u>	<u>4,066</u>	<u>5,723</u>	<u>174</u>	<u>231</u>	<u>11,316</u>
Accumulated depreciation						
At 1 January 2023	-	352	3,566	174	268	4,360
Charge for the year	-	169	373	-	35	577
Disposals	-	-	-	-	(205)	(205)
Revaluation adjustment	-	(521)	-	-	-	(521)
At 31 December 2023	<u>-</u>	<u>-</u>	<u>3,939</u>	<u>174</u>	<u>98</u>	<u>4,211</u>
Net book amount						
At 31 December 2023	<u>1,122</u>	<u>4,066</u>	<u>1,784</u>	<u>-</u>	<u>133</u>	<u>7,105</u>

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 (30 June 2023- RO 4.19 million, 31 December 2023- 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 UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024 (continued)**

**14 Intangible assets**

	30 June 2024			30 June 2023			31 December 2023
	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	601	1,792	2,393	467	1,792	2,259	2,259
Additions	53	-	53	168	-	168	134
	<u>654</u>	<u>1,792</u>	<u>2,446</u>	<u>635</u>	<u>1,792</u>	<u>2,427</u>	<u>2,393</u>
<b>Accumulated Amortisation</b>							
Opening balance	433	1,536	1,969	342	1,280	1,622	1,622
Charge for the period/year	52	128	180	54	128	182	347
	<u>485</u>	<u>1,664</u>	<u>2,149</u>	<u>396</u>	<u>1,408</u>	<u>1,804</u>	<u>1,969</u>
<b>Closing balance</b>	<u>169</u>	<u>128</u>	<u>297</u>	<u>239</u>	<u>384</u>	<u>623</u>	<u>424</u>

**15 Share capital**

The authorised share capital of the Company comprises 750,000,000 ordinary shares of Baizas 100 each (30 June 2023 and 31 December 2023 - 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 (30 June 2023 - 573,704,281 shares of Baizas 100 each and 31 December 2023 - 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**

Subsequent to the balance sheet date, on 03<sup>rd</sup> April 2024, the Company has successfully completed the issuance of perpetual bonds in the amount of RO 35 million, with an annual coupon rate of 7.75%.

The Company issued 8% perpetual bonds for RO 18.200 million through private placement in 2018 for payment of purchase consideration to Oman ORIX Leasing Company (OOLC) shareholders. First call date is 5 years from the issue date. The Company exercised its call option to redeem the perpetual bonds in March 2023.

**18 Creditors and accruals**

	30 June 2024	30 June 2023	31 December 2023
	RO '000	RO '000	RO '000
Creditors	9,655	7,429	5,224
Accruals and other liabilities	4,025	3,898	4,547
Lease liabilities	172	45	118
	<u>13,852</u>	<u>11,372</u>	<u>9,889</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024 (continued)**

**19 Provision for employees' end of service benefits**

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

	<b>30 June 2024</b>	30 June 2023	31 December 2023
	<b>RO '000</b>	RO '000	RO '000
Opening balance	617	565	565
Charge for the period	76	60	95
Payments during the period	-	(15)	(43)
Closing balance	<u>693</u>	<u>610</u>	<u>617</u>

**20 Bank borrowings**

	<b>30 June 2024</b>	30 June 2023	31 December 2023
	<b>RO '000</b>	RO '000	RO '000
Bank overdrafts	1,660	1,171	61
Short-term loans	152,254	98,092	134,858
Current portion of long-term loans	118,302	118,057	118,534
Non-current portion of long-term loans	96,215	103,020	98,283
	<u>368,431</u>	<u>320,340</u>	<u>351,736</u>

(a) During the period, interest was charged on the above borrowings at rates ranging between 5.75% and 6.95% per annum (30 June 2023- 4.95% and 6.75%, 31 December 2023- 4.60% and 7.20% per annum).

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

(c) *Foreign currency forward contracts*

As at 30 June 2024, the notional amount of foreign currency forward contract amounted to RO 76.08 million [USD 197.82 million] (30 June 2023 RO 59.67 million [USD 155.14 million], 31 December 2023 - RO 77.66 million [USD 201.91 million]) to repay US Dollar term loans.

**21 Fixed deposits**

At 30 June 2024, the Company has accepted fixed deposits from corporate entities based in Oman for a total amount of RO 36.37 million (30 June 2023 - 34.88 million, 31 December 2023 - RO 40.34 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 9.6 per share (9.6%) on the shares outstanding on the record date. The cash dividend is amounted to RO 5,507,561. These financial statements reflect these dividends, which is accounted for in shareholders' equity as an appropriation of retained earnings in 2024.

The cash dividend for 2022 amounted to RO 4,329,844 (cash dividend of Baizas 8.00 per share) and stock dividend is amounted to RO 3,247,382 (stock dividend of 6% on the shares outstanding on the record date).

**23 Change in cash flows from operating activities (Principal)**

Particulars	<b>30 June 2024</b>		30 June 2023	
	<b>Cash flow from bank borrowings RO '000</b>	<b>Cash flow from fixed deposits RO '000</b>	Cash flow from bank borrowings RO '000	Cash flow from fixed deposits RO '000
Opening balance	350,612	39,460	286,759	31,314
Additions during the period	215,604	10,723	234,991	12,236
Repayments during the period	(198,756)	(14,353)	(201,644)	(9,245)
Closing balance	<u>367,460</u>	<u>35,830</u>	<u>320,106</u>	<u>34,305</u>
<b>Change in cash flows</b>	<u>16,848</u>	<u>(3,630)</u>	<u>33,347</u>	<u>2,991</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024 (continued)**

**24 Commitments**

	<b>30 June 2024 RO '000</b>	30 June 2023 RO '000	31 December 2023 RO '000
Approved lease commitments (refer 'a')	11,129	8,481	10,964
Operating lease in respect of rentals of branches (short term leases) (refer 'b')	<u>62</u>	-	44
	<u><b>11,191</b></u>	<u>8,481</u>	<u>11,008</u>

- (a) Approved lease commitments are 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**

	<b>30 June 2024 RO '000</b>	30 June 2023 RO '000	31 December 2023 RO '000
Bank guarantees	<u>114</u>	<u>59</u>	<u>169</u>

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 30 June were as follows:

	<b>Six months ended 30 June 2024 RO '000</b>	Six months ended 30 June 2023 RO '000
<b>Transactions with entities under common control</b>		
Operating expenses	53	37
Purchase of property and equipment	13	9
Acceptance / rollover of corporate deposit	-	5,592
Income from financing activities	<u>148</u>	191
<b>Directors' fees and remuneration</b>		
Directors' sitting fees and proposed remuneration	<u>150</u>	150
<b>Remuneration to key members of management during the period</b>		
Salaries and other benefits	<u><b>655</b></u>	<u>583</u>

The following balances were payable to related parties:

	<b>30 June 2024 RO '000</b>	30 June 2023 RO '000	31 December 2023 RO '000
Investment in finance leases and working capital finance	4,274	4,313	4,263

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
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**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 2024. The Company has recently valued this property on 24 December 2023 at RO 1.54 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 June 2024, the Company has foreign currency borrowing of RO 76.08 million [USD 197.82 million] (30 June 2023 RO 59.67 million [USD 155.14 million], 31 December 2023 - RO 77.66 million [USD 201.91 million]) which is fully hedged against exchange rate risk. In accordance with FM 41, in 2023 the Company has transferred RO 5.32 million from the foreign currency reserve into retained earnings.

**29 Voluntary reserve**

In addition to the existing allowance for non-performing assets, the Company had maintained a voluntary reserve of RO 3 million as of 31 December 2022 for non-performing assets. This reserve is non distributable in nature and transfer out of this reserve requires approval of the Board of Directors.

In accordance with the Board of Directors' approval, in 2023 the Company transferred RO 3 million from the voluntary reserve into retained earnings.

**30 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.

However, as per CBO circulars BSD/CB & FLCs/2021/002 dated 18 March 2021 and BSD/CB & FLCs/2022/001 dated 12 January 2022, CBO has suspended two-track approach / parallel run for the computation of additional provisions as per CBO norms for the financial year 2021 and 2022.

During the year 2023, impairment reserve has been created as per CBO guidelines for RO 7.72 million. As of 30 June 2024, the Company holds an impairment reserve of RO 7.72 net of tax for the difference (30 June 2023: Nil, 31 December 2023 - RO 7.72 million).

**31 Advances, prepayments and other receivables**

	<b>30 June 2024 RO'000</b>	30 June 2023 RO'000	31 December 2023 RO'000
Other receivables	3,140	2,662	2,976
Fair value of derivatives	329	1,074	626
Prepayments	1,305	953	942
Advances	335	198	299
	<b>5,109</b>	<b>4,887</b>	<b>4,843</b>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024 (continued)**

**32 Financial instruments by category**

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

	<b>30 June 2024 RO'000</b>	30 June 2023 RO'000	31 December 2023 RO'000
<b>Financial assets</b>			
<b>Fair Value</b>			
Derivative financial instrument	329	1,074	626
<b>Amortised cost</b>			
Cash and cash equivalents (note 10)	7,370	9,499	5,559
Net investment in finance leases (note 12)	428,939	364,479	397,162
Working capital finance and factoring receivables (note 12)	106,001	76,742	89,693
Other receivables	337	198	303
Statutory deposit (note 11)	250	250	250
<b>Total financial assets</b>	<b>543,226</b>	<b>452,242</b>	<b>493,593</b>

	<b>30 June 2024 RO'000</b>	30 June 2023 RO'000	31 December 2023 RO'000
<b>Financial liabilities</b>			
<b>Amortised cost</b>			
Bank overdrafts (note 20)	1,660	1,171	61
Short-term loans (note 20)	152,254	98,092	134,858
Creditors and accruals (note 18)	13,852	11,372	9,889
Fixed deposits (note 21)	36,373	34,878	40,343
Long term loans (note 20)	214,517	221,077	216,817
<b>Total financial liabilities</b>	<b>418,656</b>	<b>366,590</b>	<b>401,968</b>

**33 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.

<b>At 30 June 2024</b>	<b>Up to 1 month RO '000</b>	<b>&gt; 1 month to 1 year RO '000</b>	<b>&gt; 1 year RO '000</b>	<b>Non-fixed maturity RO '000</b>	<b>Total RO '000</b>
<b>Assets</b>					
Cash and cash equivalents	7,370	-	-	-	7,370
Statutory deposit	-	-	-	250	250
Investment in finance leases, working capital and factoring receivables	14,790	157,352	597,363	-	769,505
Advances and prepayments	-	5,109	-	-	5,109
Assets held for sale	-	1,500	-	-	1,500
<b>Total assets</b>	<b>22,160</b>	<b>163,961</b>	<b>597,363</b>	<b>250</b>	<b>783,734</b>
<b>Equity and liabilities</b>					
<b>Total equity</b>	-	-	-	140,931	140,931
<b>Liabilities:</b>					
Bank borrowings and fixed deposits	94,547	218,323	110,516	-	423,386
Creditors and accruals	-	13,852	-	-	13,852
Tax and other liabilities	-	1,583	693	861	3,137
<b>Total equity and liabilities</b>	<b>94,547</b>	<b>233,758</b>	<b>111,209</b>	<b>141,792</b>	<b>581,306</b>
<b>Liquidity gap</b>	<b>(72,387)</b>	<b>(69,797)</b>	<b>486,154</b>	<b>(141,542)</b>	
<b>Cumulative liquidity gap</b>	<b>(72,387)</b>	<b>(142,184)</b>	<b>343,970</b>	<b>202,428</b>	

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024 (continued)**

**33 Maturity analysis of assets and liabilities (continued)**

At 30 June 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
<b>Assets</b>					
Cash and cash equivalents	9,499	-	-	-	9,499
Statutory deposit	-	-	-	250	250
Investment in finance leases, working capital and factoring receivables	12,542	130,263	494,001	-	636,806
Advances and prepayments	-	4,887	-	-	4,887
Assets held for sale	-	1,500	-	-	1,500
<b>Total assets</b>	<b>22,041</b>	<b>136,650</b>	<b>494,001</b>	<b>250</b>	<b>652,942</b>
<b>Equity and liabilities</b>					
Total equity	-	-	-	100,586	100,586
<b>Liabilities:</b>					
Bank borrowings and fixed deposits	78,864	181,748	111,211	-	371,823
Creditors and accruals	-	11,372	-	-	11,372
Tax and other liabilities	-	1,902	-	1,307	4,037
<b>Total equity and liabilities</b>	<b>78,864</b>	<b>195,022</b>	<b>111,211</b>	<b>101,893</b>	<b>486,990</b>
Liquidity gap	(56,823)	(58,372)	382,790	(101,643)	
Cumulative liquidity gap	(56,823)	(115,195)	267,595	165,952	

At 31 December 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
<b>Assets</b>					
Cash and cash equivalents	5,559	-	-	-	5,559
Statutory deposit	-	-	-	250	250
Investment in finance leases, working capital and factoring receivables	13,607	143,442	542,921	-	699,970
Advances and prepayments	-	4,843	-	-	4,843
Asset held for sale	-	1,500	-	-	1,500
<b>Total assets</b>	<b>19,166</b>	<b>149,785</b>	<b>542,921</b>	<b>250</b>	<b>712,122</b>
<b>Equity and liabilities</b>					
Total equity	-	-	-	106,239	106,239
<b>Liabilities:</b>					
Bank borrowings and fixed deposits	90,198	210,408	108,973	-	409,579
Creditors and accruals	5,224	4,665	-	-	9,889
Tax and other liabilities	-	2,799	617	863	4,279
<b>Total equity and liabilities</b>	<b>95,422</b>	<b>217,872</b>	<b>109,590</b>	<b>107,102</b>	<b>529,986</b>
Liquidity gap	(76,256)	(68,087)	433,331	(106,852)	
Cumulative liquidity gap	(76,256)	(144,343)	288,988	182,136	

The Company had unutilised credit facilities amounting to RO 60.36 million available as on 30 June 2024 (30 June 2023 – RO 33.09 million, 31 December 2023 – RO 52.04 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.