

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Al Omaniya Financial Services SAOG (“the Company”) is an Omani general joint stock Company, licensed by the Central Bank of Oman and registered under the Commercial Companies Law of the Sultanate of Oman. The Company is engaged in the hire purchase and lease finance for motor vehicles and other assets, debt factoring, bills discounting, bridge loans, working capital loans and project and construction loans (construction loans restricting to manufacturing including warehousing only). The Company’s registered office is at PO. Box 1087, Jibroo, Postal Code 114, Muscat, Sultanate of Oman.

The Company operates in the Sultanate of Oman and employed 148 employees as of 30 June 2025 (2024: 152). The Company’s shares and compulsory convertible bonds are listed on Muscat Stock Exchange.

2 ACCOUNTING POLICIES

2.1 Basis of preparations

The financial statements of the Company have been prepared in accordance with IFRSs accounting standards as issued by the IASB, applicable regulations of the Central Bank of Oman, Commercial Companies Law, and the Financial Services Authority of the Sultanate of Oman.

The Company presents its statement of financial position broadly in order of liquidity, as this presentation is more appropriate to the Company’s operations.

2.2 New standards, amendments and interpretations to existing IFRS Accounting Standards effective 01 January 2024

The following new standards, amendment to existing standards or interpretations to published standards are mandatory for the first-time and have been adopted in the preparation of the financial statements for the year ended 31 December 2024:

Standard or amendments	Title	Effective for annual periods beginning on or after
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants	1 January 2024
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 7 and IFRS 7	Disclosures: Supplier Finance Arrangements	1 January 2024
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules	1 January 2024

2 ACCOUNTING POLICIES (continued)

2.3 Standards, amendments and interpretations to existing IFRS Accounting Standards that are not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company’s financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective

Standard or amendments	Title	Effective for annual periods beginning on or after
Amendments to IAS 21	Lack of exchangeability	1 January 2025

INTERIM CONDENSED STATEMENT OF FINANCIAL STATEMENT WERE APPROVED BY THE BOARD OF DIRECTORS ON 27-07-2025

Amendments to IAS 9 and IFRS 9	Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to IFRS Accounting Standards—Volume 11	Various amendments	1 January 2026
Amendments to IFRS 9 and IFRS 7	Power Purchase Agreements	1 January 2026
New Standard IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2026
New Standard IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

2.4 Summary of Accounting Policies

2.4.1 Revenue recognition

Finance Lease Income

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets owned by the Company and subject to finance leases are included in the financial statements as 'Net investment in finance leases' at an amount equivalent to the present value of the future minimum lease payments plus initial direct costs, discounted using the interest rate implicit in the lease, and the difference between the aggregate lease contract receivable and the cost of the leased assets plus initial direct costs is recorded as unearned lease finance income. Initial direct costs include amounts that are incremental and directly attributable to negotiating and arranging a lease. They exclude general overheads such as those incurred by sales and marketing teams. Income from finance leases represents gross earnings on finance leases allocated to the period of the lease using the net investment method, which reflects a constant periodic rate of return. The gross return is adjusted by way of transaction costs incurred that are directly attributable to the origination of lease contract such as dealer commission etc. Lease processing fee charges are recognised within 'finance income' based on effective interest rate.

The lease finance income is recognised in the statement of comprehensive income using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts and payments through the expected life of the financial asset or liability to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset or liability and is not revised subsequently.

Interest income on working capital and other loans and interest expenses

Interest income and expense are recognised in the statement of comprehensive income using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

2 ACCOUNTING POLICIES (continued)

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest income includes income on factoring and working capital finance receivables and is recognised over the tenure of agreement..

For the financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision). If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis. Penal charges, insurance fee and other operating fees are recognised when realised.

2.4.2 Directors' remuneration

The Board of Directors' remuneration is accrued as an expense for the year within the limits specified by the Financial Services Authority and the requirements of the Commercial Companies Law of the Sultanate of Oman.

2.4.3 Taxation

Income tax expense comprises current and deferred tax. Taxation is provided in accordance with Omani fiscal regulations.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustments to tax payable in respect of previous years.

Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Deferred tax assets/liabilities are calculated using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the reporting date.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

2.4.4 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise cash on hand, current accounts and deposit held at call with financial institutions with original maturities of less than three months, which are subject to insignificant risk of changes in fair value, and are used by the Bank in the management of its short-term commitments.

2 ACCOUNTING POLICIES (continued)

Cash and cash equivalents are non-derivative financial assets stated at amortised cost in the statement of financial position.

2.4.5 Lease assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets owned by the Company and subject to finance leases are included in the statement of financial position as net investment in finance lease, working capital finance and factoring receivables at an amount equivalent to the present value of the future minimum lease payments plus initial direct costs, discounted using the interest rate implicit in the lease. The difference between the aggregate lease contract receivables and the cost of the leased assets plus initial direct costs is recorded as unearned lease finance income. The initial direct costs include amounts such as commissions and legal fees that are incremental and directly attributable to negotiating and arranging a lease. They exclude general overheads such as those incurred by sales and marketing team. Interest on factoring and working capital finance receivables is recognized over the tenure of agreement.

2.4.6 Property and equipment

Property and equipment are stated at historical cost, less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. Land is not depreciated. The cost of property and equipment is depreciated on the straight-line method over the estimated useful lives of the assets. The estimated useful lives are:

Vehicles	5 years
Furniture and office equipment	5 years
Buildings	25 years

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposals of property and equipment are determined by reference to their carrying amounts and are recognised in the statement of comprehensive income. Depreciation methods, useful lives and residual values are reviewed at each reporting date.

2.4.7 Compulsorily convertible bonds

Compulsorily convertible bonds are non-derivative financial instruments for which the entity is obliged to deliver a variable number of the entity's own share. These are recorded as financial liabilities until conversion to shares and are carried on the statement of financial position at their principal cost. Interest is charged as it accrues, with unpaid amounts included in other liabilities. On conversion, the financial liability is reclassified to equity and no gain or loss is recognised.

2.4.8 Non-convertible bonds

Non-convertible Bonds are recorded as financial liabilities and are carried in the statement of financial position at their principal cost and they are redeemable after 60 months from the listing date. Interest is charged as it accrues, with unpaid amount included in other liabilities.

2 ACCOUNTING POLICIES (continued)**2.4.9 Bank borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

2.4.10 Deposits

Deposits are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing deposits are subsequently measured at amortised cost using the effective interest method.

2.4.11 Other liabilities

Liabilities are recognised for amounts to be paid for goods and services received, whether or not billed to the Company.

2.4.12 Employees' end of service benefits

Contributions to a defined contribution retirement plan for Omani employees in accordance with the Oman Social Insurance Scheme, are recognized as an expense in the statement of comprehensive income as

incurred.

2 ACCOUNTING POLICIES (continued)

Provision for non-Omani employee terminal benefits, which is an unfunded defined benefit retirement plan, is made in accordance with Oman Labour Law and is based on the liability that would arise if the employment of all employees were terminated at the end of the reporting period.

2.4.13 Foreign currencies

Transactions in foreign currencies are translated into the respective functional currency of the Company at spot exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Rial Omani at the rate of exchange prevailing at the reporting date. Any gains or losses are recognized in the statement of comprehensive income.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate prevailing at the date on which the fair value is determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate prevailing at the date of the transaction.

2.4.14 Financial instruments

2.4.14.1 Recognition and initial measurement

A financial instrument is any contract that gives rise to both a financial asset for the Company and a financial liability or equity instrument for another party or vice versa.

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. At initial recognition, the Company measures a financial asset or a financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through comprehensive income, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction

2 ACCOUNTING POLICIES (continued)

2.4 Summary of Accounting Policies (continued)

costs of financial assets and financial liabilities carried at fair value through profit or loss (FVTPL) are expensed in the statement of comprehensive income. The amortized cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

2.4.14.2 Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in the statement of other comprehensive income. This election is made on an investment-by-investment basis.

In addition, on initial recognition the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets measured at amortised cost

The Company classifies and measures its financial assets that are debt instruments at amortized cost. Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as working capital finance, statutory deposit and other financial receivables.

2.4.14.2 Classification and subsequent measurement (continued)

Financial assets measured at amortised cost (continued)

Classification and subsequent measurement of debt instruments depend on:

- The Company's business model for managing the asset; and
- The cash flow characteristics of the asset.

Based on the following factors, the Company classifies its debt instruments at amortized cost.

2 ACCOUNTING POLICIES (continued)

2.4 Summary of Accounting Policies (continued)

Contractual cash flows

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVPL, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized. Interest earned from these financial assets is recognized in the comprehensive income or loss using the effective interest rate method.

Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Assessment whether contractual cash flows are solely payments of principal and interest (The 'SPPI' test)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

2 ACCOUNTING POLICIES (continued)

2.4 Summary of Accounting Policies (continued)

2.4.14 Financial instruments (continued)

2.4.14.2 Classification and subsequent measurement (continued)

Financial assets measured at amortised cost (continued)

Assessment whether contractual cash flows are solely payments of principal and interest (The 'SPPI' test) (continued)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

The Company holds a portfolio of long-term fixed rate loans for which the Company has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Company has determined that the contractual cash flows of these loans are solely payments of principal and interest because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Financial guarantees, letters of credit and undrawn loan commitments

The Company issues financial guarantees, letters of credit and loan commitments. Financial guarantee contracts are in the scope of the ECL requirements.

Financial guarantees are initially recognised in the financial statements (within Provisions) at fair value, being the premium received. Subsequent to initial recognition, the Company's liability under each guarantee is measured at higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and an ECL provision under IFRS 9.

The premium received is recognised in the statement of comprehensive income in Net fees and commission income on a straight line basis over the life of the guarantee.

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Company is required to provide a loan with pre-specified terms to the customer.

The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded on in the statement of financial position.

2 ACCOUNTING POLICIES (continued)

2.4 Summary of Accounting Policies (continued)

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'amortised cost'. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gain and losses, including any interest expense, are recognized in statement of comprehensive income. Other financial liabilities are subsequently measured at amortised cost using effective interest method. Interest expense and foreign exchange gain and losses are recognized in the statement of comprehensive income. Any gain or losses on derecognition is also recognized in the statement of comprehensive income.

2.4.14.2 Classification and subsequent measurement (continued)

Derivative financial instruments and hedge accounting

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk.

A hedging relationship qualifies for hedge accounting only if all of the following criteria are met:

- there is formal designation and documentation of the hedging relationship at the inception of hedge;
- there is an economic relationship between the hedged item and hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of hedge item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

As part of risk management strategies, the Company uses derivative financial instruments, such as interest rate swaps, to hedge interest rate sensitivities. These derivative financial instruments qualify for hedge accounting and are designated as cash flow hedges. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently

remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Company adjusts the cash flow hedge reserve in equity to the lower of the following:

- the cumulative gain or loss on the hedging instrument from inception of the hedge; and
- the cumulative change in fair value of the hedged item from inception of the hedge Debt issued and other borrowed funds

Effectiveness testing, rebalancing and discontinuation

The Company performs prospective assessment of effectiveness of its cash flow hedges at each reporting date. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and any remaining gain or loss is hedge ineffectiveness which is recognised in profit or loss.

When the Company discontinues hedge accounting for a cash flow hedge, the amount that has been accumulated in the cash flow hedge reserve remains in equity if the hedged future cash flows are still

2 ACCOUNTING POLICIES (continued)

2.4 Summary of Accounting Policies (continued)

expected to occur, until such cash flows occur. If the hedged future cash flows are no longer expected to occur, that amount is immediately reclassified to profit or loss.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Company adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Company discontinues hedge accounting prospectively only when the hedging relationship (or a part of a hedging relationship) ceases to meet the qualifying criteria (after any rebalancing). This includes instances when the hedging instrument expires or is sold, terminated or exercised.

Debt issued and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue of funds, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date.

2.4.15 Derecognition of financial assets and financial liabilities

Financial assets:

A financial asset (in whole or in part) is derecognised where:

- the right to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the

Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in statement of comprehensive income.

2.4.16 Impairment of financial assets

The Company recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

2 ACCOUNTING POLICIES (continued)

2.4 Summary of Accounting Policies (continued)

- financial assets that are debt instruments;
- lease receivables
- financial guarantee contracts issued; and
- loan commitments issued.

No ECL is recognised on equity investments. The Company measures loss allowances at an amount equal to lifetime ECL, except for other financial instruments on which credit risk has not increased significantly since their initial recognition which they are measured as 12-month ECL.

12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which 12-month ECL are recognised are referred to as 'Stage 1 financial instruments'. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired.

Lifetime ECL (LTECL) are the ECL that result from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial instruments for which lifetime ECL are recognised but that are not credit-impaired are referred to as 'Stage 2 financial instruments'. Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit-impaired.

Financial instruments for which lifetime ECL are recognised and that are credit-impaired are referred to as 'Stage 3 financial instruments'.

(i) Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Company expects to recover.

(ii) Overview of the ECL principles

The Company records the allowance for expected credit losses for all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments. Equity instruments are not subject to ECL under IFRS 9.

2 ACCOUNTING POLICIES (continued)

2.4 Summary of Accounting Policies (continued)

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12m ECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

(ii) Overview of the ECL principles

Both LTECLs and 12m ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company groups its loans into Stage 1, Stage 2, Stage 3 and purchased or originated credit impaired financial assets POCI, as described below:

Stage 1

When financing are first recognised, the Company recognises an allowance based on 12 month ECLs. Stage 1 financing exposure also include facilities where the credit risk has improved and the financing exposure has been reclassified from Stage 2.

After initial recognition if the credit risk has not increased significantly since initial recognition – recognise 12-month expected credit losses.

(ii) Overview of the ECL principles (continued)

Stage 2

When a financing exposure has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. Stage 2 financing exposure also include facilities, where the credit risk has improved and the financing exposure has been reclassified from Stage 3 with revenue being calculated based on the gross amount of the asset

Stage 3

When the financing exposure is considered credit-impaired, the Company records an allowance for the LTECLs with revenue being based on the net amount of the asset (that is, based on the impaired amount of the asset).

(iii) The calculation of ECLs

The Company calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

2 ACCOUNTING POLICIES (continued)**2.4 Summary of Accounting Policies (continued)**

- PD - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- EAD - The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

(iv) Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECLs are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and the Company cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Company presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and

(v) Purchased or originated credit impaired financial assets (POCI)

For POCI financial assets, the Company only recognises the cumulative changes in LTECL since initial recognition in the loss allowance.

2 ACCOUNTING POLICIES (continued)**2.4 Summary of Accounting Policies (continued)****2.4.16 Impairment of financial assets (continued)**

(vi) Forward looking information

In its ECL models, the Company relies on a broad range of forward looking information as economic inputs, such as:

- Gross domestic product
- Oil prices and production

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

(vii) Valuation of the collateral

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The Company's collateral, unless repossessed, is not recorded on the Company's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is the policy of the Company to include collateral in ECL only if the fair value are validated by external valuer except for Cash/Bank Balance.

To the extent possible, the Company uses active market data for valuing financial assets held as collateral. Non-financial collateral, such as real estate, is valued by certified third party valuers.

(viii) Write-offs

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

2.4.17 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset, or cash-generating unit, is estimated to be less than its carrying amount, the carrying amount of the asset, or cash-generating unit, is reduced to the recoverable amount. An impairment loss is recognised immediately in the statement of other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount and the income is recognised as income immediately, provided

2 ACCOUNTING POLICIES (continued)**2.4 Summary of Accounting Policies (continued)**

that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised earlier.

If the relevant asset is carried at a revalued amount, the reversal of the impairment loss is treated as a revaluation increase.

2.4.18 Renegotiated net investment in finance lease, working capital facilities and other advances

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected amortised fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

2.4.19 Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2.4.20 Dividend on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders, subject to the approval of the Central Bank of Oman. Interim dividends are deducted from equity when they are paid.

2.4.21 Fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on a number of accounting policies and methods. Where applicable, information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. Details are set out in note 28.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

2 ACCOUNTING POLICIES (continued)

2.4 Summary of Accounting Policies (continued)

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.4.22 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprises compulsory convertible bonds.

2.4.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Management Committee that makes strategic decisions.

2.4.24 Financial guarantees

Financial guarantees are contracts that require the issuer to make specified payments to reimburse the beneficiary for a loss incurred because the debtor fails to make payments when due, in accordance with the terms of the debt. Such guarantees are given to banks, financial institutions or other entities on behalf of the customers.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was issued. Subsequent to initial recognition, the Company's liabilities under such guarantees are measured at the higher of initial measurement, less amortisation calculated to recognise in the statement of comprehensive income the fee income earned on the straight-line basis over the life of the guarantee and the best estimate of the expenditure required to settle any financial obligation arising at the reporting date. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgment of management. Any increase in the liability relating to guarantees is taken to the statement of comprehensive income.

2 ACCOUNTING POLICIES (continued)

2.4 Summary of Accounting Policies (continued)

2.4.25 Offsetting

Financial assets and financial liabilities are only offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and the Company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.4.26 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the

contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right of use assets

The Company recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right of use assets are subject to impairment.

2.4.26 Leases (continued)

Company as a lessee (continued)

(b) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. as changes in future payments resulting from a change in index or rate used to determine such lease payments) or a change in the assessment to purchase the underlying asset.

2 ACCOUNTING POLICIES (continued)

2.4 Summary of Accounting Policies (continued)

(c) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

At inception or on modification of a contract that contains a lease component, the Company allocate the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices.

When the Company acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the finance lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to the ownership of an underlying asset. Lease payments from operating leases are recognised as income on a straight-line basis unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. Costs incurred in earning the lease income, including depreciation are recognised as an expense. Initial direct cost incurred in obtaining lease. are added to the carrying amount of the underlying asset and recognised as an expense over the lease term on the same basis as the lease income. Modification to an operating lease is accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued leased payments relating to the original lease as part of the lease payments for the new lease. The respective leased assets are included in the statement of financial position based on their nature.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In particular, estimates that involve uncertainties and judgements which have a significant effect on the financial statements are set out below:

Business models and SPPI assessment

Determining the appropriate business models and assessing the SPPI requirements for financial assets may require significant accounting judgement and have a significant impact on the financial statements.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Details of the Company's classification of financial assets and liabilities are given in material accounting policies in note 3 to the financial statements.

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 31 to the financial statements, which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for

measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing Company of similar financial assets for the purposes of measuring ECL.

Inputs, assumptions and techniques used for ECL calculation

The measurement of ECL across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining ECL and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes which can result in different levels of allowances. The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL model that are considered accounting judgements and estimates include:

- Probability of default: PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.
- Loss Given Default: LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.
- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on an LTECL basis and qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis.
- Establishing the number and relative weightings of forward-looking scenarios for each type of product / market and determining the forward-looking information relevant to each scenario: When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Taxes

The Company establishes provisions, based on reasonable estimates, for possible consequences of finalisation of tax assessments. The amount of such provisions is based on factors such as experience of previous tax assessments and interpretations of tax regulations by the Management and the responsible tax authority.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Going concern

The Company's management has made an assessment of its ability to continue as going concern and is satisfied that it has the resources to continue in business for foreseeable future. Furthermore, Management is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Significant judgement in determining the lease term of contracts with renewal and termination options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option under some of its leases to lease the assets for additional terms. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew or to terminate.

4 Other income

	<u>2025</u> <u>RO'000</u>	<u>2024</u> <u>RO'000</u>
Collections of Instalments from accounts fully netted off against provision	183	731
Documentation and related charges	49	36
Group Credit Life Insurance Income	45	43
Profit on sale of property and equipment	-	1
	-----	-----
	277	811
	=====	=====

5. Operating expenses

	<u>2025</u> <u>RO'000</u>	<u>2024</u> <u>RO'000</u>
Salaries and other benefits	1,905	2,102
Directors' sitting fees & remuneration (note 26)	195	195
Fuel and maintenance	43	40
Professional fees	20	22
Fees and other charges	31	28
Miscellaneous expenses	141	96
Telephone and postage	23	21
Advertising	20	20
Utilities and rental expense	21	20
Insurance	15	17
Printing and stationery	3	2
Travelling	2	1
	-----	-----
	2,419	2,564
	=====	=====

Salaries and other benefits comprise:

	<u>2025</u> <u>RO'000</u>	<u>2024</u> <u>RO'000</u>
Salaries	1,342	1,321
Other benefits	449	667
Contribution to social insurance	86	86
Employee end of service benefits	28	28
	-----	-----
	1,905	2,102
	=====	=====

INTERIM CONDENSED STATEMENT OF FINANCIAL STATEMENT WERE APPROVED BY THE
BOARD OF DIRECTORS ON 27-07-2025

6. Taxation

	<u>2025</u> <u>RO'000</u>	<u>2024</u> <u>RO'000</u>
Income statement:		
Current year	1,987	1,945
Tax on above	(298)	(292)

Applicable tax rate for the company is 15% (2024: 15%)

The tax assessments for the years up to 2020 have been completed. The tax returns of the Company for the tax years 2021 to 2024 have not yet been assessed by the Tax Authority. Management is of the opinion that any further additional taxes, if any, related to the open tax years would not be significant to the Company's financial position as at 30 June 2025.

7 Cash and bank balances

	<u>2025</u> <u>RO'000</u>	<u>2024</u> <u>RO'000</u>
Term deposits	85,000	85,000
Current accounts	339	1,161
Cash in hand	14	17
	-----	-----
	85,353	86,178
Less: allowance for expected credit loss	(373)	(373)
	-----	-----
	<u>84,980</u>	<u>85,805</u>

Term deposits are placed with commercial banks in Oman and carry annual interest rates in the range of 0.5% to 5.30% (2024: 0.5% to 5.30%) and the Company has the right to pre-close these deposits with no significant outflow provided an agreed number of working days' notice period is served.

8 Deposit with the central bank of Oman

The deposit represents a capital deposit with the Central Bank of Oman ("CBO") made in accordance with the Banking Law of 1974. The deposit is only repayable if the Company terminates its instalment finance business within the Sultanate of Oman and settles all outstanding obligations and claims arising from that business.

9 Net investment in finance lease, working capital finance and other advances

	<u>2025</u> <u>RO'000</u>	<u>2024</u> <u>RO'000</u>
Gross investment in finance leases		
Corporate debtors:		
Instalment finance lease	78,770	76,481
Working capital and other advances	36,297	39,741
	-----	-----
Total corporate debtors	115,067	116,222
Retail debtors	35,334	33,834
	-----	-----
	150,401	150,056
Less: unearned finance income	(16,376)	(14,880)
	-----	-----

INTERIM CONDENSED STATEMENT OF FINANCIAL STATEMENT WERE APPROVED BY THE
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	134,025	135,176
Less: Allowance for expected credit loss, including reserved finance interest	(15,343)	(14,256)
	118,682	120,920

9 (i) Net investment in finance lease, working capital finance and other advances (continued)

(ii) Gross finance receivable and present value of finance receivable includes instalment finance, working capital and other advances. Net investment in finance leases, working capital finance and other advances are stated net of accumulated provision for ECL and reserved finance interest. The movement in provision for ECL and reserved finance interest for the year is analysed as follows:

	<u>2025</u> <u>RO'000</u>	<u>2024</u> <u>RO'000</u>
<i>Provision for ECL:</i>		
At 1 January	13,075	12,848
Provided during the year	2,404	1,356
Released during the year	(2,305)	(1,027)
Amounts written off	-	(5)
At 30 June	13,174	13,172
<i>Reserved finance interest</i>		
At 1 January	1,671	503
Reserved during the year	508	604
Released during the year	(11)	(23)
Amounts written off	-	-
At 30 June	2,168	1,084
Allowance for ECL including reserved finance interest	15,342	14,256
ECL Allowance for Guarantees	1	-

9 Net investment in finance leases, working capital finance and other advances (continued)

iii) The below table shows comparison of provision held as per IFRS 9 and required as per CBO norms:-
30 June 2025

(Amounts in RO'000)

Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net Amount as per CBO norms*	Net Amount as per IFRS 9	Interest recognised in P&L as per IFRS 9 i	Reserved finance interest as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)-(10)	(8) = (3)-(5)	(9)	(10)
Standard	Stage 1	111,265	-	1,522	(1,522)	111,236	109,743	-	29
	Stage 2	18,065	-	9,146	(9,146)	16,480	8,919	-	1,585
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		129,330	-	10,668	(10,668)	127,716	118,662	-	1,614
Special Mention	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	412	20	313	(293)	378	99	-	14
Subtotal		412	20	313	(293)	378	99	-	14
Substandard	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	925	223	925	(702)	668	-	-	34
Subtotal		925	223	925	(702)	668	-	-	34
Doubtful	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	33	14	33	(19)	16	-	-	3
Subtotal		33	14	33	(19)	16	-	-	3
Loss	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	3,404	2,100	3,404	(1,304)	801	-	-	503
Subtotal		3,404	2,100	3,404	(1,304)	801	-	-	503
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	-	-	373	(373)	-	(373)	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		-	-	373	(373)	-	(373)	-	-
Total	Stage 1	111,265	-	1,895	(1,895)	111,236	109,370	-	29
	Stage 2	18,065	-	9,146	(9,146)	16,480	8,919	-	1,585
	Stage 3	4,774	2,357	4,675	(2,318)	1,863	99	-	554
	Total	134,104	2,357	15,716	(13,359)	129,579	118,388	-	2,168

INTERIM CONDENSED STATEMENT OF FINANCIAL STATEMENT WERE APPROVED BY THE
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9 Net investment in finance leases, working capital finance and other advances (continued)

The below table shows a comparison of provisions held as per IFRS 9 and required as per CBO norms - 30 June 2024

(Amounts in RO'000)

Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net Amount as per CBO norms*	Net Amount as per IFRS 9	Interest recognized in P&L as per IFRS 9	Reserve interest as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)-(10)	(8) = (3)-(5)	(9)	(10)
Standard	Stage 1	107,966	-	1,448	(1,448)	107,937	106,518	-	29
	Stage 2	23,372	-	9,845	(9,845)	22,823	13,527	-	549
	Stage 3	-	-	-	-	-	-	-	-
*Subtotal		131,338	-	11,666	(11,166)	130,761	119,672	-	578
Special Mention	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	316	15	241	(226)	289	75	-	12
Subtotal		316	15	241	(226)	289	75	-	12
Substandard	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	88	21	88	(67)	62	-	-	5
Subtotal		88	21	88	(67)	62	-	-	5
Doubtful	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	60	27	60	(33)	28	-	-	5
Subtotal		60	27	60	(33)	28	-	-	5
Loss	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	3,374	2,890	2,574	316	-	800	-	484
Subtotal		3,374	2,890	2,574	316	-	800	-	484
Other items not covered under CBO circular 977 and related instructions	Stage 1	-	-	373	(373)	-	(373)	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		-	-	373	(373)	-	(373)	-	-
Total	Stage 1	107,966	-	1,821	(1,821)	107,937	106,145	-	29
	Stage 2	23,372	-	9,845	(9,845)	22,823	13,527	-	549
	Stage 3	3,838	2,953	2,963	(10)	379	875	-	506
	Total	135,176	2,953	14,629	(11,676)	131,139	120,547	-	1,084

INTERIM CONDENSED STATEMENT OF FINANCIAL STATEMENT WERE APPROVED BY THE BOARD OF DIRECTORS ON 27-07-2025

9 Net investment in finance leases, working capital finance and other advances (continued)

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

Restructured loans- June 025*(Amounts in RO'000)*

Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Carrying Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net Carrying Amount as per CBO norms*	Net Carrying Amount as per IFRS 9	Interest recognized in P&L as per IFRS 9	Reserve interest as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)-(10)	(8) = (3)-(5)	(9)	(10)
Classified as performing	Stage 1	315	-	136	(136)	287	179		28
	Stage 2	13,195	-	8,782	(8,782)	11,615	4,413		1,580
	Stage 3	-	-	-	-	-	-		-
Subtotal		13,510	-	8,918.0	(8,918)	11,902	4,592	-	1,608
Classified as non-performing	Stage 1	-	-	-	-	-	-		
	Stage 2	-	-	-	-	-	-		
	Stage 3	3,413	2,102	3,413	(1,311)	806	-		505
Sub total		3,413	2,102	3,413	(1,311)	806	-	-	505
Total	Stage 1	315	-	136	(136)	287	179	-	28
	Stage 2	13,195	-	8,782	(8,782)	11,615	4,413	-	1,580
	Stage 3	3,413	2,102	3,413	(1,311)	806	-	-	505
	Total	16,923	2,102	12,331	(10,229)	12,708	4,592	-	2,113

Restructured loans-June 2024

Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Carrying Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net Carrying Amount as per CBO norms*	Net Carrying Amount as per IFRS 9	Interest recognized in P&L as per IFRS 9	Reserve interest as per CBO norms
(1)	(2)	(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)-(10)	(8) = (3)-(5)	(9)	(10)
Classified as performing	Stage 1	544	-	152	(152)	515	392	-	29
	Stage 2	13,473	-	8,257	(8,257)	12,927	5,216	-	546
	Stage 3	-	-	-	-	-	-	-	-
Subtotal		14,017		8,409	(8,409)	13,442	5,608		575
Classified as non-performing	Stage 1	-	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-	-
	Stage 3	3,393	2,893	2,591	302	15	802		485
Sub total		3,393	2,893	2,591	302	15	802	-	485
Total	Stage 1	544	-	152	(152)	515	392	-	29
	Stage 2	13,473	-	8,257	(8,257)	12,927	5,216	-	546
	Stage 3	3,393	2,893	2,591	302	15	802		485
	Total	17,410	2,893	11,000	(8,107)	13,457	6,410	-	1,060

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9 Net investment in finance leases, working capital finance and other advances (continued)				
v) Gross carrying amount	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2025	112,338	22,599	3,714	138,651
New	23,320	838	16	24,174
Repayment	(23,632)	(5,021)	(68)	(28,721)
Net transfer between stages	(761)	(351)	1,112	-
Written off	-	-	-	-
As at 30 June 2025	111,265	18,065	4,774	134,104
	-----	-----	-----	-----
Gross carrying amount	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2024	112,486	24,143	3,723	140,352
New	14,292	715	54	15,061
Repayment	(18,438)	(1,720)	(73)	(20,231)
Net transfer between stages	(374)	234	140	-
Written off	-	-	(5)	(5)
As at 30 June 2024	107,966	23,372	3,838	135,176
	-----	-----	-----	-----
ECL amount	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2025	1,521	9,226	2,328	13,075
Provided during the year	852	731	822	2,405
Released during the year	(379)	(1,800)	(126)	(2,305)
Net transfer between stages	(501)	(596)	1,097	-
Written off	-	-	-	-
As at 30 June 2025	1,493	7,561	4,121	13,175
	-----	-----	-----	-----
ECL amount	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2024	1,521	8,499	2,828	12,848
Provided during the year	432	898	26	1,356
Released during the year	(311)	(161)	(555)	(1,027)
Net transfer between stages	(223)	60	163	-
Written off	-	-	(5)	(5)
As at 30 June 2024	1,419	9,296	2,457	13,172
	-----	-----	-----	-----

Net investment in finance leases, working capital facilities and other advances include amounts advanced to clients, interest on the amounts advanced and related charges. In the event of default in the settlement of debts, the Company has recourse to the client.

Finance interest is reserved by the Company to comply with the rules, regulations and guidelines issued by the Central Bank of Oman against impaired lease finance receivables, working capital facilities and other advances.

vi) The effective yield rate on the net investment in finance leases, working capital facilities and other advances excluding collection from accounts netted off against ECL provision is 7.88% (2024: 7.82%). The effective annual interest rate bands of lease finance receivables, working capital facilities and other advances are as follows:

	<u>2025</u>	<u>2024</u>
	<u>RO'000</u>	<u>RO'000</u>
Less than 10%	107,217	113,892
More than 10%	26,808	21,284
	-----	-----
	134,025	135,176
	=====	=====

10 Other assets and prepayments

	<u>2025</u> <u>RO</u>	<u>2024</u> <u>RO</u>
Prepaid expenses	127	129
Other receivables	1,223	1,116
	<u>1,350</u>	<u>1,245</u>

11 Property, equipment and right-of-use assets

	Land and building RO'000	Furniture and office equipment RO'000	Vehicles RO'000	Right-of- use assets RO'000	Total RO'000
Cost					
1 January 2025	1,262	1,678	230	150	3,320
Additions	-	20	-	-	20
Disposals/write-off	-	-	-	-	-
30 June 2025	1,262	1,698	230	150	3,340
Depreciation					
1 January 2025	629	1,452	128	90	2,299
Charge for the year	21	36	17	-	74
Disposals	-	-	-	-	-
30 June 2025	650	1,488	145	90	2,373
Net book value					
30 June 2025	612	210	85	60	967

The Company has entered into long term lease agreement for three office premises up to 1st May 2029. Accordingly, the management has recognised right-of -use asset and lease liability in accordance with IFRS 16. Lease liabilities have been disclosed in note 14 of the financial statements.

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

	Land and building RO	Furniture and office equipment RO	Vehicles RO	Right-of- use assets RO	Total RO
Cost					
1 January 2024	1,262	1,558	231	85	3,136
Additions	-	103	6	-	109
Disposals	-	-	(8)	-	(8)
30 June 2024	1,262	1,661	229	85	3,237
Depreciation					
1 January 2024	588	1,379	100	74	2,141
Charge for the year	21	36	17	-	74
Disposals	-	-	(7)	-	(7)
30 June 2024	609	1,415	110	74	2,208
Net book value					
30 June 2024	653	246	119	11	1,029

12 Short term loans

	<u>2025</u> <u>RO'000</u>	<u>2024</u> <u>RO'000</u>
Short term loans	95,600	122,500

Short term loans obtained from local commercial banks are denominated in Rial Omani and are secured by a registered mortgage over the Company's assets. Short term loans carry interest rate of **4.50% to 5.30%** (2024: **4.40% to 5.75%**) per annum.

13 Term loans

	<u>2025</u> <u>RO'000</u>	<u>2024</u> <u>RO'000</u>
Long term loans – US \$	21,172	-
	21,172	-

The Company has entered into long term loan facility agreements with local commercial banks. The lenders hold a pari passu charge over all the assets of the Company for the credit facilities granted. In addition, the Company is required to comply with certain financial covenants.

The related maturity profile and interest rate risk are given in notes 30 and 31 respectively.

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14 Other liabilities

	<u>2025</u> <u>RO'000</u>	<u>2024</u> <u>RO'000</u>
Accounts payable	10,153	8,420
Accrued expenses and other payables	3,223	2,995
Directors' remuneration (note 26)	159	143
Employees' end of service benefits (i)	59	56
Lease liability	55	6
Deferred Tax Liability – IRS Hedge	17	-
	----- 13,666 =====	----- 11,620 =====

(i) The movement in the employees' end of service benefits during the year is as follows:

	<u>2025</u> <u>RO'000</u>	<u>2024</u> <u>RO'000</u>
At 1 January	31	31
Provided during the year (note 4)	28	28
Paid during the year	-	(3)
	----- 59 =====	----- 56 =====
At 30 June		

15 Contingent liabilities

At 30 June 2025, there were contingent liabilities of RO 78K (2024: RO Nil) in respect of guarantees issued in the normal course of business.

16 Share capital

	<u>2024</u> <u>RO'000</u>	<u>2023</u> <u>RO'000</u>
Authorised - shares of RO 0.100 each	35,000	35,000
	-----	-----
Issued and fully paid - shares of RO 0.100 each	31,542	31,542
	=====	=====

The share capital as of 30 June 2025 is as per the regulatory capital requirement.

Shareholders who own 10% or more of the Company's share capital are as follows:

	2025 %	2025 <i>Number of shares'000</i>	2024 %	2024 <i>Number of shares'000</i>
	<i>of holding</i>		<i>of holding</i>	
Muscat Overseas Company LLC	18.11%	57,123	18.11%	57,123
Social Protection Fund	18.07%	56,998	17.14%	54,101

17 Share premium

During the current period there is no movement in the share premium account.

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18 Legal reserve

Article 132 of the Commercial Companies Law 2019 requires that 10% of the profit for the year be transferred to the legal reserve until the amounts held in the legal reserve reach one-third of the Company's capital. The reserve is at the statutory minimum of one-third of the capital. This reserve is not available for distribution.

19 Dividends paid and proposed

A dividend of 14% of the paid up capital of the Company comprising a cash dividend of 9% amounting to RO 2,838,753/- and 5% of the paid up capital as unsecured non-convertible redeemable bonus stock bonds totaling to 15,770,850 bonds of RO 0.100 each amounting to RO 1,577,085/- has been approved by the CBO and by the Shareholders at the Annual General Meeting held in March 2025. Accordingly, the cash dividend amount has been paid and the bonus stock bonds were allotted to the eligible shareholders. These bonus stock bonds will carry an annual coupon rate of 5%, payable annually. The interest will be calculated on the basis of 365 days per year on the nominal value of the bonus stock bond. These bonus stock bonds will be unsecured and listed on the Muscat Stock Exchange (MSX). The unsecured non-convertible bonus stock bonds will be compulsorily redeemed after 60 months from the date of listing on the Muscat Stock Exchange (MSX).

A cash dividend of 8.25% amounting to RO 2,538,314/- and 5% non-convertible redeemable bonus stock bonds amounting to RO 1,538,372/- were approved at the Annual General Meeting held in March 2024 and subsequently cash dividend was paid and non-convertible redeemable bonus stock bonds were issued to the shareholders.

20 Compulsorily convertible bonds

		<u>2025</u> <u>RO'000</u>	<u>2024</u> <u>RO'000</u>
Compulsorily convertible bonus bonds – 2019	(i)	1,168	1,168
Compulsorily convertible bonus bonds – 2022	(ii)	1,516	1,516
		----- 2,684 =====	----- 2,684 =====

- i) In March 2020, the shareholders at the AGM approved 4% compulsorily convertible unsecured bonus stock bonds totaling to 11,677,407 bonds of RO 0.100 each amounting to RO 1,167,741. These bonus stock bonds carry an annual coupon rate of 4%, payable annually. The bonus stock bonds will be compulsorily converted into specific number of equity shares at the end of 84 months in a manner explained in note (iv).
- ii) In March 2023, the shareholders at the AGM approved 5% compulsorily convertible unsecured bonus stock bonds totaling to 15,160,682 bonds of RO 0.100 each amounting to RO 1,516,068. These bonus stock bonds carry an annual coupon rate of 4%, payable annually. The bonus stock bonds will be compulsorily converted into specific number of equity shares at the end of 84 months in a manner explained in note (iv).
- iii) The interest is calculated on the basis of 365 days per year on the nominal value of the bond. These bonds are unsecured and listed on the MSX. The bonds will be converted into specific number of shares from the date of listing at 80% of the weighted average closing price of the Company's traded equity shares on the MSX over the preceding three months prior to the record date of such conversion, subject to a minimum 85% of the book value as per the audited accounts of the Company for the immediately preceding financial year of the Company.

- iv) As approved by the regulatory authority, the unsecured fully compulsorily convertible bonds amounting to RO 2,684K (2024: RO 2,684K) are treated as part of the Company's net worth for computing all regulatory limits. Accordingly, the net worth of the Company as of 30 June 2025 for all regulatory purposes is RO 67,767K (2024: RO 68,485K).

21 Non-convertible bonds

In March 2022, the shareholders at the AGM approved 5% of the paid up capital as compulsorily non-convertible unsecured bonus stock bonds redeemable after 60 months totaling to 14,596,759 bonds of RO 0.100 each amounting to RO 1,459,676. These bonus stock bonds carry an annual coupon rate of 4% payable annually.

In March 2024, the shareholders at the AGM approved 5% of the paid up capital as non-convertible redeemable unsecured bonus stock bonds redeemable after 60 months totaling to 15,383,720 bonds of RO 0.100 each amounting to RO 1,538,372. These bonus stock bonds carry an annual coupon rate of 5% payable annually.

In March 2025, the shareholders at the AGM approved 5% of the paid up capital as non-convertible redeemable unsecured bonus stock bonds redeemable after 60 months totaling to 15,770,850 bonds of RO 0.100 each amounting to RO 1,577,085. These bonus stock bonds carry an annual coupon rate of 5% payable annually. The liability towards these bonus stock bonds has been created.

22 Cash Flow Hedging Reserve

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss or included as a basis adjustment to the non-financial hedged item.

The Company has entered into interest rate swap arrangement with a local bank with a fixed interest rate of 3.8% per annum. The fair value of the interest rate swaps is based on valuation provided by the counter party bank on the reporting date. The interest rate swaps are designated as cash flow hedges and the fair value thereof is dealt with in other comprehensive income.

23 Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of shares outstanding during the year as follows:

	<u>2025</u> <u>RO'000</u>	<u>2024</u> <u>RO'000</u>
Profit for the period	1,689	1,653
Weighted average number of shares outstanding during the year (Nos'000)	315,417	313,481
Basic earnings per share (RO)	0.0054	0.0053

24 Diluted earnings per share

Diluted earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the Company (after adjusting interest on the convertible bonds, net of tax) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

<u>2025</u> <u>RO'000</u>	<u>2024</u> <u>RO'000</u>
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Profit after tax	1,689	1,653
Add: Interest on bonds (net)	45	59
Profit attributable to ordinary shareholders (diluted) (RO)	1,734	1,712
Weighted average number of ordinary shares (diluted) (Nos)	330,103	329,967
Diluted earnings per share (RO)	0.0053	0.0052

25 Special reserve for non-performing assets

This special reserve is created specifically for non-performing assets to meet out any contingencies. This reserve is non distributable and transfers out of this reserve require approval of Board of Directors.

26 Segment information

The Company operates in the finance industry and its operations are confined to the Sultanate of Oman. Detail regarding the Company's corporate and retail loans are included in note 8. None of the Company's single customer contributed more than 10% of its instalment finance income.

The Chief Operating Decision Maker considers the business of the Company as one operating segment and monitors only revenue and provision for expected credit loss for the corporate and retail segment.

27 Related party transactions

The Company has entered into transactions in the ordinary course of business with major shareholders and other related parties in which certain directors have a significant influence. Pricing policies and the terms of the transactions are approved by the Company's board of directors and are considered by mutually agreed terms and are consistent with the standard terms applied by the Company.

Transactions with related parties or holders of 10% or more of the Company's shares or their family members, included in the statement of comprehensive income are as follows:

	<u>2025</u> <u>RO'000</u>	<u>2024</u> <u>RO'000</u>
Interest income on finance lease, working capital facilities and other advances (major shareholder)	78	75
Directors' sitting fees and remuneration	195	195

Details of Directors' remuneration and sitting fee are disclosed in notes 4 and 14.

Outstanding balances at the year-end arise in the normal course of business. Amounts due from related parties are not impaired and are estimated to be collectible based on the past experience.

The following balances were outstanding of related parties or holders of 10% or more of the Company's shares.

	2025		2024	
	Receivables RO'000	Payables RO'000	Receivables RO'000	Payables RO'000
Members of the Board of Directors	1,809	159	2,150	143
	1,809	159	2,150	143

INTERIM CONDENSED STATEMENT OF FINANCIAL STATEMENT WERE APPROVED BY THE
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28 Net asset per share

Net assets per share is calculated by dividing the net assets at the end of the year by the number of shares outstanding at the year end as follows :

	<u>2025</u> <u>RO'000</u>	<u>2024</u> <u>RO'000</u>
Net asset value	65,083	65,801
Number of ordinary shares ('000) at the period end	315,417	315,417
Net assets per share-RO	<u>0.206</u>	<u>0.209</u>

29 Fair value of financial instruments

It is the Company's intention to hold investment in finance lease, working capital facilities and other advances till maturity. As a result, the fair value of performing finance receivables is arrived at by using the discounted cash flow method based on a discount rate equal to the prevailing market rates of interest for loans having similar terms and conditions. The Company's short term loans are at variable rates of interests and long term loans are repriced on annual basis. The Company considers that the fair value of financial instruments at 30 June 2025 and 2024 are not significantly different to their carrying value at each of those dates.

All financial assets and liabilities have been accounted at amortised cost, except for derivative assets which designated at fair value through profit or loss.

The fair value of the financial assets and liabilities approximates their carrying value as stated in the statement of financial position.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

Level 1:quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2:other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3:techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

During the prior year, the company entered into an interest rate swap derivative instrument with a local commercial bank, which is subsequently measured at fair value using Level 2 techniques. (note 9)

As at 30 June 2025 and 2024, the Company had no other financial instruments, which were recorded at fair values.

30 Maturity profile of the assets and liabilities

The table below analyses the Company's assets, liabilities and equity into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The maturity profile as of 30 June 2025 was as follows:

	Up to 1 month RO'000	1 to 3 Months RO'000	3 to 6 months RO'000	6 months to 1 year RO'000	1 to 3 Years RO'000	Over 3 years RO'000	Non-fixed maturity RO'000	Total RO'000
Assets								
Cash and bank balances	353	-	-	64,000	20,627	-	-	84,980
Deposits with CBO	-	-	-	-	-	-	250	250
Net investment in finance lease, working capital finance and other advances	18,632	7,990	11,657	21,715	36,631	22,058	-	118,683
Other assets and prepayments	403	768	32	17	130	-	-	1,350
Property, equipment and right-of-use assets	-	-	-	-	-	-	967	967
Total assets	19,388	8,758	11,689	85,732	57,388	22,058	1,217	206,230
Liabilities and equity								
Short term loans	9,300	40,800	-	45,500	-	-	-	95,600
Deposits	1,000	2,014	-	-	-	-	-	3,014
Term Loans and FC Loans	-	-	-	-	21,172	-	-	21,172
Compulsorily convertible bonds	-	-	-	-	-	-	2,684	2,684
Non-convertible redeemable bonds	-	-	-	-	1,460	3,115	-	4,575
Other liabilities	5,378	4,821	337	659	1,433	1,038	-	13,666
Income tax payable	-	-	-	-	-	-	436	436
Equity	-	-	-	-	-	-	65,083	65,083
Total liabilities and equity	15,678	47,635	337	46,159	24,065	4,153	68,203	206,230
Gap in maturity	3,710	(38,877)	11,352	39,573	33,323	17,905	(66,986)	
Cumulative gap in maturity	3,710	(35,167)	(23,815)	15,758	49,081	66,986		

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30 Maturity profile of the assets and liabilities

The table below analyses the Company's assets, liabilities and equity into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The maturity profile as of 30 June 2024 was as follows:

	Up to 1 month RO'000	1 to 3 Months RO'000	3 to 6 months RO'000	6 months to 1 year RO'000	1 to 3 Years RO'000	Over 3 years RO'000	Non-fixed maturity RO'000	Total RO'000
Assets								
Cash and bank balances	1,178	-	-	21,000	63,627	-	-	85,805
Deposits with CBO	-	-	-	-	-	-	250	250
Net investment in finance lease, working capital finance and other advances	16,459	7,603	11,346	23,493	41,600	20,419	-	120,920
Other assets and prepayments	432	760	37	16	-	-	-	1,245
Property, equipment and right-of-use assets	-	-	-	-	-	-	1,029	1,029
Total assets	18,069	8,363	11,383	44,509	105,227	20,419	1,279	209,249
Liabilities and equity								
Short term loans	14,600	31,100	-	18,700	58,100	-	-	122,500
Deposits	-	-	-	-	3,216	-	-	3,216
Compulsorily convertible bonds	-	-	-	-	-	-	2,684	2,684
Non-convertible redeemable bonds	-	-	-	-	-	2,998	-	2,998
Other liabilities	3,812	3,394	526	668	3,185	35	-	11,620
Income tax payable	-	-	-	-	-	-	430	430
Equity	-	-	-	-	-	-	65,801	65,801
Total liabilities and equity	18,412	34,494	526	19,368	64,501	3,033	68,915	209,249
Gap in maturity	(343)	(26,131)	10,857	25,141	40,726	17,386	(67,636)	
Cumulative gap in maturity	(343)	(26,474)	(15,617)	9,524	50,250	67,636		

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31 Interest rate risk

The interest rate charged and paid by the Company are similar to the prevailing market interest rates. The Company's interest rate sensitivity position, based on the contractual re-pricing at 30 June 2025 is set out below:

	<i>Floating rate or within three months RO'000</i>	<i>4 to 6 months RO'000</i>	<i>6 months to one year RO'000</i>	<i>1 to 3 years RO'000</i>	<i>Over 3 years RO'000</i>	<i>Non interest sensitive RO'000</i>	<i>Total RO'000</i>
Assets							
Cash and bank balances including deposit with central bank	339	-	64,000	20,627	250	14	85,230
Instalment finance receivable, working capital finance and other advances	45,333	8,639	16,924	30,880	16,907	-	118,683
Other assets and prepayments	-	-	-	130	-	1,220	1,350
Property, equipment and right-of-use assets						967	967
Total assets	45,672	8,639	80,924	51,637	17,157	2,201	206,230
Liabilities and equity							
Short term loans	50,100	-	45,500	-	-	-	95,600
Deposits	3,014	-	-	-	-	-	3,014
Term Loans and FC Loans	-	-	-	21,172	-	-	21,172
Compulsorily convertible bonds	-	-	-	1,168	1,516	-	2,684
Non-convertible redeemable bonds	-	-	-	1,460	3,115	-	4,575
Other liabilities	-	-	-	-	-	13,666	13,666
Income tax payable	-	-	-	-	-	436	436
Equity	-					65,083	65,083
Total liabilities and equity	53,114	-	45,500	23,800	4,631	79,185	206,230
Interest rate sensitivity gap	(7,442)	8,639	35,424	27,837	12,526	(76,984)	
Cumulative interest rate sensitivity gap	(7,442)	1,197	36,621	64,458	76,984		

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31 Interest rate risk

The interest rate charged and paid by the Company are similar to the prevailing market interest rates. The Company's interest rate sensitivity position, based on the contractual re-pricing at 30 June 2024 is set out below:

	<i>Floating rate or within three months RO'000</i>	<i>4 to 6 months RO'000</i>	<i>6 months to one year RO'000</i>	<i>1 to 3 years RO'000</i>	<i>Over 3 years RO'000</i>	<i>Non interest sensitive RO'000</i>	<i>Total RO'000</i>
Assets							
Cash and bank balances including deposit with central bank	1,161	-	21,000	63,627	250	17	86,055
Instalment finance receivable, working capital finance and other advances	41,537	8,627	17,272	35,556	17,928	-	120,920
Other assets and prepayments	-	-	-	-	-	1,245	1,245
Property, equipment and right-of-use assets						1,029	1,029
Total assets	<u>42,698</u>	<u>8,627</u>	<u>38,272</u>	<u>99,183</u>	<u>18,178</u>	<u>2,291</u>	<u>209,249</u>
Liabilities and equity							
Short term loans	45,700	-	18,700	58,100	-	-	122,500
Deposits	-	-	-	3,216	-	-	3,216
Compulsorily convertible bonds	-	-	-	-	2,684	-	2,684
Non-convertible redeemable bonds	-	-	-	-	2,998	-	2,998
Other liabilities	-	-	-	-	-	11,620	11,620
Income tax payable	-	-	-	-	-	430	430
Equity	-					65,801	65,801
Total liabilities and equity	<u>45,700</u>	<u>-</u>	<u>18,700</u>	<u>61,316</u>	<u>5,682</u>	<u>77,851</u>	<u>209,249</u>
Interest rate sensitivity gap	<u>(3,002)</u>	<u>8,627</u>	<u>19,572</u>	<u>37,867</u>	<u>12,496</u>	<u>(75,560)</u>	
Cumulative interest rate sensitivity gap	<u>(3,002)</u>	<u>5,625</u>	<u>25,197</u>	<u>63,064</u>	<u>75,560</u>		

INTERIM CONDENSED STATEMENT OF FINANCIAL STATEMENT WERE APPROVED BY THE BOARD OF DIRECTORS ON 27-07-2025

32 Financial risk management

The primary objective of the risk management system is to safeguard the Company's capital, its financial resources and from various risks. The Company has exposure to the following risk from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the policies and procedures and internal checks and balances to keep the risk at an acceptable level.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company manages credit risk by setting limits for individual borrowers, monitoring credit exposures, limiting transactions with specific counter parties and assessing continually the creditworthiness of counter parties. In addition, the Company obtains security where appropriate, enters into collateral arrangements with counter parties, and limits the duration of the exposures.

Exposure to credit before collateral held or other credit enhancements

The credit exposure of the Company at 30 June is as follows:

	<u>2025</u> <u>RO'000</u>	<u>2024</u> <u>RO'000</u>
Bank balances	339	1,161
Deposit with CBO and commercial banks – net	84,877	84,877
Net investment in finance lease, working capital facilities and other advances – net	118,683	120,920
Credit risk exposure relating to off balance sheet items		
Approved lease commitment at 30 June	159	69
Total exposure	<u>204,058</u>	<u>207,027</u>
Classification of net investment in finance lease, working capital facilities and other advances – net as per CBO norms		
Past due 1 - 89 days but not impaired	13,025	13,118
Impaired		
Past due 90 – 179 days	412	316
Past due 180 –269 days	925	88
Past due 270 –364 days	33	60
Past due > 364 days	3,404	3,374
	<u>4,774</u>	<u>3,838</u>
Neither past due nor impaired	<u>116,226</u>	<u>118,220</u>
Total	<u>134,025</u>	<u>135,176</u>

INTERIM CONDENSED STATEMENT OF FINANCIAL STATEMENT WERE APPROVED BY THE BOARD OF DIRECTORS ON 27-07-2025

32 Financial risk management (continued)**(a) Credit risk (continued)**

Classification of investment in finance lease, working capital facilities and other advances – net as CBO norms (continued)	<u>2025</u>	<u>2024</u>
	<u>RO'000</u>	<u>RO'000</u>
Less:- provision for expected credit loss, including reserved interest:	(15,342)	(14,256)
	-----	-----
Net investment in finance lease, working capital facilities and other advances	<u>118,683</u>	<u>120,920</u>
	=====	=====

Rescheduled loans as of 30 June 2025 amounted to RO 16,923K (2024: RO 17,410K). The Gross NPL is 3.56% and the NPL net of provision for expected credit loss and special reserve for non-performing assets is in negative and it is -4.13% of the present value of finance receivables.

Classification of investment in finance lease, working capital facilities and other advances as per IFRS 9 including guarantees	<u>2025</u>	<u>2024</u>
	<u>RO'000</u>	<u>RO'000</u>
Stage -1	111,265	107,966
Stage -2.	18,065	23,372
Stage -3	4,774	3,838
	-----	-----
	134,104	135,176
	-----	-----
Less:- provision for expected credit loss, including reserved interest: (14,256)	(15,343)	
	-----	-----
Net investment in finance lease, working capital facilities and other advances as per IFRS 9 including guarantees	<u>118,761</u>	<u>120,920</u>
	=====	=====

Risk concentrations of the maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographic location. There is no significant industry concentration. Concentration of risk is managed by client/counterparty and by industry sector exposures. There is no significant credit exposure relating to instalment finance receivable to any single counterparty as at 30 June 2025 and 2024. An industry sector analysis of the Company's instalment finance receivable – net before taking into account collateral held is as follows:

32 Financial risk management (continued)

	<i>Maximum exposure 2025 <u>RO'000</u></i>	<i>Maximum exposure 2024 <u>RO'000</u></i>
Personal loans	28,188	27,322
Business loans - Services and other sectors	57,962	57,400
- Construction	8,639	8,751
- Trading	24,140	27,822
- Manufacturing	15,096	13,881
	<u>134,025</u>	<u>135,176</u>

Delinquency risk

Delinquency risk refers to investment in finance lease and other credit exposures that have become non-performing during the period of the credit term. An instalment finance receivable is considered impaired when, in the management's opinion, it can no longer be reasonably assured that it will be able to collect the full amount of principal and interest when due.

The Company treats an instalment finance receivables as non-performing as per the established norms of the Central Bank of Oman and creates specific ECL allowances individually based on the regulatory guidelines. The Company as per the International Financial Reporting Standard establishes specific allowances for all impaired instalment finance receivables when the estimated value of the instalment finance receivables is less than its recorded value, based on discounting of expected future cash flows. In addition, collective provision is also created. The Company writes off an instalment finance receivable, when it determines that the instalment finance receivable is uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the customer's financial position such that the borrower can no longer pay the obligation or proceeds from the sale of the asset or collateral security will not be sufficient to pay back the entire exposure. Upon approval from the Board of Directors, the amount is written off.

Collateral securities

The Company holds collateral securities against the instalment finance debtor in the form of mortgage interests over property. Estimates of fair value are based on the value of the collateral assessed at the time of borrowing, except when an instalment finance receivable is individually assessed as impaired. The fair value of the collateral considered is restricted to the maximum amount of secured instalment finance receivable.

(a) Credit risk (continued)**Settlement risk**

The settlement risk is the risk of loss due to the failure of a Company to honour its obligations to deliver cash, securities or other assets as contractually agreed. To avoid settlement risks, the Company ensures that all control systems are in place to keep the errors to a minimum.

Impairment assessmentDefinition of default

IFRS 9 does not define the term default. As per the CBO guidelines default happens when the financial asset is 90 days past due. For IFRS 9 purposes the loan is in default when a financial asset is 90 days past due. There is a rebuttable presumption that the credit risk of the loan has increased significantly when the contractual payments are more than 30 days due. Cross default has been applied in the IFRS 9 model. If

32 FINANCIAL RISK MANAGEMENT (continued)

a customer has multiple loans, default in one loan would automatically classify all the other loans of the customer in the same higher category.

Incorporation of forward-looking information

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on consideration of a variety of external actual and forecast information, the Company formulates a fundamental view of the future direction of relevant economic variables as well as a reasonable range of possible scenarios.

The Company's internal rating and PD estimation process

The company has internal risk rating modules which it applies to all corporate customers whose comprehensive credit limit facility is in excess of RO 250,000/-. The internal risk ratings model used by the company is quite comprehensive and gives appropriate weightage to qualitative, quantitative and security aspects. The model has been in use for almost 6 years and has proved effective so far. Due to the non-availability of data for bench marking and due to diverse nature of the industry and client, the internal ratings are not mapped to the external ratings.

For other corporate clients, where detailed risk rating model is not deployed, risk grading has been done based on the same parameters subject to availability of data and on judgement. Accordingly risk classification and appropriate risk scores are assigned.

The internal risk ratings serves as a parameter for the development of base probability of default for the corporate segment where the customers have comprehensive credit limits.

Generating the term structure of Probability of Default (PD)

The TTC probability of default is derived based on the loan amount to default loans and also on the count of bad loans to the total loans. Based on the survival rate, the marginal PD is calculated for the months and weighted average of marginal PD is computed and the life time PD (LTPD) is derived. Then all the monthly weighted average PD and LTPD are averaged for the individual years and averaged collectively for the data period for each - group of retail portfolio.

The loans are categorized in stages as per the staging criteria and based on the balance tenure the respective point in time PD is applied with respect to the particular grouping the customer falls in. Further the PD may be escalated across different stages to adjust the probability of default for forward looking macro-economic conditions in the country.

The base PD is derived on the risk score of Internal credit rating model for corporate customers with exposure of RO 250,000 and above and the PD is adjusted to current qualitative and quantitative

(a) Credit risk (continued)**Impairment assessment (continued)**

parameters. available and the PD is further escalated and adjusted to forward looking PD by utilizing macroeconomic variables.

The base PD is derived on the risk score of an abridged internal credit rating model for corporate customers with exposure of RO 100,000 and above up to RO 250,000 and the PD is adjusted to current qualitative and quantitative parameters available and the PD is further escalated and adjusted to forward looking PD by utilizing macroeconomic variables.

32 FINANCIAL RISK MANAGEMENT (continued)Economic variable assumptionsExposure at default

This is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected draw downs on committed facilities. This is the principal loan amounts outstanding at any point in time.

Loss given default

Loss Given Default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD.

Significant Increase in Credit Risk

- (i) Under IFRS 9, when determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on the Company's historical experience and forward-looking information in addition to qualitative criteria as prescribed by Central Bank of Oman vide circular BM1149 dated 13th April 2017
- (ii) There is a rebuttable presumption that there is a significant increase in credit risk when the contractual payments are more than 30 days due for all loans. The significant increase in risk is applied at the obligor level.

Impact of Coronavirus (COVID-19)

Although COVID-19 is no longer playing a major part in the fortunes of borrowers, many borrowers are still trying to adjust their business models and their funding strategies to emerge from the stress they encountered and to cope with different patterns of customer demand in the post-COVID-19 global and local economies. Considering this, the CBO allowed restructuring of loans till 31st march 2024 for limited customers where repayments could not simply recommence on pre-COVID-19 terms and the visibility of cash flows is still not clear. The Company closely monitors the ongoing impacts on the borrowers within its portfolios.

Impact of Coronavirus (COVID-19) (continued)

With the cessation of deferral payment holidays, days past due has again become a meaningful SICR to decide whether to compute 12 months or lifetime ECL.

Where possible, without incurring undue cost and effort, the Company's models have been constructed and calibrated using historical trends and correlations as well as forward looking economic scenarios and overlayed by the application of reasonable management judgement in any segments where the Company does not have adequate default history, or for borrowers with known financial weaknesses.

Based on regulatory and IASB's guidance, as a measure of prudence, wherever necessary, the Company continues to apply post model adjustments and management judgment overlays, while computing its ECL with the intention to collectively cover the probable future economic conditions. The Company continues to reassess and appropriately adjust such management overlays on a regular basis as new facts come to light.

32 FINANCIAL RISK MANAGEMENT (continued)

Post-model adjustments and management overlays of RO 6.64 million (2024: RO 7.9 million) have been made in estimating the reported ECL as at 30 June 2025.

The gross exposure of financing receivables and the related ECL in respect of the borrowers benefiting from payment deferrals and/or loan restructures are disclosed in Note 9.

Modification losses

In case of corporate borrowers who first opted for deferment options, followed subsequently by loan restructures, the unpaid principal and accrued interest during the deferred or grace period under the restructured terms, typically becomes repayable at the end of the loan to accommodate the cashflow position of the borrowers and hence modification losses do not arise. Conversely, in line with CBO instructions for deferring individual Omani borrowers who lost their jobs or whose salaries were reduced, the Company also deferred the installments to the end of the tenor but without accruing any additional interest, in which case a modification loss does arise. The modification losses for those cases have been included within the ECL management overlay.

(b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its net funding requirements. The business of lending has an inherent risk of liquidity arising from the mismatch of tenure of funds borrowed vis-à-vis lent, in addition to unforeseen adverse recovery patterns.

The Company is constantly on the vigil and judiciously manages the funds with a mix of borrowing instruments. Liabilities are contracted and structured based on the behavioral pattern of the assets in terms of maturity and re-pricing structure. To limit the liquidity risk, the management through its carefully drawn up strategies, has diversified sources of funds, avoids undue concentration on a single lender and manages its collection in a systematic manner.

During the year, the Company completed medium to long term funding arrangements that have effectively addressed and mitigated the apparent mismatch in the maturity of assets and liabilities. Cash flows are monitored continuously and appropriate steps are taken to set right mismatches if any, to address the liquidity risk.

The table in note 29 summarizes the maturity profile of the Company's assets and liabilities as at 30 June 2025 based on the residual contractual repayment arrangements.

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices and foreign exchange rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

(i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability of the fair values of financial instruments. The Company is exposed to interest rate risk as a result of mismatches of interest rate, repricing of assets and liabilities and unfunded instruments that mature or re-price in a given period. The Company manages this risk by matching the re-pricing of assets and liabilities through risk management strategies.

32 FINANCIAL RISK MANAGEMENT (continued)

The table in note 30 summarizes the maturity profile of the Company's assets and liabilities as at 30 June 2025 based on the contractual re-pricing arrangements.

Revision in the interest rates by the existing lenders and changes in the interest rates consequent to economic forces is a risk faced by any financial institution. Though the Company's loan portfolio comprises predominantly of fixed interest rates, the Company manages its treasury in such a way that the targeted margin is maintained and the risk is kept within acceptable levels.

(ii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company's assets are all denominated in Rial Omani and hence there is no currency risk. Unless stated otherwise, the liabilities are also denominated in Rial Omani.

(iii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of change in foreign exchange rates. The Company is exposed to foreign currency risk arising

from currency exposure primarily with respect to the US Dollar. The Rial Omani is effectively pegged to the US Dollar and since most of the foreign currency transactions are in US Dollar, the management believes that exchange rate fluctuations would have an insignificant impact on the Company's statement of profit or loss and other comprehensive income.

(d) Operational risk

The Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations and are faced by all business entities.

The Company has put in place the mechanism to minimise operational risk by way of effective internal control systems, systems review and an on-going internal audit programme. The internal auditors of the Company undertake comprehensive audits and report directly to the Audit Committee of the Board. The Audit Committee of the Board review the internal audit reports, the adequacy of the internal controls and report on the same to the Board.

(e) Capital management

The Company's primary objective of capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in the light of changes in business conditions. No changes were made in the objectives, policies or processes during the year ended 30 June 2025 and 30 June 2024.

The Company's lead regulator Central Bank of Oman sets and monitors capital requirement as a whole. The current capital requirement as per the Central Bank of Oman is RO 25 million. The Company's current paid up capital is RO 31,541,700 at the current period ending. The Company has already achieved the capital requirement set out by CBO.

As approved by the regulatory authority and more fully explained in note 20, the unsecured fully compulsorily convertible bonds are treated as part of the net worth for computing all regulatory limits.

Accordingly, the net worth as of 30 June 2025 for all regulatory purposes is RO 67,767K (2024: RO 68,485K).

33 CLIMATE RELATED RISKS

The Company and its customers may face significant climate-related risks in the future. These risks include the threat of financial loss and adverse non-financial impacts that encompass the political, economic and environmental responses to climate change. The key sources of climate risks have been identified as physical and transition risks. Physical risks arise as the result of acute weather events such as hurricanes, floods and wildfires, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves, droughts and rising sea levels and risks. Transition risks may arise from the adjustments to a net-zero economy, e.g., changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behaviour and investor demand. These risks are receiving increasing regulatory, political and societal scrutiny, both within the country and internationally. While certain physical risks may be predictable, there are significant uncertainties as to the extent and timing of their manifestation. For transition risks, uncertainties remain as to the impacts of the impending regulatory and policy shifts, changes in consumer demands and supply chains.

The Company is currently under progress in embedding climate risk in its Risk framework, including the development of appropriate risk appetite metrics and maintaining policies, processes and controls to incorporate climate risks in the management of principal risk categories.

In addition, the Company is currently evaluation its model landscape to incorporate climate-related risks and their impact on borrower's credit risk. The Company is also under progress in the development of climate risk scenarios that will be used to assess the impact of climate risk on forward-looking information; and in building the knowledge and capacity of its workforce in matters relating to climate-related risk. Despite the progress, the Company acknowledges the need for further efforts to fully integrate climate in the Company's risk assessments and management protocols.

34 GENERAL

Figures have been rounded off to the nearest RO'000 unless otherwise stated.

35 Comparative information

Certain of the corresponding figures have been reclassified in order to conform with the presentation for the current year. Such reclassification does not affect previously reported net profit or equity.