

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2025****1. General****1.1 Legal status and principal activities**

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

The Company operates across the Sultanate of Oman in 23 branches as at 30 June 2025 (30 June 2024: 23 branches, 31 December 2024: 23 locations).

2 Summary of material accounting policies

This unaudited condensed interim financial information as at and for the six months period ended 30 June 2025 has been prepared in accordance with IAS 34, 'Interim financial reporting' and in compliance with the applicable provisions of the Rules and Guidelines on Disclosure by Issuers of Securities and Insider Trading ('R&G') issued by the Capital Market Authority ('CMA') of the Sultanate of Oman and the Commercial Companies Law of 2019, as amended.

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

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

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

(b) Historical cost convention

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

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

(c) New and amended standards adopted by the Company

For the period ended 30 June 2025, the Company has adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRS IC) of the IASB that are relevant to its operations and effective for periods beginning on 1 January 2025.

3 Financial risk management

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
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4 Critical estimates and judgements

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

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

5 Operating segments

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

6 Other operating income

	Quarter ended 30 June 2025 RO '000	Six months ended 30 June 2025 RO '000	Quarter ended 30 June 2024 RO '000	Six months ended 30 June 2024 RO '000
Income from pre-closed leases	177	307	112	220
Penal charges	132	271	102	208
Cheque related charges	271	497	181	360
Miscellaneous income	211	499	317	523
	791	1,574	712	1,311

7 Operating expenses

	Quarter ended 30 June 2025 RO '000	Six months ended 30 June 2025 RO '000	Quarter ended 30 June 2024 RO '000	Six months ended 30 June 2024 RO '000
Employee related expenses	2,844	5,670	2,566	5,064
Office expenses	478	885	358	716
Communication costs	286	542	230	492
Professional fees and subscriptions	153	290	110	222
Advertising and sales promotion	116	235	108	198
Directors' remuneration and sitting fees (note 26)	92	183	75	150
Occupancy costs	33	63	48	97
	4,002	7,868	3,495	6,939

8 Taxation

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

(a) Status of tax assessments

The Company's tax assessments have been completed by the tax authorities up to tax year 2020. Assessments of the Company for tax years 2021 to 2024 are subject to agreement with the Oman Taxation Authorities. The management is of the opinion that the additional taxes assessed in respect of open tax assessments, if any, would not be material to the Company's financial position as at 30 June 2025.

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8 Taxation (continued)

(b) Tax liabilities - net

	30 June 2025	30 June 2024	31 December 2024
	RO '000	RO '000	RO '000
Deferred tax liability	1,030	861	1,032
Provision for income tax	2,028	1,583	2,516
Net tax liabilities	3,058	2,444	3,548

(c) Reconciliation of tax expense

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

	Quarter ended 30 June 2025 RO '000	Six months ended 30 June 2025 RO '000	Quarter ended 30 June 2024 RO '000	Six months ended 30 June 2024 RO '000
Accounting profit before income tax	4,358	8,255	4,037	6,889
Income tax expense computed at applicable tax rates	653	1,238	605	1,033
Tax charge for the period	653	1,238	605	1,033

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

The calculation of earnings per share is as follows:

	Quarter ended 30 June 2025 RO '000	Six months ended 30 June 2025 RO '000	Quarter ended 30 June 2024 RO '000	Six months ended 30 June 2024 RO '000
Profit for the period attributable to equity shareholders (RO '000)	3,705	7,017	3,432	5,856
Interest on perpetual bonds (RO '000)	-	(1,352)	-	-
Net profit attributable to ordinary shareholders (RO '000)	3,705	5,665	3,432	5,856
Weighted average number of shares during the period ('000)	608,127	608,127	608,127	608,127
Basic and diluted earnings per share (RO)	0.006	0.009	0.006	0.010

The calculation of net assets per share is as follows:

	30 June 2025	30 June 2024	31 December 2024
	RO '000	RO '000	RO '000
Net assets attributable to ordinary shareholders (RO '000)	108,962	105,931	110,603
Number of shares at the period/ year end ('000)	608,127	573,704	573,704
Net assets per share (RO)	0.179	0.185	0.193

Earnings per share as at 30 June 2025 have been calculated using weighted average shares outstanding for the period. Net assets per share have been calculated using outstanding shares as at 30 June 2025, 30 June 2024 and 31 December 2024.

10 Cash and cash equivalents

	30 June 2025	30 June 2024	31 December 2024
	RO '000	RO '000	RO '000
Current accounts with banks	11,784	7,256	7,446
Cash in hand	186	114	131
	11,970	7,370	7,577

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10 Cash and cash equivalents (continued)

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

11 Statutory deposit

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

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

	30 June 2025 RO '000	30 June 2024 RO '000	31 December 2024 RO '000
Gross investment in finance leases	683,240	600,170	645,064
Unearned finance lease income	(152,258)	(126,542)	(139,955)
	530,982	473,628	505,109
Working capital finance*	145,898	118,164	134,422
Factoring receivables	1,099	696	1,099
	677,979	592,488	640,630
Allowance for expected credit losses	(63,360)	(57,548)	(61,761)
Net investment in finance leases, working capital finance and factoring receivables	614,619	534,940	578,869

*This does not include unearned interest income of RO 62.46 million from Working Capital finance (30 June 2024 RO 50.48 million, 31 December 2024 RO 57.84 million)

	30 June 2025 RO '000	30 June 2024 RO '000	31 December 2024 RO '000
Net investment in finance leases	484,051	428,939	458,363
Working capital	130,103	105,853	120,041
Factoring receivables	465	148	465
	614,619	534,940	578,869

(a) Unearned finance lease income:

	30 June 2025 RO '000	30 June 2024 RO '000	31 December 2024 RO '000
Opening balance	139,955	112,405	112,405
Additions during the period	39,276	37,020	76,193
Recognised during the period	(26,973)	(22,883)	(48,643)
Closing balance	152,258	126,542	139,955

*This does not include unearned interest income of RO 62.46 million from Working Capital finance (30 June 2024 RO 50.48 million, 31 December 2024 RO 57.84 million)

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

Income from financing activities

	Quarter ended 30 June 2025 RO '000	Six months ended 30 June 2025 RO '000	Quarter ended 30 June 2024 RO '000	Six months ended 30 June 2024 RO '000
Finance lease income	13,701	26,973	11,647	22,883
Working capital and factoring receivables	3,706	7,462	2,686	5,406
	17,407	34,435	14,333	28,289

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

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

	30 June 2025 RO '000	30 June 2024 RO '000	31 December 2024 RO '000
Opening balance	61,761	55,413	55,413
<u>Provision</u>			
Provided during the period	7,205	6,365	11,768
Released during the period	(3,752)	(5,194)	(7,356)
	3,453	1,171	
Write off during the period	(2,331)	-	
	1,122	1,171	4,412
<u>Unrecognised contractual income</u>			
Provided during the period	1,867	1,731	3,197
Released during the period	(980)	(767)	(1,261)
Write off during the period	(410)	-	
	477	964	1,936
Closing balance	63,360	57,548	61,761

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

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

	Up to 1 year RO'000	1-2 Years RO'000	2-3 Years RO'000	3-4 Years RO'000	4-5 Years RO'000	>5 Year RO'000	Total RO'000
30 June 2025							
Gross	195,976	173,600	148,015	117,747	81,972	175,512	892,822
Present value	127,034	119,853	108,392	90,652	65,088	166,960	677,979
30 June 2024							
Gross	172,142	152,202	125,357	100,478	71,620	147,706	769,505
Present value	113,923	107,380	92,820	78,289	58,108	141,968	592,488
31 December 2024							
Gross	184,688	163,333	137,725	111,465	78,544	162,796	838,551
Present value	120,357	113,521	101,016	86,416	63,049	156,271	640,630

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

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

As at 30 June 2025

Asset classification as per CBO norms	Asset classification as per IFRS 9	Gross carrying amount RO' 000	Provision required as per CBO norms RO' 000	Provision held as per IFRS 9 RO' 000	Difference RO' 000	Net carrying amount RO' 000	Interest recognized as per IFRS 9 RO' 000	Reserve interest as per CBO norms RO' 000
Standard	Stage 1	496,214	28	3,948	(3,920)	492,266	29,105	-
	Stage 2	95,366	67	11,041	(10,974)	84,325	5,192	-
	Stage 3	-	-	-	-	-	-	-
Subtotal		591,580	95	14,989	(14,894)	576,591	34,297	-
Special mention	Stage 1	179	9	7	2	172	9	1
	Stage 2	695	35	26	9	669	46	3
	Stage 3	3,873	185	722	(537)	3,151	71	166
Subtotal		4,747	229	755	(526)	3,992	126	170
Substandard	Stage 1	119	30	5	25	114	5	-
	Stage 2	41	10	2	8	39	5	-
	Stage 3	3,177	742	691	51	2,486	-	208
Subtotal		3,337	782	698	84	2,639	10	208
Doubtful	Stage 1	-	-	-	-	-	-	-
	Stage 2	10	5	1	4	9	1	-
	Stage 3	3,210	1,081	719	362	2,491	-	243
Subtotal		3,220	1,086	720	366	2,500	1	243
Loss	Stage 1	4	4	-	4	4	-	-
	Stage 2	6	6	1	5	5	1	-
	Stage 3	75,085	55,869	46,197	9,672	28,888	-	14,041
Subtotal		75,095	55,879	46,198	9,681	28,897	1	14,041
Total	Stage 1	496,516	71	3,960	(3,889)	492,556	29,119	1
	Stage 2	96,118	123	11,071	(10,948)	85,047	5,245	3
	Stage 3	85,345	57,877	48,329	9,548	37,016	71	14,658
	Total	677,979	58,071	63,360	(5,289)	614,619	34,435	14,662
Total - 30 June 2024	Stage 1	423,662	61	2,552	(2,491)	421,110	23,576	-
	Stage 2	87,586	97	9,424	(9,327)	78,162	4,609	1
	Stage 3	81,240	54,878	45,572	9,306	35,668	104	13,212
	Total	592,488	55,036	57,548	(2,512)	534,940	28,289	13,213
Total - 31 December 2024	Stage 1	465,028	41	2,854	(2,813)	462,174	50,185	-
	Stage 2	90,996	81	10,170	(10,089)	80,826	9,642	1
	Stage 3	84,606	57,653	48,737	8,916	35,869	644	14,184
	Total	640,630	57,775	61,761	(3,986)	578,869	60,471	14,185

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

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

As at 30 June 2025

Asset classification as per CBO norms	Asset classification as per IFRS 9	Gross carrying amount RO' 000	Provision required as per CBO norms RO' 000	Provision held as per IFRS 9 RO' 000	Difference RO' 000	Net carrying amount RO' 000	Interest recognized as per IFRS 9 RO' 000	Reserve interest as per CBO norms RO' 000
Classified as performing	Stage 1	14,475	-	272	(272)	14,203	838	-
	Stage 2	53,252	67	9,786	(9,719)	43,466	2,668	-
	Stage 3	-	-	-	-	-	-	-
Subtotal		67,727	67	10,058	(9,991)	57,669	3,506	-
Classified as non-performing	Stage 1	220	32	4	28	216	12	-
	Stage 2	5	1	1	-	4	-	-
	Stage 3	13,639	9,329	7,191	2,138	6,448	-	2,620
Subtotal		13,864	9,362	7,196	2,166	6,668	12	2,620
Total	Stage 1	14,695	32	276	(244)	14,419	850	-
	Stage 2	53,257	68	9,787	(9,719)	43,470	2,668	-
	Stage 3	13,639	9,329	7,191	2,138	6,448	-	2,620
	Total	81,591	9,429	17,254	(7,825)	64,337	3,518	2,620
Total - 30 June 2024	Stage 1	13,978	33	213	(180)	13,765	728	-
	Stage 2	60,571	35	8,780	(8,745)	51,791	3,083	-
	Stage 3	10,995	7,655	5,262	2,393	5,733	-	1,812
	Total	85,544	7,723	14,255	(6,532)	71,289	3,811	1,812
Total - 31 December 2024	Stage 1	19,344	31	288	(257)	19,056	2,008	-
	Stage 2	50,662	11	8,899	(8,888)	41,763	5,042	-
	Stage 3	13,215	9,419	6,838	2,581	6,377	-	2,367
	Total	83,221	9,461	16,025	(6,564)	67,196	7,050	2,367

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

	As per CBO norms		As per IFRS 9		Difference	
	Current year	Previous year	Current year	Previous year	Current year	Previous year
	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000
Impairment loss charged to profit or loss	3,453	1,171	3,453	1,171	-	-
Provisions required as per CBO norms / held as per IFRS 9	72,733	68,249	63,360	57,548	9,373	10,701
Gross NPL ratio	12.7	13.9	12.6	13.7	0.1	0.2
Net NPL ratio	3.7	4.6	6.0	6.7	(2.3)	(2.1)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2025 (continued)

13 Property, equipment and right-of-use assets

	Freehold land RO '000	Buildings RO '000	Furniture, fixtures and equipment RO '000	Motor vehicles RO '000	Right-of-use assets RO '000	Total RO '000
At 30 June 2025						
Cost or valuation						
At 1 January 2025	1,122	4,066	6,739	182	456	12,565
Additions	-	-	560	-	-	560
Disposals	-	-	-	-	-	-
At 30 June 2025	1,122	4,066	7,299	182	456	13,125
Accumulated depreciation						
At 1 January 2025	-	162	4,510	168	138	4,978
Charge for the period	-	82	393	3	54	532
Disposals	-	-	-	-	-	-
At 30 June 2025	-	244	4,903	171	192	5,510
Net book amount						
At 30 June 2025	1,122	3,822	2,396	11	264	7,615

	Freehold land RO '000	Buildings RO '000	Furniture, fixtures and equipment RO '000	Motor vehicles RO '000	Right-of-use assets RO '000	Total RO '000
At 30 June 2024						
Cost or valuation						
At 1 January 2024	1,122	4,066	5,723	174	231	11,316
Additions	-	-	495	-	78	573
Disposals	-	-	(14)	(8)	-	(22)
At 30 June 2024	1,122	4,066	6,204	166	309	11,867
Accumulated depreciation						
At 1 January 2024	-	-	3,939	174	98	4,211
Charge for the period	-	81	263	-	26	370
Disposals	-	-	(14)	(8)	-	(22)
At 30 June 2024	-	81	4,188	166	124	4,559
Net book amount - At 30 June 2024	1,122	3,985	2,016	-	185	7,308

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

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

A valuation of the freehold land and buildings was last performed by third party independent valuers as on 24 December 2023 on an open market value basis. The revaluation surplus net of applicable deferred income tax was credited to other comprehensive income and is shown in 'revaluation reserve'. If the freehold land and buildings were stated on the historical cost basis, the amount would be RO 4.19 million (30 June 2024- RO 4.19 million, 31 December 2024- RO 4.19 million). The fair value measurement of the land and building have been categorized as Level 3 fair value measurements.

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14 Intangible assets

	30 June 2025			30 June 2024			31 December 2024
	Computer software	Intangible assets on acquisition	Total	Computer software	Intangible assets on acquisition	Total	Total
	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000
Opening balance	701	1,792	2,493	601	1,792	2,393	2,393
Additions	111	-	111	53	-	53	100
	<u>812</u>	<u>1,792</u>	<u>2,604</u>	<u>654</u>	<u>1,792</u>	<u>2,446</u>	<u>2,493</u>
Accumulated Amortisation							
Opening balance	543	1,792	2,335	433	1,536	1,969	1,969
Charge for the period/year	54	-	54	52	128	180	366
	<u>597</u>	<u>1,792</u>	<u>2,389</u>	<u>485</u>	<u>1,664</u>	<u>2,149</u>	<u>2,335</u>
Closing balance	<u>215</u>	<u>-</u>	<u>215</u>	<u>169</u>	<u>128</u>	<u>297</u>	<u>158</u>

15 Share capital

The authorised share capital of the Company comprises 750,000,000 ordinary shares of Baizas 100 each (30 June 2024 and 31 December 2024 - 750,000,000 ordinary share of Baizas 100 each). The Company's issued and fully paid-up share capital amounts to 608,126,538 shares of Baizas 100 each (30 June 2024 - 573,704,281 shares of Baizas 100 each and 31 December 2024 - 573,704,281 shares of Baizas 100 each).

16 Legal reserve

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

17 Perpetual bonds

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

18 Creditors and accruals

	30 June 2025	30 June 2024	31 December 2024
	RO '000	RO '000	RO '000
Creditors	12,073	9,655	7,107
Accruals and other liabilities	5,414	4,025	5,292
Lease liabilities	244	172	266
	<u>17,731</u>	<u>13,852</u>	<u>12,665</u>

19 Provision for employees' end of service benefits

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

	30 June 2025	30 June 2024	31 December 2024
	RO '000	RO '000	RO '000
Opening balance	674	617	617
Charge for the period	77	76	118
Payments during the period	(26)	-	(61)
Closing balance	<u>725</u>	<u>693</u>	<u>674</u>

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20 Bank borrowings

	30 June 2025	30 June 2024	31 December 2024
	RO '000	RO '000	RO '000
Bank overdrafts	950	1,660	-
Short-term loans	173,735	152,254	178,129
Current portion of long-term loans	106,377	118,302	115,339
Non-current portion of long-term loans	119,142	96,215	92,044
	400,204	368,431	385,512

(a) During the period, interest was charged on the above borrowings at rates ranging between 5.40% and 6.85% per annum (30 June 2024- 5.75% and 6.95%, 31 December 2024- 5.75% and 6.95% per annum).

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

(c) *Foreign currency forward contracts*

As at 30 June 2025, the notional amount of foreign currency forward contract amounted to RO 120.29 million [USD 312.75 million] (30 June 2024 RO 76.08 million [USD 197.82 million], 31 December 2024 - RO 68.31 million [USD 177.61 million]) to repay US Dollar term loans.

21 Fixed deposits

At 30 June 2025, the Company has accepted fixed deposits from corporate entities based in Oman for a total amount of RO 82.85 million (30 June 2024 - 36.37 million, 31 December 2024 - RO 58.49 million), with tenure ranging from 3 months to 5 years as per guidelines issued by the Central Bank of Oman. The carrying amount includes interest accrued till the end of the period.

22 Dividends

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

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

23 Change in cash flows from operating activities (Principal)

Particulars	30 June 2025		30 June 2024	
	Cash flow from bank borrowings RO '000	Cash flow from fixed deposits RO '000	Cash flow from bank borrowings RO '000	Cash flow from fixed deposits RO '000
Opening balance	385,003	57,394	350,612	39,460
Additions during the period	85,106	51,931	215,604	10,723
Repayments during the period	(73,807)	(27,792)	(198,756)	(14,353)
Closing balance	396,302	81,533	367,460	35,830
Change in cash flows	11,299	24,139	16,848	(3,630)

24 Commitments

	30 June 2025 RO '000	30 June 2024 RO '000	31 December 2024 RO '000
Approved lease commitments (refer 'a')	6,588	11,129	6,835
Operating lease in respect of rentals of branches (short term leases) (refer 'b')	120	62	120
	6,708	11,191	6,955

(a) Approved lease commitments expected to be paid within 30 days from the date of lease creation.

(b) The operating lease pertain to the approved rentals to be paid in the future for the respective branches.

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25 Contingencies

	30 June 2025 RO '000	30 June 2024 RO '000	31 December 2024 RO '000
Bank guarantees	114	114	114

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

26 Related party transactions and balances

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

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

The Company has entered into transactions in the ordinary course of business with related parties. Such transactions with related parties only on arm's length terms and in accordance with the relevant laws and regulations. Significant related party transactions during the period ended 30 June were as follows:

	Six months ended 30 June 2025 RO '000	Six months ended 30 June 2024 RO '000
Transactions with entities under common control		
Operating expenses	57	53
Purchase of property and equipment & intangible assets	55	13
Income from financing activities	128	148
Directors' fees and remuneration		
Directors' sitting fees and proposed remuneration	183	150
Remuneration to key members of management during the year		
Salaries and other benefits	802	655

The following balances were payable to related parties:

	30 June 2025 RO '000	30 June 2024 RO '000	31 December 2024 RO '000
Investment in finance leases and working capital finance	4,250	4,274	4,270

27 Asset held for sale

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

28 Foreign currency reserve

In accordance with the CBO circular FM 41, in modification to the conditions stipulated in circular FM 11 the finance leasing Companies are exempted from creating exchange reserve (20%), in case the foreign currency borrowings (in excess of 40% of net worth) is denominated in US Dollars or in any other currency, where the exchange rate risk is fully hedged. As of 30 June 2025, the Company has foreign currency borrowing of RO 120.29 million [USD 312.75 million] (30 June 2024 RO 76.08 million [USD 197.82 million], 31 December 2024 - RO 68.31 million [USD 177.61 million]) which is fully hedged against exchange rate risk.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2025 (continued)

29 Impairment reserve

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

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

During the year 2024, an amount of RO 0.95 million was transferred to the impairment reserve in compliance with the guidelines issued by the CBO. As of 30 June 2025, the Company holds an impairment reserve of RO 8.67 million net of tax for the difference (30 June 2024: RO 7.72 million, 31 December 2024 - RO 8.67 million).

30 Advances, prepayments and other receivables

	30 June 2025	30 June 2024	31 December 2024
	RO'000	RO'000	RO'000
Other receivables	3,221	3,140	3,058
Fair value of derivatives	25	329	102
Prepayments	2,048	1,305	1,049
Advances	1,121	335	391
	<u>6,415</u>	<u>5,109</u>	<u>4,600</u>

31 Financial instruments by category

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

	30 June 2025	30 June 2024	31 December 2024
		RO'000	RO'000
Financial assets			
Fair Value			
Derivative financial instrument	25	329	102
Amortised cost			
Cash and cash equivalents (note 10)	11,970	7,370	7,577
Net investment in finance leases (note 12)	484,051	428,939	458,363
Working capital finance and factoring receivables (note 12)	130,568	106,001	120,506
Other receivables	360	337	395
Statutory deposit (note 11)	250	250	250
Total financial assets	<u>627,224</u>	<u>543,226</u>	<u>587,193</u>

31 Financial instruments by category (continued)

	30 June 2025	30 June 2024	31 December 2024
	RO'000	RO'000	RO'000
Financial liabilities			
Amortised cost			
Short-term loans (note 20)	174,685	153,914	178,129
Creditors and accruals (note 18)	17,731	13,852	12,665
Fixed deposits (note 21)	82,854	36,373	58,489
Long term loans (note 20)	225,519	214,517	207,383
Total financial liabilities	<u>500,789</u>	<u>418,656</u>	<u>456,666</u>

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FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2025 (continued)

32 Maturity analysis of assets and liabilities

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

At 30 June 2025	Up to 1 month RO '000	> 1 month to 1 year RO '000	> 1 year RO '000	Non-fixed maturity RO '000	Total RO '000
Assets					
Cash and cash equivalents	11,970	-	-	-	11,970
Statutory deposit	-	-	-	250	250
Investment in finance leases, working capital and factoring receivables	17,877	178,099	696,846	-	892,822
Advances and prepayments	-	6,415	-	-	6,415
Assets held for sale	-	1,500	-	-	1,500
Total assets	29,847	186,014	696,846	250	912,957
Equity and liabilities					
Total equity	-	-	-	143,962	143,962
Liabilities:					
Bank borrowings and fixed deposits	102,918	249,522	130,617	-	483,057
Creditors and accruals	-	17,731	-	-	17,731
Tax and other liabilities	-	2,028	725	1,030	3,783
Total equity and liabilities	102,918	269,281	131,342	144,992	648,533
Liquidity gap	(73,071)	(83,267)	565,504	(144,742)	
Cumulative liquidity gap	(73,071)	(156,338)	409,166	264,424	

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

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FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2025 (continued)

32 Maturity analysis of assets and liabilities (continued)

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

The Company had unutilised credit facilities amounting to RO 73.73 million available as on 30 June 2025 (30 June 2024 – RO 60.36 million, 31 December 2024 – RO 60.74 million) to mitigate the impact of negative mismatch. The Company expects, given experience, local practice and discussions with lenders that short-term borrowing facilities will be extended, renewed or replaced on expiry and fixed deposits maturing within one year will be renewed if required as well as other measures to meet the gap in maturity. Accordingly, these financial statements been prepared on a going concern basis.