تأجير للتمويل
Taageer Finance

ANNUAL REPORT

2024

Oman's Silvercraft,
where Culture meets Elegance

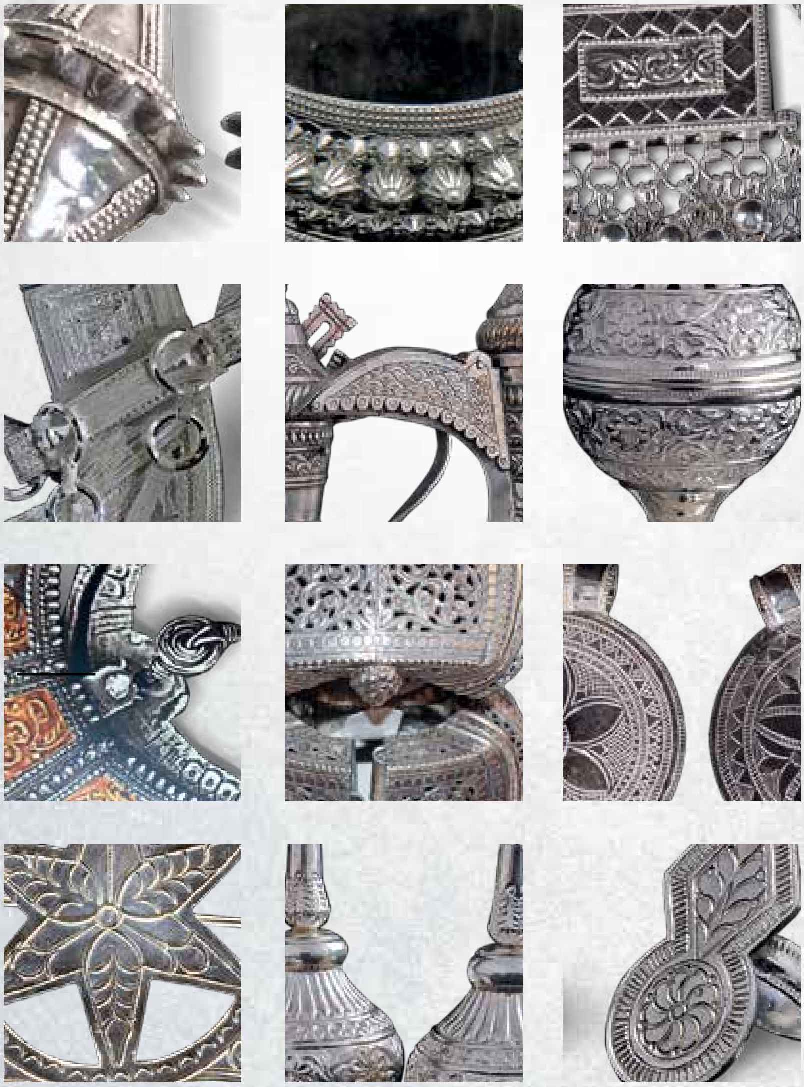
٢٥

تأجير للتمويل
Taageer Finance

SILVER
JUBILEE

٢٥ عاماً في خدمة الوطن
25 YEARS OF SERVING THE NATION

ANNUAL REPORT **2024**



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تأجير للتمويل
Taageer Finance

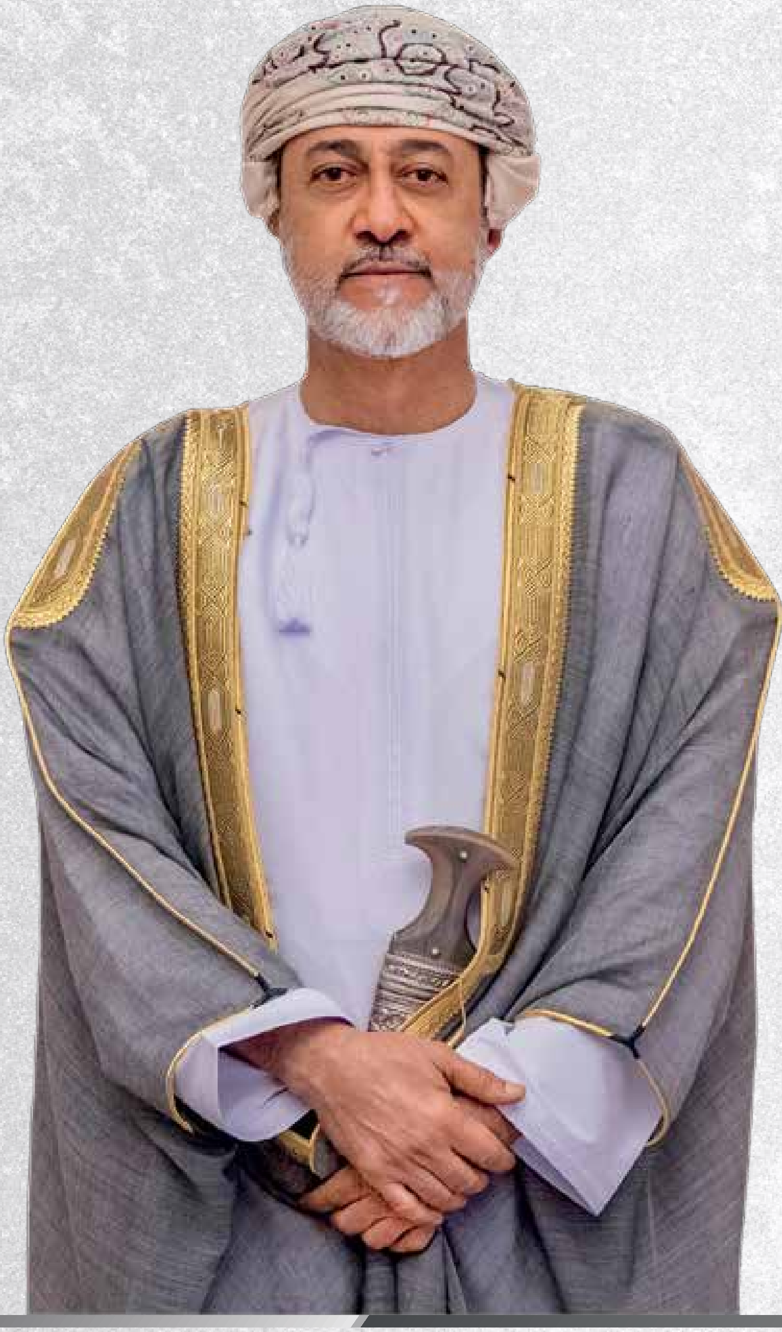
Oman's Silvercraft,
where Culture meets Elegance

Taageer Finance marked its Silver Jubilee by celebrating silver craft of Oman, honouring the intricate artistry that passed down through generations. Just as Omani artisans transform raw silver into masterpieces,
Taageer has transformed numerous businesses into masterpieces through financial products over the last 25 years.

In collaboration with
Ministry of Heritage and Tourism
experience
oman
Beauty Has An Address

His Majesty

Sultan Haitham bin Tariq



A’Dallah

A symbol of Omani hospitality, the Dallah is renowned for its intricate decorations and the smooth craftsmanship of its parts.

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Ash'shakma (Omani Brooch - Sakam Needle)

A traditional silver ornament featuring a needle on the back, used by women to secure clothing and tighten baby blanket.

VISION & MISSION

VISION

To be the preferred financial partner delivering digital first solutions to SMEs and Retail Customers in the Region

MISSION

To provide our SMEs and Retail Customers with accessible, innovative and personalized financial services solutions that fits their financial lifestyle, fosters business growth, ensure financial security and contribute to the overall socio-economic development primarily in Oman and the Region

CORE VALUES

• Data-driven • Innovation • Nurturing Collaboration • Sustainability
• Personalized Customer Service • Integrity • Responsiveness (Agility) • Empowerment

COMPANY INFORMATION

Scope of Activities

Auto Finance for passenger cars, commercial vehicles (prime movers, trucks, trailers, pickups, etc.) Industrial equipment and machinery, Home appliances, furniture, computer and other electronic items, Heavy Equipment, plant and machinery (dozers, shovels, crushers, cranes, etc.), Working capital through debt factoring / bills discounting of receivables, Corporate deposits, “Al Amthal” Auto Finance and “Al Hal” consumer loans.

Bankers

Bank Muscat (SAOG)
Bank Dhofar (SAOG)
Ahli Bank (SAOG)
Oman Arab Bank (SAOG)
National Bank of Oman (SAOG)
Sohar International (SAOG)
Qatar National Bank (Oman)

Regulatory Authority

Central Bank of Oman
Financial Services Authority

Statutory Auditors

PwC

Legal Advisors

Al Busaidy Mansoor Jamal

Registered Office

P.O. Box 200, Postal Code 136,
MGM, Sultanate of Oman

Head Office - Al Khuwair

Tel : (+968) 24839800, 24839999
Fax : (+968) 24488592
info@taageer.com
www.taageer.om

Branch Offices

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T: (+968) 24564561
F: (+968) 24564629

SEEB
T: (+968) 24536679
F: (+968) 24188320

SOHAR
T: (+968) 26845595
F: (+968) 26845535

BARKA
T: (+968) 26883603
F: (+968) 26883619

NIZWA
T: (+968) 25414420
F: (+968) 25414425

SALALAH
T: (+968) 23296288
F: (+968) 23296955

AL KAMIL
T: (+968) 24839800
F: (+968) 24488641

Bangri Meshuk

A striking bracelet worn by women, notable for its pointed, prominent design.

BOARD OF DIRECTORS

تأجير للتمويل
Taageer Finance

Sheikh Khalil Ahmed Abdullah Al Harthy
Chairman

Mr. Said Ahmed Safrar
Deputy Chairman

Mr. Fahad Abdulla Al Haqbani
Director

Dr. Seyed Mohammed Hossein Ghoreishi
Director

Mr. Ali Mohammed Ali Al Farsi
Director

Mr. Mahmood bin Hamad bin Salem Al Gharibi
Director

Mr. Marai Ahmed Salem Al-Shanfari
Director

Kattara

A traditional Omani sword with a long, straight, double-edged blade. Historically used in battle, it features elegant designs and intricate silverwork, showcasing Omani craftsmanship.

AUDIT & RISK COMMITEE

Mr. Said Ahmed Safrar
Chairman

Mr. Mahmood Al Gharibi
Member

Mr. Ali Mohammed Ali Al Farsi
Member

EXECUTIVE, NOMINATION & REMUNERATION COMMITEE

Sheikh Khalil Ahmed Abdullah Al Harthy
Chairman

Mr. Fahad Al Haqbani
Member

Dr. Seyed Mohammad Hossein Ghoreishi
Member

Mr. Marai Ahmed Salem Al-Shanfari
Member

STRATEGY COMMITTEE

Sheikh Khalil Ahmed Abdullah Al Harthy
Chairman

Mr. Said Ahmed Safrar
Member

Mr. Ali Mohammed Ali Al Farsi
Member

THE MANAGEMENT

Fahad Khamis Abdullah Al Bulushi
Acting Chief Executive Officer

Muhammad Kashif Yaqoob
Deputy Chief Executive Officer

Mohammed Ali Ibrahim Al Maimani
DGM – Head of Special Asset Management

Mustafa Al Lawati
Head of Legal Affairs

Moosa Al Lawati
Head of Finance

Al Khanjar

A national symbol of Oman, the dagger is an integral part of Omani men's official attire, worn on formal and social occasions.

BOARD OF DIRECTORS' REPORT
for the year ended 31 December 2024

Dear Shareholders,
On behalf of the Board of Directors of Taageer Finance Company SAOG, I am pleased to present the audited financial statements for the year ended 31st December 2024.

Performance Summary

The Company continued with its strong performance in terms of business and profitability. The lease and loan portfolio increased by 16.7% during the year to reach RO 406.9 million as compared to RO 348.7 million in 2023. The total Income for the year ended December 31, 2024 was RO 34.4 million as compared to RO 29.4 million in the previous year, showing a growth of 17.2%, mainly due to increase in business portfolio. Interest Expenses for the year 2024 at RO 14.2 million, as compared to RO 12.3 million for the year 2023, increased by 16.0% in line with the increase in borrowing portfolio. The Company recorded Operating Profit of RO 13.1 million before Expected Credit Losses (ECL) charge and taxation for the year 2024. This was 22.7% higher than the operating profit of RO 10.7 million for the previous year. Net Profit for the year, after ECL and tax charge, stood at RO 5.5 million, an increase of 14.6% from the previous year's profit of RO 4.8 million.

ECL charge for the current year is RO 6.6 million, an increase of 32% from the charge of RO 5.0 million for the same period last year. The cumulative ECL as at December 31, 2024 was RO 36.2 million, higher by 17% as compared to the cumulative ECL of RO 30.9 million as of December 31, 2023. The Company maintained its ECL balance as per the requirements of IFRS 9.

Funding Diversification

During the year, Taageer Finance successfully closed its inaugural Tier 1 perpetual bond, with the issue size of RO 15 million and green shoe option of RO 10 million, thereby strengthening the equity by RO 25 million. This strong demand reflects the Company's solid market position and promising long-term growth prospects. The issuance attracted a well-diversified group of investors, including both financial and non-financial institutions, further underscoring Taageer Finance's standing in the market.

As part of its ongoing strategy to diversify funding sources, the Company increased its corporate deposit portfolio by 71%, rising from RO 32.5 million in 2023 to RO 55.5 million in 2024. The total borrowings grew to RO 207.2 million, up from RO 187.8 million in the previous year.

Portfolio Quality

The Company has implemented multiple initiatives to enhance portfolio quality, including strengthening credit assessment criteria and post-disbursement monitoring. Additionally, the risk department actively identifies credit concentration and early warning signals. These robust risk management measures help maintain portfolio quality as the Company continues to expand its portfolio size.

Customer Service

Customer satisfaction remains our primary focus as we are committed to delivering exceptional experiences that align with our customers' evolving needs. The recent redesign of our mobile application has significantly enhanced its functionality, enabling customers to manage their finances with greater ease and convenience.

To further reward loyalty, Taageer Finance has introduced SME cards for its long-standing commercial customers with a strong payment track record. These cards provide priority services and access to new financing options at discounted rates, reinforcing the value we deliver to our loyal customer base. We have also launched digital loan applications and an online marketplace, for sale purchase of vehicles of our existing customers, to enhance our customers experience.

Proposed Dividends

The company has distributed dividends consistently year on year since the commencement of business. The Board of Directors are pleased to recommend a cash dividend of 8 Baizas per share (RO 2.169 million) and stock dividend of 3 Baizas per share (RO 0.813 million) for the financial year 2024, for the approval of the shareholders at the Annual General Meeting to be held on March 25, 2025.

Corporate Social Responsibility (CSR)

Throughout the year, the company remained steadfast in its commitment to giving back to the community by undertaking impactful initiatives to support Corporate Social Responsibility (CSR) efforts, particularly in the fields of education and health. The company contributed a total of RO 19,890 toward these vital sectors. This includes a donation of RO 6,000 to the Oman Charitable Association, in compliance with Ministerial Decision No. 205/2021 (Article 1). These contributions underscore the company's ongoing efforts to drive positive change and support the development of the communities it serves.

Corporate Governance

The Company maintained its unwavering commitment to upholding the highest standards of compliance and corporate governance. As detailed extensively in the Corporate Governance Report, we affirm that robust policies and procedures are in place, aligned with the scale of operations and supported by well-established internal control systems.

To further strengthen its control functions, the Company engaged KPMG as co-sourced internal auditors during the year. This demonstrates our commitment to the highest standards of internal controls.

Future Outlook

Oman's economic growth is expected to remain stable with the expected GDP growth of 3.1% in 2025. The growth of non-hydrocarbon sector is expected to remain robust, especially with the Government's efforts to support SMEs and entrepreneurship. With its strong market position and focus towards SME and retail sectors, the Company is well-positioned to take advantage of a positive future outlook.

Going forward, Taageer Finance will continue its digitalization efforts and explore technology-based products to stay ahead in a rapidly evolving financial landscape.

Acknowledgement

On behalf of the Board of Directors, I would like to extend our heartfelt gratitude to His Majesty Sultan Haitham bin Tareq bin Taimour for his visionary leadership and wise guidance.

We also take this opportunity to express our sincere appreciation to the Central Bank of Oman, the Financial Services Authority and the Muscat Securities Market for their invaluable support and guidance. Our deepest thanks go to our shareholders, bankers, dealers, and customers for their unwavering trust, confidence, and continued support.

Lastly, the Board wishes to acknowledge and commend the management and staff for their dedication, hard work and significant contributions to the company's success.

On behalf of the Board of Directors

Khalil Ahmed Al Harthy
Chairman

Al Haraz

A silver necklace designed in the shape of a box, often containing Quranic verses.

Talhaiq

A crescent-shaped case traditionally used to hold gunpowder.

MANAGEMENT DISCUSSION AND ANALYSIS

Global Economy

The global economy saw the real GDP growth of approximately 3.1% in 2024. Global debt increased significantly, reaching an all-time high of USD 318 trillion by the end of the year, raising concerns about fiscal sustainability and potential market reactions. Escalating trade tensions between the world's major economies further contributed to economic volatility. Despite these challenges, the global economy showed resilience, with growth occurring in specific sectors and regions.

Oman Economy

Oman's economy experienced modest growth in 2024, primarily driven by the expansion of non-hydrocarbon sectors. The country's GDP is expected to grow by 1.9% in 2024 (2023: 1.3%), with the hydrocarbon sector seeing a slight contraction due to voluntary oil production cuts.

In the non-oil sectors, both the industrial and services sectors demonstrated robust growth, reflecting the Government's continued efforts toward economic diversification and sustainable development. Notably, the industrial sector's contribution to overall GDP reached 20% by the end of June 2024, underscoring its growing importance in the national economy.

The Government's strong emphasis on promoting the SME sector has led to significant growth in small and medium-sized enterprises. As of mid-2024, the number of SMEs registered with the Authority for Small and Medium Enterprise Development reached 141,126. Despite ongoing challenges, the SMEs are expected to play a pivotal role in advancing the Government's diversification strategy.

Inflation remained low at 1.3% in 2024 (2023: 0.6%), supported by multiple Government initiatives to control prices and maintain a stable monetary policy framework. On the fiscal front, Oman is expected to achieve a budget surplus of 2% of GDP for the year, reflecting prudent financial management and fiscal discipline.

Performance at a glance

Portfolio:

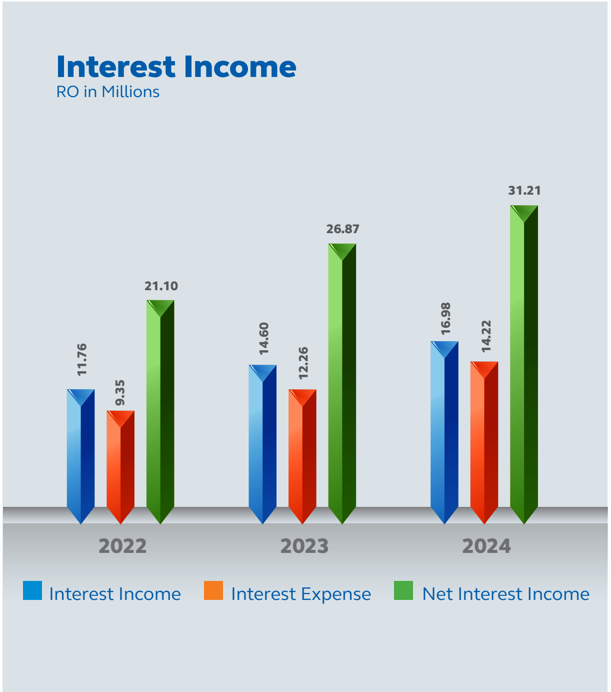
The Company achieved another successful year of operation, marked by strong business growth and profitability. Gross lease and loan portfolio grew by 16.7% in FY2024, from RO 348.7 million in 2023 to RO 406.9 million as of December 31, 2024. The growth was observed across all business segments.

Future interest income reached RO 100.7 million as of December 31, 2024, compared to RO 89.2 million in the previous year, reflecting a 13% increase. This rise underscores a healthy return on the portfolio and sustained future revenue generation.

Interest Income:

Finance income of RO 31.2 million was earned for the year, reflecting a 16.2% increase compared to the previous year (2023: RO 26.9 million). This growth is directly attributed to the expansion of the lease and loan portfolio.

Interest expense increased to RO 14.2 million, marking a 16% increase from RO 12.3 million in 2023. This increase aligns with higher borrowings undertaken to support portfolio growth.



As a result, Net Interest Income for 2024 reached RO 16.9 million, up from RO 14.6 million in the previous year, representing a 16.3% increase.

Expected Credit Losses (ECL):

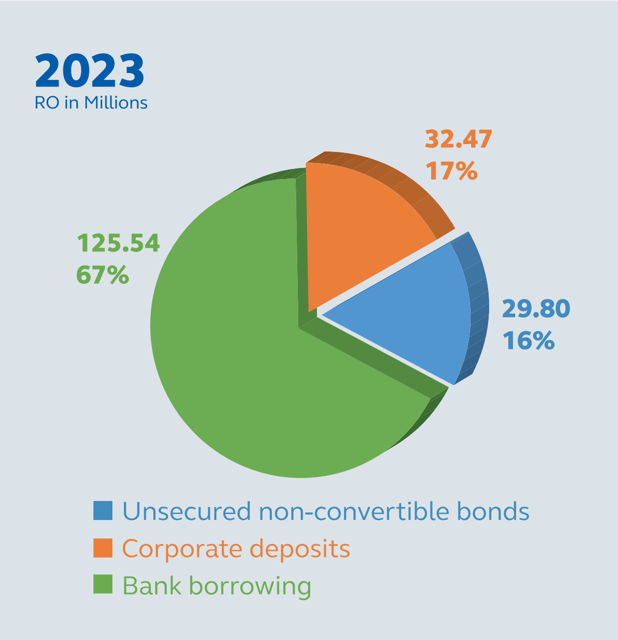
During the year, we continued with the strategy of building provision against future credit losses. The ECL charge is made as per the Company's ECL model under IFRS 9 with subjective provisions against few overdue accounts. The ECL charge during the year amounted to RO 6.6 million as compared to RO 4.99 million last year, an increase of 32%. The total allowance for ECL as of December 31, 2024 was RO 36.2 million as against RO 30.9 million in December 2023. The total ECL provides a coverage of 66.2% against the overdue portfolio (2023: 67.8%).

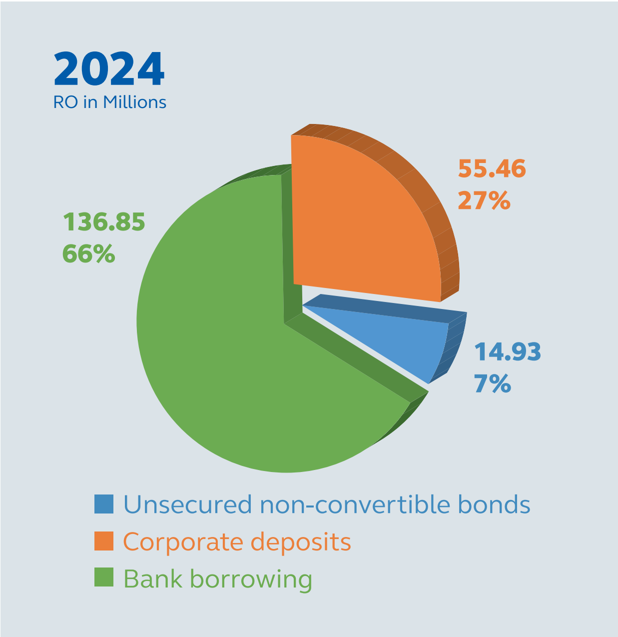
Profitability:

Operating profit before the ECL charge and taxation reached RO 13.1 million, reflecting a 22.7% increase from the previous year's RO 10.7 million. Net profit for the period rose to RO 5.5 million, a 14.5% increase compared to RO 4.8 million in 2023.

Funding

As part of its ongoing funding diversification efforts, the Company launched its inaugural Tier 1 perpetual bond during the year. The total issue size was RO 15 million, with the green shoe option of RO 10 million, which were fully subscribed. This issuance has been classified as an equity instrument in the Company's financial statements.





Additionally, Taageer Finance increased its corporate deposit portfolio by 71%, reaching RO 55.5 million as of December 31, 2024, up from RO 32.5 million at the end of the previous year. The successful launch of the perpetual bond and the significant growth in corporate deposits highlight the Company's strong market position and investors' confidence.

Bank borrowings remained the primary funding source for Taageer Finance, their share in the total funding mix remained at 66% as of December 31, 2024, as compared to 67% in the prior year.

Asset Quality:

Strong risk management and maintaining the asset quality remain the cornerstones of Taageer's growth strategy. In addition to a well-trained marketing team, the Company has independent Credit and Risk functions that provide an objective assessment of new business and portfolio quality.

To enhance risk diversification, Taageer focuses on smaller-ticket-size deals while closely monitoring various industrial sectors for signs of financial stress, adjusting its portfolio strategy as needed. The Company also leverages technology to detect early warning signals within its portfolio, enabling timely corrective actions.

Customer Experience & Technology:

Taageer's customer-focused approach is designed to build strong relationships and enhance loyalty. To achieve this, the Company fully utilizes technology, including mobile applications, its website, and a dedicated feedback system, to strengthen customer engagement.

To reward long-term loyalty, Taageer Finance has introduced SME cards for commercial customers with a sound payment history. These cards provide priority services and exclusive access to new financing options at discounted rates, further enhancing the benefits offered to our valued customers.

In 2024, Taageer Finance conducted a comprehensive customer satisfaction survey to assess customer experiences and gain deeper insights into their preferences. A total of 864 customers participated, offering valuable feedback to help refine and enhance the Company's services.

Efforts made by the Company for Financial Consumer Protection Regulatory Framework (FCPRF)

The Company is continuously making efforts with reference to adherence to FCPRF and the following efforts are initiated:

1. Customer Complaint system through mobile application
2. Call center facility to address customer grievances
3. Suggestion Box for walk-in customer in Head Office and branches to register complaints.
4. Exclusive email address for customer to forward complaints and grievances
5. Separate Customer service department to receive and address complaints through Central Bank of Oman

The employees of customer service department are deputed for training and awareness programs during the year.

All complaints and grievances received through above mechanism are addressed within 48 hours and the customer is contacted and informed.

The details of complaints received and resolved during the year 2024 is given below:

1	Number of complaints pending at the beginning of the year	0
2	Number of complaints received during the year	76
3	Number of complaints closed during the year	76
3.1	Of which, number of complaints rejected by Taageer	0
4	Number of complaints pending at the end of the year	0
4.1	Of which number of complaints pending beyond 30 days	0

Milestones and Awards:

We are privileged to have received multiple awards acknowledging our achievements and contributions to the industry. These honors reinforce our commitment to excellence and innovation, motivating us to continually enhance our operations. We take great pride in these recognitions and remain dedicated to maintaining high standards while delivering outstanding value to our stakeholders.

During the year 2024, Taageer has been awarded as a winner of the following awards:

- **CEO of the Year – Finance & Leasing Companies** by Alam al-Iktisaad Awards
- **Finance Company of the Year** by Alam al-Iktisaad Awards
- **Best performing company in the mid-cap sector** by OER Corp. excellence award
- **Best Non-Banking Financial Company** by NABS
- **Top Omani Brand** by Alam al-Iktisaad

Human Resources

Our workforce grew to 177 employees in 2024 (2023: 167 employees), reflecting the Company's ongoing expansion and increasing demand for skilled talent. We are dedicated to fostering a diverse and inclusive workplace where every employee feels valued, respected, and empowered to contribute their unique skills and perspectives.

As part of our commitment to developing local talent, approximately 90% of our employees are Omani nationals as of the end of 2024. This highlights our dedication to integrating local expertise into our workforce while supporting national employment and skills development initiatives.

Business Continuity and Disaster Recovery

The Company has a robust disaster recovery and business continuity plan to protect against unforeseen events. This plan is regularly reviewed and updated to reflect changes in the organizational structure. Additionally, quarterly disaster recovery drills are conducted to evaluate and improve response strategies.

In 2024, the Company significantly strengthened its infrastructure by implementing an active-active configuration between the Head Office and Disaster Recovery site. This setup allows both locations to operate simultaneously, ensuring enhanced reliability and resilience. Furthermore, we have optimized Recovery Time Objectives (RTO) and Recovery Point Objectives (RPO), minimizing data loss and downtime during disruptions.

Taageer Finance has a strong cyber security framework. We annually conduct Vulnerability Assessment & Penetration Testing (VAPT) to identify and address potential vulnerabilities. Annual security audits are also performed to ensure that our security infrastructure aligns with international cybersecurity standards.

Future Outlook

With stable economic growth of 3.1% projected for Oman in 2025, the Company is well positioned to capitalize on emerging opportunities. Strong capitalization and a focus on sustainable expansion will drive increased market share. By continuously upgrading systems and leveraging the latest technologies, the Company aims to enhance customer experience. Taageer's future business strategy will focus latest technologies in developing new products and geographical expansion to remain ahead in the competitive financial market.

Additionally, a robust approach to risk and portfolio management will remain a key priority, ensuring the protection of shareholder value and the achievement of long-term profitability and growth.

Acknowledgement

On behalf of the management, I thank the Chairman, Vice-Chairman of the Board, Chairman of Audit & Risk Committee, Chairman of the Executive, Nomination and Remuneration Committee and Board members for their continuous guidance.

We also take this opportunity to thank our shareholders, our employees and regulatory bodies for their continuous support.

Fahad Khamis Abdullah Al Bulushi
Acting Chief Executive Officer

Khanjar Belt

A traditional Omani accessory that holds the iconic Khanjar dagger,
made of leather with intricate silver embellishments. It symbolizes heritage, bravery, and social status.

pwc

Agreed-upon procedures report on factual findings in connection with the Corporate Governance Report

To the Board of Directors of Taageer Finance Company SAOG

Purpose of this Agreed-upon Procedures Report

Our report is solely for the purpose of assisting the directors of Taageer Finance Company SAOG (the "Company") in determining whether their Corporate Governance Report is in compliance with the Code of Corporate Governance (the "Code") of the Financial Services Authority of the Sultanate of Oman ("FSA"), as prescribed in the FSA Circular No. E/10/2016 dated 1 December 2016 (together the "Governance Code") and may not be suitable for another purpose.

Responsibilities of the directors

The directors of the Company have prepared the Corporate Governance Report ("the Report") and remain solely responsible for it and are also responsible for identifying and ensuring that the contents of the Report comply with the Code. The directors are also responsible for determining that the scope of the agreed-upon procedures is appropriate and sufficient for the purposes of the engagement.

Our Responsibilities

We have conducted the procedures agreed with the Company, and set out below, in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves performing the procedures that have been agreed with the Company, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness or sufficiency of the agreed-upon procedures.

This agreed-upon procedure engagement is not an audit or assurance engagement made in accordance with generally accepted auditing or assurance standards, the objective of which would be the expression of assurance on the contents of the Report. Accordingly, we do not express such assurance.

Had we performed additional procedures, or had we performed an audit or assurance engagement on the Report, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Control

We have complied with the relevant ethical requirements, including International Independence Standards, in the International Code of Ethics for Professional Accountants (IESBA Code) issued by the International Ethical Standards Board for Accountants.

We apply the International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

PricewaterhouseCoopers LLC, Salam Square - South, 4th Floor, Suites 402-404, Madinat Al Sultan Qaboos, P.O. Box 3075, Ruwi, Postal Code 112, Muscat, Sultanate of Oman, T: +968 2 455 9110, F: +968 2 456 4408, www.pwc.com/me

Chartered Accountants Licence No. L1065369, Management Consultants Licence No. L1065290, Commercial Register No. 1230865, Tax Card No 8055889

Agreed-upon procedures report on factual findings in connection with the Corporate Governance Report

To the Board of Directors of Taageer Finance Company SAOG (continued)

Procedures and Findings

We have performed the procedures described below, which were agreed with the Company in the terms of our engagement letter dated 1 October 2024, on the compliance of the Report with the Code for the year ended 31 December 2024.

No.	Procedures	Findings
(a)	We obtained the Corporate Governance Report issued by the Board of Directors and compared its contents to the minimum requirements of the FSA as set out in Annexure 3 of the Code.	No exceptions noted.
(b)	We obtained from the Company details of the areas of non-compliance with the Code identified by the Company, as set out in its Board minutes and in its non-compliance checklist and compared these with those included in the Report in the section "Details of non-compliance and penalties, together with the reasons for such non-compliance for the year ended 31 December 2024". Additionally, we obtained written representations from the directors that there were no other areas of non-compliance with the Code for the year ended 31 December 2024, of which they were aware.	No exceptions noted.

Our report is intended solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose.

This report relates only to the accompanying Corporate Governance Report of the Company to be included in its annual report for the year ended 31 December 2024 and does not extend to the Company's financial statements taken as a whole.

PricewaterhouseCoopers

PricewaterhouseCoopers LLC
Muscat, Sultanate of Oman

11 March 2025

برایس وترهاوس كوبرز
C.R. No 1230865
PricewaterhouseCoopers LLC

A'Samt

A silver necklace featuring a circular disc in the center, decorated with intricate geometric designs.

CORPORATE GOVERNANCE

In accordance with the Financial Services Authority (FSA), formerly Capital Market Authority (CMA) guidelines, we are pleased to present the Corporate Governance Report for the year ended 31 December 2024. The Auditors, PwC, have issued a separate Report on the Corporate Governance.

COMPANY'S PHILOSOPHY

Taageer's philosophy of corporate governance is aimed at promoting trusteeship, transparency, empowerment, control and ethical corporate citizenship. Taageer is committed to working with its stakeholders to improve the economic development. We strive to achieve this by implementing corporate governance in compliance within guidelines set by the Central Bank of Oman and the Capital Market Authority.

THE BOARD OF DIRECTORS

The present Board of Directors were appointed in the Annual General Meeting held on 24 March 2024 for a period of three years. Board of Directors has formed three Committees namely, Audit & Risk Committee, The Executive Nomination & Remuneration Committee and Strategy Committee.

Composition of the Board of Directors: (in accordance with Article 1 of Code of Corporate Governance)

Name of Director	Position	
Sheikh Khalil Ahmed Al-Harthy Independent & Non-Executive	Chairman	(elected w.e.f 24 March 2024)
Mr. Said Ahmed Safrar Independent & Non-Executive	Vice-Chairman	(w.e.f 28 March 2024)
Mr. Fahad Al Haqbani Non-Independent & Non-Executive	Director	(re-elected w.e.f 24 March 2024)
Mr. Ali Mohammed Ali Al Farsi Non-Independent & Non-Executive	Director	(re-elected w.e.f 24 March 2024)
Dr. Seyed Mohammad Hossein Ghoreishi Independent & Non-Executive	Director	(elected w.e.f 24 March 2024)
Mr. Mahmood Hamed Salim Al Gharibi Independent & Non-Executive	Director	(elected w.e.f 24 March 2024)
Mr. Marai Ahmed Salim Marai Al Shanfari Independent & Non-Executive	Director	(elected w.e.f 24 March 2024)
Sheikh. Rashid bin Saif Al Saadi Independent & Non-Executive	Chairman	(upto w.e.f 24 March 2024)
Mr. Saleh bin Nasser Al Riyami Independent & Non-Executive	Vice-Chairman	(upto w.e.f 24 March 2024)
Sheikh. Khalid Mohamed Al Hamoodah Independent & Non-Executive	Director	(upto w.e.f 24 March 2024)
Mrs. Rasha Abdulhussain Jaffer Sulaiman Non-Independent & Non-Executive	Director	(re-elected w.e.f 24 March 2024 and resigned on 28 March 2024)
Mr. Omar Mohamed Nasser Al Rasbi Independent & Non-Executive	Director	(upto 24 March 2024)

Board of Directors held 5 meetings during the year. The details of members' participation in the meetings along with their Directorships in other companies in Oman are as follows:

Name of the Director	Position	Board Meeting attended	Last AGM attendance	Directorships in other Companies	Position in the other Company
Sheikh Khalil Ahmed Al-Harthy	Chairman	4 28-03-2024 29-04-2024 28-07-2024 28-10-2024	No	Al Batinah Power SAOG Takaful Oman Insurance SAOG	Director Director
Mr. Said Ahmed Safrar	Vice Chairman	5 24-01-2024 28-03-2024 29-04-2024 28-07-2024 28-10-2024	Yes	Sohar International Bank SAOG The First Mazoon Fund Dhofar Foods & Investment Co. SAOG Dhofar Generating Co SAOG Wasel Exchange SAOC	Director Chairman Chairman Director Chairman
Mr. Fahad Al Haqbani	Director	5 24-01-2024 28-03-2024 29-04-2024 28-07-2024 28-10-2024	Yes	---	---
Mr. Ali Mohammed Ali Al Farsi	Director	5 24-01-2024 28-03-2024 29-04-2024 28-07-2024 28-10-2024	Yes	---	---
Dr. Seyed Mohammad Hossein Ghoreishi	Director	4 28-03-2024 29-04-2024 28-07-2024 28-10-2024	No	---	---

Name of the Director	Position	Board Meeting attended	Last AGM attendance	Directorships in other Companies	Position in the other Company
Mr. Mahmood Hamed Salim Al Gharibi	Director	4 28-03-2024 29-04-2024 28-07-2024 28-10-2024	No	Al Suwadi Power Company SAOG Iskan Oman Investment Co SAOC Al Mutawar Hotels and Resorts SAOC	Director Director Director
Mr. Marai Ahmed Salim Marai Al Shanfari	Director	4 28-03-2024 29-04-2024 28-07-2024 28-10-2024	No		
Sheikh Rashid bin Saif Al Saadi	Chairman	1 24-01-2024	Yes		
Mr. Saleh bin Nasser Al Riyami	Vice Chairman	1 24-01-2024	No	Al Madina Takaful SAOG	Director
Sheikh. Khalid Mohamed Al Hamoodah	Director	1 24-01-2024	Yes	Muscat Gases SAOG OSOS	Director Chairman
Mrs. Rasha Abdulhussain Jaffar Sulaiman	Director	2 24-01-2024 28-03-2024	No	Oman Infrastructure Investment Management SAOC	Director
Mr. Omar Al Rasbi	Director	1 24-01-2024	Yes		

AUDIT & RISK COMMITTEE

The main role of the Audit & Risk Committee is to:

- Assist the Board in assuring the integrity and credibility of the financial reporting process;
- Review the Company's internal financial controls and the Company's internal control and risk management systems;
- Monitor and review the effectiveness of the Company's internal audit function;
- Selecting and evaluating the External Auditors.
- Devising a risk management plan, obtaining approval by the board and following up its implementation. The plan shall, at minimum, include the following:
  1. Key risks which the Company is exposed to and their probability (risk appetite).
  2. Mechanisms for identification, measurement and monitoring of these risks.
  3. Mechanisms for periodic examination, detection and reporting of risks (especially new risks).
  4. Means to mitigate risks, if avoidance is not possible.
- The committee may seek the assistance of any other entity on a consultancy basis to assist the committee in performing its duties.
- The committee shall submit its recommendations to the board at the time determined by the board.

The Internal Audit work plan is drawn up in consultation with the Audit & Risk Committee. Internal Audit is done on a quarterly basis and a report is submitted to the Audit & Risk Committee for their review. The Chairman of the Audit & Risk Committee presents to the Board the proceedings of the Audit & Risk Committee meeting. The audit covers areas of operations of the Company as per the approved internal audit work plan. The Management has responded to the various issues raised by the Internal Auditor and submits a compliance report on the same.
Outsourced Internal Auditors, KPMG carried out review and audit as per approved audit plan by Audit & Risk Committee and presented reports along with management comments to ARC.

External Quality Assurance Review of the Internal Audit Unit

As per the guidelines issued by Financial Services Authority (FSA), formerly Capital Market Authority (CMA) in February 2021, the Company should conduct a comprehensive external evaluation of the Internal Audit Unit work at least once in every four years through a specialized third party-other than the Company's External/Internal Auditor of the Company in the past 4 years, The Internal Audit activity of the Company has got evaluated twice in the year 2011, 2016 by a specialized third party, prior to the mandatory requirement by FSA and in the year 2020 after the guidelines were issued by FSA.
During 2024, the Board of Directors have appointed MGI Vison, an independent entity, to carry out evaluation of the Internal Audit Unit. MGI Vision have carried out the evaluation of the Internal Audit Unit and submitted their report. The Audit & Risk Committee has reviewed the evaluation report and submitted to the Board of Directors. MGI Vision concluded that the Internal Audit activity of the Taageer Finance Company "generally confirms" to the International Professional Practices Framework (IPPF) and local regulations relevant to Internal Audit activity.

Risk Department Functions:

i. Setting and reviewing the Company's policies pertaining to risk management, taking into account the Company's business, changes in market conditions and the Company's investment and expansion tendencies and approach.

ii. Setting up an executive program for risk management in the Company and providing training or orientation to the Board and the executive management.

The Audit & Risk Committee comprises of 3 Board members. Audit & Risk Committee held 6 meetings during the year. Details of the members and their attendance in the meetings held are as follows:

Name of the Director	Position	Meetings attended	Date of appointment
Mr. Said Ahmed Safrar	Chairman	6	Nominated on 28 March 2024
Mr. Ali Mohammed Ali Al Farsi	Member	6	Nominated on 28 March 2024
Mr. Mahmood Hamed Salim Al Gharibi	Member	4	Nominated on 28 March 2024
Mr. Saleh bin Nasser Al Riyami	Chairman	2	upto on 24 March 2024
Mrs. Rasha Abdulhussain Jaffer Sulaiman	Member	1	upto on 24 March 2024

Executive, Nomination & Remuneration Committee

The Executive, Nomination & Remuneration Committee comprises of five Board members. The main role of the Executive, Nomination & Remuneration Committee is to;

- Review, recommend and approve / reject credit proposals within specified financial limits;
- Review and recommend the annual budget to the BOD for its approval;
- Review Company's monthly management accounts, its performance vs budget, financial management and operations of the Company and recommend to the BOD appropriate action on the issues arising there from; and
- Recommend appointment / replacement of senior management of the Company (other than CEO, Dy. CEO, COO, CFO and Head of Internal Audit), review compensation related matters recommended by the management and accord approval (within the overall budget sanctioned by the Board).

Functions of Nomination & Remuneration Committee:

- Identify and nominate suitably qualified persons to serve as directors of the Company while adhering to the requirements local rules & regulations.
- Find competent persons to join the Board on temporary basis when a vacancy on the Board arises.
- Search for and nominate competent persons for executive posts as per the request of the Board.
- Prepare recommendations concerning remuneration and sitting fees payable to members of the Board and its sub-committees subject in all cases to the provisions of the Capital Market Authority's Administrative Decisions from time to time.
- Prepare clear, credible and accessible policies to inform the Company's shareholders of the remuneration paid to members of the Board and in relation to executive remuneration.
- Prepare remuneration, allowance, performance based remuneration criteria and bonus policies for the executive management and periodically review the same taking into consideration market conditions and the Company's performance.
- Seek assistance of or consult any other party to enable it to perform its functions if required after obtaining the Board's approval on such assistance or consultation, provided that there is no conflict of interest with the person who shall assist or advise the Committee.

Executive, Nomination & Remuneration Committee held 5 meetings during year. Details of present members and their attendance in the meeting held are as follows:

Name of the Director	Position	Meetings attended	Date of appointment
Sheikh. Khalil Ahmed Al-Harthy	Chairman	4	Nominated on 28 March 2024
Mr. Fahad Al Haqbani	Member	4	Nominated on 28 March 2024
Dr. Seyed Mohammad Hossein Ghoreishi	Member	4	Nominated on 28 March 2024
Mr. Marai Ahmed Salim Marai Al Shanfari	Member	4	Nominated on 28 March 2024
Sheikh. Rashid bin Saif Al Saadi	Chairman	1	upto 24 March 2024
Sheikh. Khalid Mohamed Ali Al Hamoodah	Member	1	upto 24 March 2024
Mr. Omar Mohamed Nasser Al Rasbi	Member	1	upto 24 March 2024

Strategy Committee

The main objective of the Board Strategy Committee is to define and agree on the business strategy of the Company and take necessary decisions in order to derive a new business strategy.

The Main responsibilities of the Strategy Committee which was constituted as a sub-committee of the Board after the election of the new Board Members at the AGM held on 24 March 2024 are as under:

i) Discuss and agree on future business strategies and recommend company strategy to the board of directors.
ii) Engage consultants as deemed necessary.
iii) Ensure execution of approved company strategy, including strategic investments and corporate matters.
iv) Act on special projects that may be assigned from time to time by the board of directors.

Strategy Committee held 7 meetings during the year. Details of present member and their attendance in the meetings held are as follows:

Name of the Director	Position	Meetings attended	Date of appointment
Sheikh. Khalil Ahmed Al-Harthy	Chairman	7	Nominated on 28 March 2024
Mr. Said Ahmed Safrar	Member	7	Nominated on 28 March 2024
Mr. Ali Mohammed Ali Al Farsi	Member	7	Nominated on 28 March 2024

BRIEF PROFILE OF DIRECTORS

Sheikh Khalil Ahmed Al-Harthy

Mr. Khalil Al Harithi holds a bachelor's degree in finance and information systems, a Diploma in Financial and Banking Sciences, and has professional experience as an investment portfolio manager at the Central Bank of Oman, Assistant General Manager at the National Insurance Company, CEO of Credit Oman Company, and a member of Al Batinah Power SAOG. A member of Takaful Oman Insurance SAOG

Mr. Said Ahmed Safrar

Mr. Said Ahmed Safrar holds a Master in Business Administration (MBA) from the University of Hull in the UK, a Business Management Diploma from King's College Bournemouth in the UK and a Specialized Diploma from the Arab Academy for Banking and Financial Science in Jordan.

Mr. Said has over 25 years of experience in the Banking and Telecommunications' Sector, he is the Chairman of Dhofar Foods & Investment Co. SAOG, The First Mazoon Fund and Wasel Exchange SAOC. He is also a Director in Dhofar Generating Company SAOG and Sohar International Bank SAOG. Currently Mr. Said Safrar holds the position of Chief Executive Officer of Oman Investment & Finance Co. SAOG.

Mr. Fahad Abdullah Al-Haqbani

Mr. Fahad Al-Haqbani is a Director of the Company with over 25 years of experience in investments and financial services. He holds a Master's degree in International Marketing from the University of Strathclyde, Glasgow, United Kingdom, and a B.A. in Business Administration from King Saud University, Saudi Arabia. He has been serving The Arab Investment Company, Saudi Arabia for over 20 years. Currently he is the General Manager of Finance & Administration Affairs and a member of the Investment Committee and Credit Committee of the Arab Investment Company, Saudi Arabia.

Mr. Al-Haqbani is currently a member of the Board of Directors of the Arab Jordan Investment Bank - Jordan, and he is also a member of the Board of Directors of the Arab Jordan Investment Bank (Qatar) L.L.C. He has extensive experience in investments and financial services.

Mr. Ali Al Farsi

Mr. Ali Al Farsi is an Associate – Local & Financials at the Oman Investment Authority (OIA) with 7 years of experience in Private Equity and Asset Management. He is being involved in the execution and managing investments in various sectors including financial services, insurance, retail, telecom infrastructure, tech-venture capital, and manufacturing. He is an IC member at GC Credit Opportunities Fund II, a fund with committed capital of US$ 250M that provides private debt and quasi-equity financing to mid-market companies in the Middle East, Turkey, and Sub-Saharan Africa. He holds a bachelor's degree in Finance from the College of Economics at Sultan Qaboos University.

Dr. Seyed Mohammad Hossein Ghoreishi

Dr. Seyed Mohammad Hossein Ghoreishi has a Ph.D. in Public Policy in addition to a Masters Degree in Business Administration and a Bachelor's Degree in Industrial Engineering. More than nine years of management experience in Economic Affairs, Public Administration and has been part of academic publications. Presently, the Director General of Ministerial Office, Ministry of Economic Affairs and Finance, Tehran, Iran

Mr. Mahmood Hamed Salim Al Gharibi

Mr. Mahmood Al Gharibi holds a bachelor's degree in finance at Sultan Qaboos University, 16 years of experience in the field of finance and investment, director in Al-Mutawar Hotels and Resorts Company, Al Suwadi Power Company SAOG and Iskan Oman Investment Company SAOC.

Mr. Marai Ahmed Salim Marai Al Shanfari

Mr. Marai Al-Shanfari holds a Master's degree in Quality management with a Bachelor's degree in Transportation Management and He works at the Oman Telecommunications Company in Finance, Administration and Quality Control.

Sheikh. Rashid bin Saif Al Saadi

Sheikh Rashid bin Saif Al Saadi, Chairman of the Board, has been a member of the Board of Directors since April 2019, and is a renowned financial and investment banker, business executive, entrepreneur and philanthropist.

Sheikh Rashid holds a B.Sc. in Business Administration from Rollins College, USA. His career is marked by many significant achievements and milestones; including a twelve year stint with the Diwan of Royal Court, in addition to his involvement in various specialized committees, such as the Omanization committee, the planning and budgeting committee until his appointment as the General Manager of the Arabian Engineering Services (AES) Company.

Mr. Saleh Nasser Al Riyami

Mr. Saleh Nasser Al Riyami, is the Vice Chairman of the Company, has a Bachelor in Business Administration (Management), American College – Atlanta, Georgia. He is on the Board of Al Madina Takaful SAOG. Mr. Riyami has over 21 years of experience in the areas of Finance and Investment.

Sheikh. Khalid Mohamed Ali Al -Hamoodah

Sheikh Khalid Mohamed Ali Al-Hamoodah is an investor and entrepreneur. He is an active Independent Board Member with public and private sector companies in Oman. His professional career spans over 25 years, where he has held several senior management positions. Before retiring from public service, he was Assistant Executive President at the Diwan of Royal Court - Pension Fund. He spearheaded the investment department managing multi-asset class investments in global financial markets. He has been serving Diwan of Royal court in different capacities and has accumulated experience in operational management, administration, project execution along with managing investments. He was an integral part of the Investment Committee of Pension Fund. Prior to his role at Diwan of Royal Court he had a short stint with the Ministry of Oil and Gas.
He has been a member on the Board of a number of reputed companies in public and private sectors in Oman and in the GCC region. He is the Chairman of OSOS and Director in Muscat Gases Company SAOG.
Sheikh Khalid holds an MBA from University of Strathclyde, UK and a bachelor's in business administration from Coventry University, UK.

Mrs. Rasha Abdulhussain Jaffer Sulaiman

Mrs. Rasha holds a bachelor's degree in Finance from Sultan Qaboos University and a master's degree in Finance & Investment from University of Edinburgh – United Kingdom.

Mrs. Rasha Sulaiman has over 16 years of experience and is currently working with the State General Reserve Fund and has managed portfolio of different vintages, industries and geographies. Mrs. Rasha has extensive experience in research of Equity Funds and properties. She is a member of the Board in Oman Infrastructure Investment Management SAOC.

Mr. Omar Al Rasbi

Mr. Omar Al Rasbi holds a master's degree in business Administration from W.P Carey School of Business and Construction Engineering from Del E. Webb School of Construction and pursing Doctorate on Sustainable Engineering. Professional experience range in the fields of infrastructure project management to portfolio management. Experience covers a span of over 10 years. Presently Chief Development Officer at Mubadrah Investment for one of regions' leading privately held companies.

BRIEF PROFILE OF MANAGEMENT

Mr. Shahin Mohammed Al Balushi
Chief Executive Officer

Mr. Shahin Mohammed Al Balushi has worked across various FLCs in Oman. was earlier the Chief Executive Officer of Oman Orix Leasing Company SAOG from 2013 to March-2018 after which he was the Chief Executive Officer of the merged entity of National Finance Company SAOG and Oman Orix Leasing Company SAOG. He also worked with the Ministry of Water Resources and Oman Newspaper. He holds a Bachelor's degree and MBA. He is also an Arab certified Public Accountant.

Mr. Muhammad Kashif Yaqoob
Dy. CEO

Mr. Muhammad Kashif Yaqoob has over 30 years of experience with multinational financial groups including 17 years international experience at C level positions. He has worked as CEO of ORIX Group's Joint Venture in Kazakhstan and has represented ORIX Group as Member on Board of Directors in Joint Venture Companies in Oman and Egypt. Mr Yaqoob has conducted consultancy assignments on behalf of ORIX Group in Russia, Mongolia & Poland etc. He has worked in several positions with ORIX Group in Pakistan and handled areas including Corporate Planning, Operating Lease, New Business Development & International Operations.

Mr Yaqoob carries Master's in Business Administration from IBA Karachi and Bachelor's in Electrical Engineering from N.E.D. University of Engineering & Technology Karachi.

Mr. Fahad Al Balushi
Chief Operating Officer

A strategic leader with more than 25 years of experience with financial institutions in various capacities with different organizations in Oman and GCC. He led many organizations at the level of Executive Management or Board of Directors in different sectors such as Food, Aviation, Industrial, Oil & Gas, and others.

He has a Bachelor of Science in Operations Management and is Fellow member with the Association of Certified Chartered Accountants (ACCA).

Mr. Mohamed Ali Ibrahim Al Maimani
Deputy General Manager

Mohamed Ali Ibrahim Al Maimani, has more than 26 years of experience in banking sector in different senior position such as Branch network, Human Resources, Loan Management etc. He holds a level 7 Diploma in Strategic and leadership Management along with a banking Diploma from the Arab Academy for Financial Studies, Jordan. He is also recognized as certified Chartered Manager from Chartered Management Institute, UK.

REMUNERATION MATTERS

The Board of Directors has recommended Director's remuneration of RO 171,000 for the year 2024 (2023 – RO 100,000) in line with Articles 129-133 of the Ministerial Decision 27/2021 issuing the Executive Regulations for Public Joint Stock Companies. Article 133 of the Executive Regulations provides that the general meeting shall determine the remuneration of the member of the board of directors pursuant to the following rules.

a) Shall not exceed RO 300,000 for the company that realized net profits equal to or exceeding the profits realized in the previous financial year and has no accumulated losses or losses in the capital.

b) Shall not exceed RO 150,000 for the company that realized net profits less than the profits realized in the previous financial year and no losses in the capital.

The Board was paid sitting fees as per details given herein under as approved in the last AGM held on 24 March 2024.

In the case of institutional representatives on the board, payment of sitting fees have been made to the Director or directly to the institution whose nominee is represented on the Board as per the instruction from the Director or decision of the institution.

The Company held 5 Board meetings during the year 2024, and RO 18,500 (2023 - RO 17,000) has been paid towards Directors' sitting fees.

During the year 2024, 6 Audit & Risk Committee meetings were held and RO 7,600 (2023 – RO 6,400) was paid towards Audit & Risk Committee sitting fees.

During the year 2024, 5 Executive, Nomination & Remuneration Committee meetings were held and RO 7,600 (2023 – RO 7,600) was paid towards Executive, Nomination & Remuneration Committee sitting fees.

During the year 2024, 7 Strategy Committee meetings were held and RO 8,400 (2023 – RO Nil) was paid towards Strategy Committee sitting fee.

During the year 2024, RO 813,742 (2023 – RO 662,349) was paid as salary and related benefits to the four senior most officers of the company. Employment contracts with these officers are in accordance with the labour laws of the Sultanate of Oman.

PROCESS OF NOMINATION OF THE DIRECTORS

The company follows the provisions of the Commercial Companies Law and the guidelines from the Central Bank of Oman in respect of nomination of the members of the Board of Directors.

EVALUATION OF BOARD OF DIRECTOR

As per the new code of Corporate Governance for Public Listed Companies issued by the Capital Market Authority in 2015, the performance of the Board of Directors needs to be reviewed impartially and independently by a third party appointed by the Annual General Meeting in accordance with a benchmark and standards set by the Board or the General Meeting once during the term of Board of Directors. The last report of Oman Centre for Governance and Sustainability (OCGS) a third party consultant was presented at the previous AGM held on 24 March 2024. The next review of the newly elected board members on 24 March 2024 shall be undertaken before the end of the term of the current Board.

MEANS OF COMMUNICATION WITH THE SHAREHOLDERS

The Company publishes quarterly accounts in two national newspapers and also submits the same to the Muscat Stock Exchange. Annual report is mailed to all the Shareholders. And other relevant information at Muscat Stock Exchange (MSX) website (www.msx.om).

Nisa Earring

Handcrafted with intricate silverwork, Omani Nisa earrings reflect tradition and heritage. Worn by Omani women, they symbolize beauty and cultural pride.

MARKET PRICE DATA

• **High/Low price and index**

The shares of the company are listed on the Muscat Stock Exchange. Details of market price data during 2024 are as follows:

Month	Market Price (RO)		Volume Traded	Index	
	High	Low		MSX	Sector
Jan-2024	0.106	0.096	253,844	4562	7370
Feb-2024	0.108	0.105	313,780	4555	7094
Mar-2024	0.110	0.105	1,813,809	4636	7359
Apr-2024	0.110	0.102	332,552	4784	7763
May-2024	0.106	0.102	557,849	4846	8015
Jun-2024	0.103	0.101	109,010	4687	7685
Jul-2024	0.107	0.101	515,021	4662	7598
Aug-2024	0.107	0.101	-	4746	7695
Sep-2024	0.105	0.102	331,699	4710	7726
Oct-2024	0.110	0.102	182,981	4749	7914
Nov-2024	0.106	0.102	79,793	4563	7682
Dec-2024	0.104	0.101	31,607	4577	7726

• **Distribution of shares**

Name of the shareholders (holding more than 5%)	Percentage (%)	No. of shares
Oman Investment Authority	34.99	94,857,398
The Arab Investment Co. SAA	18.79	50,925,538
Iran Foreign Investment Co.	12.49	33,871,954
Social Protection Fund	9.24	25,059,808
Oman Investment & Finance Co. SAOG	6.23	16,887,656
Ahmed Salim Ali Marai Al Shanfari	5.59	15,149,394

STATUTORY AUDITORS

PwC is a network of firms with more than 364,232 people operating from 151 countries in 688 cities across the globe, making us the largest professional services provider in the world. We are committed to delivering quality services in Assurance, Tax and Advisory (which includes our Consulting, Deals and Strategy& practices). In doing so we help to build trust in society, enable our clients to make the most of opportunities and solve important business problems.

PwC has operated in the Middle East region for more than 40 years. Collectively, our Middle East network employs in the region of almost 10,800 people including over 450 partners and 630 directors working from 30 offices (in 22 locations) across 12 countries: Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, the Palestinian territories, Qatar, Saudi Arabia and the United Arab Emirates and 41% of our Middle East workforce is female.We are one of the fastest growing PwC member firms worldwide and the largest professional services firm in the Middle East. (www.pwc.com/me).

PwC is strongly committed to Oman where it is recognised as one of the leading providers of quality business advisory services. We have had a local practice in Oman since 1971 and now have 8 partners, 1 of whom is Omani and 7 directors, 2 of whom are Omani and approximately 139 members of staff operating from our office in the Sultanate.

PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details.

AUDIT FEES

For the financial year 2024, an amount of RO 37,700 has been paid to the statutory auditors or is due to them in respect to audit and audit related services and RO 19,950 was paid to the statutory auditors in respect of non audit services.

NON-COMPLIANCE

The Company has complied with all regulatory requirements except for few instances during last three years. An amount of RO 12,000 was paid as penalty to The Central Bank of Oman (CBO) during 2023. The Company has taken necessary corrective actions to ensure compliance in future.

ESG Report: The Company has appointed an independent consultant for review of the ESG report and the same shall be uploaded in the MSX website before the stipulated time-line of 31 March 2025.

CORPORATE SOCIAL RESPONSIBILITY

Taageer is committed to shoulder its financial responsibility in social sphere. During the year the company kept its spirit of contributing to the community by taking several initiatives to support CSR activities in the areas of Education and Health. The company made a total of RO 19,890 in donations in the above-mentioned fields including RO 6,000 made to Oman charitable Association as per Ministerial Decision No. 205/2021 (Article 1).

ACKNOWLEDGEMENT

The Board of Directors acknowledges confirmation of:

- Its responsibility for the preparation of the financial statements in accordance with the applicable standards and rules;
- Review of the efficiency and adequacy of internal control systems of the Company and that it complies with internal rules and regulations;
- There are no material matters that affect the continuation of the Company and its ability to continue its operations during the next financial year.

Said Ahmed Safrar
Chairman Audit and Risk Committee

A'Natla

A large, traditional silver ornament worn by women on their feet, characterized by its impressive size and distinctive engravings.

Independent auditor's report to the shareholders of Taageer Finance Company SAOG

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Taageer Finance Company SAOG (the "Company") as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2024;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in the Sultanate of Oman. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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Independent auditor's report to the shareholders of Taageer Finance Company SAOG (continued)

Our audit approach

Overview

Key Audit Matter	• Expected credit losses on net investment in finance leases, working capital finance and factoring receivables

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Expected credit losses on net investment in finance leases, working capital finance and factoring receivables At 31 December 2024, the Company had net investments in finance leases, working capital finance and factoring receivables of RO 270 million net of credit impairment provisions of RO 36.2 million. The Company applies the requirements of IFRS 9 'Financial Instruments' to determine Expected Credit Losses (ECL) on its net investment in finance leases, working capital finance and factoring receivables.	We assessed the appropriateness of the methodology used to calculate ECL and the adequacy of the ECL as at 31 December 2024. We carried out the following procedures in conjunction with our ECL experts who supported us on certain specific matters: • understanding the Company's IFRS 9 based impairment provisioning policy and comparing it with the requirements of IFRS 9 ; • assessing the design and operating effectiveness of controls over the estimation of ECL on net investment in finance leases, working capital finance and factoring receivables, including credit reviews that determine the risk ratings of corporate customers; • obtaining an understanding of and testing the completeness and accuracy of the historical and current datasets used for ECL calculations within the Company's models; • assessing the appropriateness of the criteria used to determine the SICR;

Independent auditor's report to the shareholders of Taageer Finance Company SAOG (continued)

Our audit approach (continued)

Key audit matter	How our audit addressed the key audit matter
Expected credit losses on net investment in finance leases, working capital finance and factoring receivables (continued) Information on the accounting policy, credit risk and significant estimates and judgements are included in notes 2.8, 3.1 and 2.23, respectively, to the accompanying financial statements. Disclosures relating to the ECL provisions are included in note 5 to the accompanying financial statements. We identified expected credit losses on net investment in finance leases, working capital finance and factoring receivables as a key audit matter because it has a material impact on the Company and, to arrive at the estimated provisions required, the directors make complex and subjective judgements over both the timing of recognition of impairment and the estimation of the amount of expected impairment loss, such as: • choosing appropriate models and assumptions for the measurement of ECL which include estimations of Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD); • determining criteria for Significant Increase in Credit Risk (SICR); • selection of forward-looking macroeconomic scenarios and their probability weightings; • judgement to determine when a default event has occurred (for stage 3 customers); and • determining disclosure requirements in accordance with IFRS Accounting Standards. In addition, the directors make judgmental adjustments to modelled outcome, the measurement of which is inherently judgemental and subject to a high level of estimation uncertainty.	• assessing the appropriateness of the definition of default; • testing a sample of customers to determine the appropriateness and proper application of the staging criteria; • testing the reasonableness of historical macroeconomic and forward-looking information and assumptions used by the directors by agreeing to the latest available macro-economic information; • reviewing of PD, LGD and EAD methodology and its compliance with IFRS 9 requirements; • testing and assessing the reasonableness of the Company's use of scenarios, weightings and discounting; • obtaining an understanding of the methodology to identify and calculate impairment allowances and testing a sample of customer credit exposures against the methodology; • testing the appropriateness of the directors' judgmental adjustments to the ECL model provisions; and • assessing the completeness and adequacy of the related financial statement disclosures as required by IFRS Accounting Standards.

Independent auditor's report to the shareholders of Taageer Finance Company SAOG (continued)

Other information

The directors are responsible for the other information. The other information comprises the Board of Directors' Report, the Corporate Governance report and Management Discussion and Analysis report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report and the Company's Annual Report, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Company's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with the relevant requirements of the Financial Services Authority of the Sultanate of Oman and the applicable provisions of the Commercial Companies Law of 2019, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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Independent auditor's report to the shareholders of Taageer Finance Company SAOG (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Independent auditor's report to the shareholders of Taageer Finance Company SAOG (continued)

Report on other legal and regulatory requirements

Further, as required by the relevant requirements of the Financial Services Authority of the Sultanate of Oman and the applicable provisions of the Commercial Companies Law of 2019, we report that the financial statements have been prepared and comply, in all material respects, with those requirements and provisions.

M. Lalwani.

Mahesh Lalwani
Muscat, Sultanate of Oman

11 March 2025

PricewaterhouseCoopers

برايس وترهاوس كوبرز ش.م.م
س.ت ١٢٣٠٨٦٥
C.R. No 1230865
PricewaterhouseCoopers LLC

Al Mijmar

A vessel used to burn incense and frankincense, perfuming clothes and homes during special occasions.

Al Ghalamiya

Conical silver earrings traditionally worn by young girls, showcasing exquisite craftsmanship

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2024

	Note	2024 RO'000	2023 RO'000
ASSETS			
Cash and bank balances	4	**20,103**	12,023
Net investment in finance leases, working capital finance and factoring receivables	5	**270,028**	228,603
Other receivables and prepayments	6	**25**	586
Vehicles, equipment and right-of-use assets	8	**779**	937
Intangible assets		**48**	48
Deferred tax asset	18(f)	**79**	79
Statutory deposit	9	**250**	250
Total assets		**291,312**	242,526
LIABILITIES AND EQUITY			
LIABILITIES			
Creditors, accruals and other liabilities	10	**3,899**	3,041
Short-term loans	11	**62,728**	52,071
Tax payable	18(b)	**983**	866
Unsecured non-convertible bonds	12(b)	**14,938**	29,800
Corporate and security deposits	13	**55,463**	32,472
Long-term loans	12(a)	**74,120**	73,470
Provision for employees' end of service benefits	10.1	**318**	309
Total liabilities		**212,449**	192,029
EQUITY			
Share capital	14(a)	**27,109**	26,384
Legal reserve	14(b)	**6,768**	6,215
Impairment reserve	14(c)	**2,222**	2,222
Fair value reserve	7	**(441)**	(441)
General reserve	14(d)	**727**	478
Retained earnings		**17,478**	15,639
Total shareholders' equity attributable to the equity holders of the Company		**53,863**	50,497
Perpetual bonds	14(f)	**25,000**	-
Total equity		**78,863**	50,497
Total equity and liabilities		**291,312**	242,526
Net assets per share (baizas)	15	**199**	191

The financial statements including notes and other explanatory information on pages 55 to 118 were approved and authorised for issue by the Board of Directors on 29 January 2025 and were signed on their behalf by:

Chairman	**Director**	**Acting Chief Executive Officer**

Independent auditors' report - pages 39 to 44.

Al Mirsh

A decorative bottle used for storing rose water, often sprinkled to perfume guests and special occasions.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 RO'000	2023 RO'000
Income			
Finance income	16 (a)	**31,206**	26,866
Interest expense	16 (b)	**(14,224)**	(12,263)
Net finance income		**16,982**	14,603
Other operating income	16 (c)	**3,197**	2,492
		20,179	17,095
Expenses			
Staff costs	17.2 / 26	**(4,701)**	(4,265)
Other operating expenses	17.1 / 26	**(2,005)**	(1,753)
Depreciation and amortization		**(374)**	(405)
Impairment on net investment in finance leases, working capital finance and factoring receivables	5(c)	**(6,598)**	(4,997)
		(13,678)	(11,420)
Profit before taxation		**6,501**	5,675
Taxation	18(a)	**(975)**	(851)
Profit for the year		**5,526**	4,824
Basic and diluted earnings per share (baizas)	19	**20.38**	17.79

The notes and other explanatory information on pages 55 to 118 form an integral part of these financial statements.

Independent auditors' report - pages 39 to 44.

A'Shahid

A unique women's ring, distinguished by its design and traditionally worn on the index finger, from which it takes its name.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital RO'000	Legal reserve RO'000	Impairment reserve RO'000	Fair value reserve RO'000	General reserve RO'000	Retained earnings RO'000	Perpetual bonds RO'000	Total RO'000
At 1 January 2024	**26,384**	**6,215**	**2,222**	**(441)**	**478**	**15,639**	**-**	**50,497**
Total comprehensive income for the year:								
Profit for the year	-	-	-	-	-	5,526	-	5,526
Transactions with owners:								
Dividend [note 14(e)]	725	-	-	-	-	(2,572)	-	(1,847)
Other transactions within equity:								
Issue of perpetual bonds	-	-	-	-	-	-	25,000	25,000
Issue cost of perpetual bonds	-	-	-	-	-	(313)	-	(313)
Transfer to legal reserve [note 14(b)]	-	553	-	-	-	(553)	-	-
Transfer to general reserve [note 14(d)]	-	-	-	-	249	(249)	-	-
Total other transactions and transactions with owners	**725**	**553**	**-**	**-**	**249**	**1,839**	**25,000**	**28,366**
At 31 December 2024	**27,109**	**6,768**	**2,222**	**(441)**	**727**	**17,478**	**25,000**	**78,863**

	Share capital RO'000	Legal reserve RO'000	Impairment reserve RO'000	Fair value reserve RO'000	General reserve RO'000	Retained earnings RO'000	Total RO'000
At 1 January 2023	25,866	5,733	2,222	(441)	152	13,434	46,966
Total comprehensive income for the year:							
Profit for the year	-	-	-	-	-	4,824	4,824
Transactions with owners:							
Dividend [note 14(e)]	518	-	-	-	-	(1,811)	(1,293)
Other transactions within equity:							
Transfer to legal reserve [note 14(b)]	-	482	-	-	-	(482)	-
Transfer to general reserve [note 14(d)]	-	-	-	-	326	(326)	-
Total other transactions and transactions with owners	518	482	-	-	326	(2,619)	(1,293)
At 31 December 2023	26,384	6,215	2,222	(441)	478	15,639	50,497

The notes and other explanatory information on pages 55 to 118 form an integral part of these financial statements.

Independent auditors' report - pages 39 to 44.

STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 RO'000	2023 RO'000
Operating activities			
Profit before taxation		6,501	5,675
Adjustments for:			
Impairment on net investment in finance leases, working capital finance and factoring receivables		6,598	4,997
Depreciation and amortization	8	374	405
Gain on sale of vehicles and equipment		(23)	-
Finance cost on lease liabilities	10.2	19	11
Net adjustment for interest accrued on short term loans, long term loans and unsecured non-convertible bonds		(63)	(131)
Accrued interest on term deposits		15	(52)
Provision for employees' end of service benefits	10.1	9	127
		13,430	11,032
Working capital changes:			
Net investment in finance leases, working capital finance and factoring receivables		(47,705)	(39,463)
Other receivables and prepayments		244	(272)
Corporate and security deposits		22,991	10,561
Creditors, accruals and other liabilities		1,044	51
Cash flow from operations before payment of tax and employees' end of service benefits		(9,996)	(18,091)
Income tax paid	18(c)	(858)	(585)
Employees' end of service benefits paid	10.1	-	(65)
Net cash used in operating activities		(10,854)	(18,741)
Investing activities			
Purchase of vehicles and equipment	8	(218)	(315)
Proceeds from sale of vehicles and equipment		23	-
Deposits placed with banks		(2,336)	(5,000)
Deposits redeemed		2,000	13,225
Net cash (used in)/generated from investing activities		(531)	7,910
Financing activities			
Dividend paid		(1,847)	(1,293)
Short term loans received		56,650	36,300
Short term loans paid		(46,150)	(24,150)
Long term loans received		36,634	35,116
Long term loans paid		(35,996)	(33,860)
Unsecured non-convertible bonds issued		-	14,956
Unsecured non-convertible bonds paid		(14,630)	(13,232)
Issuance of perpetual bonds		25,000	-
Issue cost of perpetual bonds		(312)	-
Payment of lease liability including interest	10.2	(204)	(139)
Net cash generated from financing activities		19,145	13,698
Net change in cash and cash equivalents		7,760	2,867
Cash and cash equivalents at the beginning of the year		10,033	7,166
Cash and cash equivalents at the end of the year	4	17,793	10,033

STATEMENT OF CASHFLOWS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

The above figures reconcile to the amount of cash and bank balances shown in the statement of financial position at the end of the financial year as follows:

	2024	2023
	RO’000	RO’000
Balance as above	**17,793**	10,033
Deposits which have original maturity of more than 3 months	**2,355**	2,035
ECL	**(45)**	(45)
Balances per statement of financial position	**20,103**	12,023

Interest received was RO 23.28 million (2023: RO 22.40 million) and interest paid was RO 13.48 million (2023: RO 11.5 million). These are part of operating cash flows of the Company.

Significant non-cash changes

Additions to right-of-use assets and lease liabilities during the year are RO 0.047 million (2023: RO 0.223 million).

The notes and other explanatory information on pages 55 to 118 form an integral part of these financial statements.

Independent auditors’ report - pages 39 to 44.

Marriya beads

Exquisite Hallow Silver Omani Marriya beads, finely crafted with intricate embossing and a distinctive double-cone shape.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024

1 Legal status and principal activities

Taageer Finance Company SAOG (the Company) is an Omani joint stock company registered with the Ministry of Commerce on 22 October 2005. The Company was incorporated as a closed stock company on 24 December 2000 and was converted to an Omani joint stock company on 21 October 2005 by a resolution of the shareholders passed on 27 August 2005. The Company is engaged in the business of providing leasing, working capital finance and factoring receivables to retail, SME and corporate customers in the Sultanate of Oman. The tenure of such financing generally varies from 6 months up to 10 years at fixed interest rates prevalent in the market at the time of financing. The financing is collateralised against land, equipment and vehicles. The Company manages its liquidity and financing through borrowing from various commercial banks. The Company also accepts corporate deposits and issues non-convertible and perpetual bonds for funding. The Company's shares are listed on Muscat Securities Market. The registered office of the Company is located at Al-Khuwair, Muscat, Sultanate of Oman.

The Company operates in the Sultanate of Oman with a network of seven branches (2023 - seven branches) and has 177 employees as at 31 December 2024 (2023 – 167 employees).

2 Summary of material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

(a) Compliance with IFRS Accounting Standards

These financial statements have been prepared in accordance with IFRS Accounting Standards, applicable requirements of the Commercial Companies Law of 2019, Financial Services Authority (FSA) of the Sultanate of Oman disclosure requirements and applicable regulations of the Central Bank of Oman.

(b) Historical cost convention

These financial statements have been prepared on a historical cost basis except for financial assets at fair value through other comprehensive income, 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) Standards, amendments and interpretations effective in 2024

Following new standards, amendments to standards and interpretations have become effective for the first time for the reporting periods beginning on or after 1 January 2024.

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants- Amendments to IAS 1;
- Lease Liability in Sale and Leaseback – Amendments to IFRS 16; and
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7.

The amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024 (continued)

2 Summary of material accounting policies (continued)

2.1 Basis of preparation (continued)

(d) Standards, amendments and interpretations to existing IFRS that are not yet effective

Following are the new standards and amendments to existing standards that have been issued, but not yet effective, and are applicable for future reporting periods.

- Amendments to IAS 21 - Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025)
- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026)
- IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)

The Company is evaluating the impact on future financial statements, if any, of adopting these pronouncements.

2.2 Foreign currency transactions

The financial statements are presented in Rial Omani, rounded to the nearest thousands which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

2.3 Revenue recognition

(a) Finance income from finance leases

Where the Company is a lessor in a lease which transfers substantially all the risks and rewards incidental to ownership to the lessee, the assets leased out are presented as a finance lease receivable ('Net investment in finance leases') and carried at the present value of the future lease payments. Finance lease receivables are initially recognised at commencement (when the lease term begins) using a discount rate determined at inception (the earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease). The difference between the gross receivable and the present value represents unearned finance income.

This income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return by applying the rate implicit in the lease to (i) the gross book value of lease receivables in stage 1 and 2 and (ii) net carrying amount of lease receivables in stage 3 of the ECL model. Incremental costs directly attributable to negotiating and arranging the lease are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term.

2 Summary of material accounting policies (continued)

2.3 Revenue recognition (continued)

(b) Finance income from factoring receivables and working capital finance

The finance income on factoring receivables and working capital finance receivables is recognised in the statement of profit or loss 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. Factoring contracts are generally for a term ranging between 90 days to 180 days.

Interest on past due and credit-impaired leases, working capital finance and factoring receivables is not recognised to income and is transferred to a reserve account as per Central Bank of Oman regulations. This is reversed from reserve account and is taken to statement of profit or loss when received in cash.

(c) Other operating income

Insurance commission is recognised at a point in time when the Company satisfies its performance obligation. The amount of fee received, or receivable represents the transaction price for the services identified as distinct performance obligations.

Other operating income other than insurance commission are recognised when realised.

2.4 Interest expense

Interest expense is recognised on accrual basis using the effective interest rate method.

2.5 Taxation

Income tax on the results for the year comprises of current tax calculated as per the fiscal regulations of the Sultanate of Oman and deferred tax.

Current tax is recognised in the statement of profit or loss and other comprehensive income as the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax. Deferred income tax assets and liabilities are offset as there is a legally enforceable right to offset these in Oman. The tax effects on the temporary differences are disclosed under non-current assets as deferred tax.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The principal temporary differences arise from depreciation on ‘vehicles, equipment and right-of-use assets’ and ‘provisions for impairment of net investment in finance leases, working capital finance and factoring receivables.

2 Summary of material accounting policies (continued)

2.6.1 Vehicles and equipment

Vehicles and equipment are stated at historical cost less accumulated depreciation less accumulated impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of the assets, net of their residual values, over their estimated useful lives as follows:

Motor vehicles	3 years
Computer and office equipment	3-4 years
Furniture and fixtures	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in profit or loss.

2.6.2 Intangible assets

Intangible assets comprise of computer software. Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful life of 3 years and is recognised in profit or loss.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

2.7 Leases

Company as a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

2 Summary of material accounting policies (continued)

2.7 Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract.

The lease term is considered to be the non-cancellable period for which the Company has the right to use an underlying asset. The lease term is adjusted for periods covered by an option to extend; if it is reasonably certain that the option will be exercised as well as periods covered by an option to terminate the lease; if it is reasonably certain that the option will not be exercised.

2.8 Financial assets and liabilities

(i) Measurement methods

Amortised cost and effective interest rate

The amortised 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 amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

2 Summary of material accounting policies (continued)

2.8 Financial assets and liabilities (continued)

(i) Measurement methods (continued)

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. 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 a financial liability.

When the Company revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, 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 costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an ECL allowance is recognised for financial assets measured at amortised cost, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

(ii) Classification and subsequent measurement

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

Financial liabilities, other than lease commitments and financial guarantees, are measured at amortised cost or at FVTPL when they are held for trading.

The Company measures cash and bank balances, statutory deposits, working capital finance and factoring receivables and other financial investments at amortised cost if both of the following conditions are met:

2 Summary of material accounting policies (continued)

2.8 Financial assets and liabilities (continued)

(ii) Classification and subsequent measurement (continued)

- The financial asset is held within a business model with the objective to hold financial assets in order 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 (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

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 OCI. This election is made on an investment-by-investment basis. All other financial assets are classified as measured at FVTPL.

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.

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.

2 Summary of material accounting policies (continued)

2.8 Financial assets and liabilities (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

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

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.

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.

Equity instruments at FVOCI

Upon initial recognition, the Company occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 (Financial Instruments - Presentation) and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

Financial liabilities

Under IFRS 9 fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

2 Summary of material accounting policies (continued)

2.8 Financial assets and liabilities (continued)

(ii) Classification and subsequent measurement (continued)

The amount presented separately in OCI related to changes in own credit risk of a designated financial liability at FVTPL are not recycled to profit or loss, even when the liability is derecognised, and the amounts are paid. Instead, own credit gains and losses should be reclassified to retained earnings within equity upon derecognition of the relevant liability.

(iii) Reclassifications

The Company does not reclassify its financial assets subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in 2024.

(iv) Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights 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; and

Either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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 profit or loss for the year.

2 Summary of material accounting policies (continued)

2.8 Financial assets and liabilities (continued)

(v) Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, the original financial asset is derecognised, and a new financial asset is recognised at fair value. If the cash flows are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income within impairment loss.

If the terms of a financial asset were modified because of financial difficulties of the borrower and the asset was not derecognised, then impairment of the asset was measured using the pre-modification interest rate.

Financial liabilities

The Company derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at either amortised cost or fair value. The difference between the carrying amount of the financial liability derecognised and the new financial liability with modified terms is recognised in the statement of profit or loss.

Modifications of financial liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss.

(vi) Impairment

The Company assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at amortised cost. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured at 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

2 Summary of material accounting policies (continued)

2.8 Financial assets and liabilities (continued)

(vi) Impairment (continued)

The Company considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’. The Company does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of 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 a 12-month ECL is recognised are referred to as ‘Stage 1 financial instruments’.

Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as ‘Stage 2 financial instruments’.

Note 3.1 (b) provides more detail of how the ECL allowance is measured.

2.9 Impairment of non-financial assets

The carrying amounts of the Company’s non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indications exist, then the asset’s recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or cash generating exceeds its recoverable amount. Recoverable amount is the greater of its value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specified to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

2.10 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024 (continued)

2 Summary of material accounting policies (continued)

2.11 Share capital and reserves

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction from equity, net of any tax effects.

For policy on reserves please refer note 14(a) and 14(d).

2.12 Borrowings

Borrowings, which include corporate and security deposits, are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest rate method.

2.13 Employees' end of service benefits and leave entitlements

Contributions to a defined contribution retirement plan, for Omani employees in accordance with Oman Social Insurance Scheme, are recognised as an expense in the statement of comprehensive income as incurred. The Company's obligation, in respect of non-Omani terminal benefits, under defined benefits retirement plan, is the amount of future benefits that such employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value. The discount rate used reflects current market assessments of the time value of money.

Employee entitlements to annual leave are recognised when they accrue to employees and an accrual is made for the estimated liability for annual leave as a result of services up to the reporting date. The provision relating to end of service benefits and accrual relating to annual leave and leave passage is disclosed as a current liability.

2.14 Creditors, accruals and other liabilities

Creditors, accruals and other liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Liabilities are recognised for amounts to be paid for goods and services received, whether or not billed to the Company.

2.15 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, whose operating results are reviewed regularly by the Chief Executive Officer (being the chief operating decision maker) to make decisions about resources allocated to the segment and assess its performance, and for which discreet financial information is available. Segment results that are reported to the Chief Executive Officer (being the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Company is engaged in leasing activities, all of which are carried out in the Sultanate of Oman. Although the Company has retail and corporate customers, the entire lease portfolio is managed internally as one business unit. All the Company's funding and costs are common and are not allocated between these two portfolios.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024 (continued)

2 Summary of material accounting policies (continued)

2.16 Dividend distribution

The Board of Directors of the Company recommends to the shareholders the dividend to be paid out of the Company's profits. The Directors take into account appropriate parameters including the requirements of the Commercial Companies Law of 2019 and other relevant directives issued by the FSA while recommending the dividend. Dividends are recognised as a liability when declared and approved.

2.17 Earnings and net assets per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit or loss attributable to ordinary shareholders of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year (note 19).

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(iii) Net assets per share

Net assets per share is calculated by dividing:

- the net assets attributable to ordinary shareholders of the Company; and
- by the number of ordinary shares outstanding at 31 December (note 15).

2.18 Directors' remuneration and sitting fees

Director's remuneration is computed in accordance with the requirements of the Commercial Companies Law of 2019 and the Financial Services Authority of Sultanate of Oman and is recognised as an expense in the Company's statement of profit or loss and other comprehensive income in the year of approval from shareholders in the AGM.

The Annual General Meeting shall approve the remuneration and sitting fees in line with Articles 129-133 of the Ministerial Decision 27/2021 issuing the Executive Regulations for Public Joint Stock Companies, as per the requirements of the Financial Services Authority. The total director's remuneration in one year shall not exceed RO 300,000 (limited to RO 150,000 if the current financial year net profit is lesser as compared to the previous financial year net profit).

2 Summary of material accounting policies (continued)

2.19 Provisions

The Company recognises provisions when it has a present legal or constructive obligation to transfer economic benefits as a result of past events and a reasonable estimate of the obligation can be made. Where the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

2.20 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.

2.21 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

2.22 Presentation of statement of financial position in order of liquidity

The Company does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the statement of financial position. Instead, assets and liabilities are presented in order of their liquidity. Refer to Note 23 for analysis of financial instruments by their maturity. The following table provides information on amounts expected to be recovered or settled before and after twelve months after the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024 (continued)

2 Summary of material accounting policies (continued)

2.22 Presentation of statement of financial position in order of liquidity (continued)

	31 December 2024 Amount expected to be settled or recovered			31 December 2023 Amount expected to be settled or recovered		
	Within 12 months of reporting period	**After 12 months of reporting period**	**Total**	Within 12 months of reporting period	After 12 months of reporting period	Total
ASSETS						
Cash and bank balances	**19,767**	**336**	**20,103**	12,023	-	12,023
Net investment in finance leases, working capital finance and factoring receivables	**59,522**	**210,506**	**270,028**	50,718	177,885	228,603
Other receivables and prepayments	**25**	**-**	**25**	323	263	586
Deferred tax asset – net	**-**	**79**	**79**	-	79	79
Vehicles, equipment and right-of-use assets	**-**	**779**	**779**	-	937	937
Intangible assets	**-**	**48**	**48**	-	48	48
Statutory deposit	**-**	**250**	**250**	-	250	250
LIABILITIES						
Creditors, accruals and other liabilities	**3,899**	**-**	**3,899**	3,041	-	3,041
Employees' end of service benefits	**-**	**318**	**318**	-	309	309
Short-term loans	**62,728**	**-**	**62,728**	52,071	-	52,071
Unsecured non-convertible bonds	**-**	**14,938**	**14,938**	14,844	14,956	29,800
Tax payable	**983**		**983**	866	-	866
Corporate and security deposits	**27,964**	**27,499**	**55,463**	25,289	7,183	32,472
Long-term loans	**42,005**	**32,115**	**74,120**	28,716	44,754	73,470

2.23 Significant accounting estimates and judgements

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. The estimates and associated assumptions are based on historical experience and various other factors that are believed by the Company to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these estimates.

2 Summary of material accounting policies (continued)

2.23 Significant accounting estimates and judgements (continued)

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial period are discussed below:

(a) Impairment losses on net investment in finance leases, working capital finance and factoring receivables

To assess the impairment losses on investment in finance leases, working capital finance and factoring receivables, the Company follows guidelines issued by Central Bank of Oman and the requirements of applicable IFRS Accounting Standards. Measurement of ECLs is a significant estimate that involves determination of methodology, models and data inputs. The following components have a major impact on the credit loss allowance:

- segmentation of financial assets for the ECL assessment purposes;
- determination of a level of ECL assessment on an individual instrument basis or on a collective basis;
- definition of default applied by the Company;
- development and application of internal credit grading models, which assigns PDs to the individual credit risk grades;
- development and application of internal models used to estimate exposure at default (“EAD”) for financial instruments and credit related commitments;
- assessment of loss given default (“LGD”), including the judgments made in valuation of collaterals;
- criteria for assessing if there has been a significant increase in credit risk;
- selection of forward-looking macroeconomic scenarios and their probability weightings.

Details of inputs, assumptions and estimation techniques used in ECL measurement are disclosed in Note 3.1 which also sets out key sensitivities of the ECL.

The Company regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

(b) Determination of lease term under IFRS 16

In determining the lease term, the Company considers all facts and circumstances. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Company considers the nature and enforceability of extension clause in the lease agreement, the value of leasehold improvements, penalties on termination, costs and business disruption required to replace the leased premises as factors to determine the lease term. Lease agreements for premises occupied by the Company may contain an extension option, where the Company has not considered extension options after analyzing the above factors.

2 Summary of material accounting policies (continued)

2.23 Significant accounting estimates and judgements (continued)

Lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment is only revised if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the Company. During the financial year, the Company has revised its assessment of lease term. Refer note 10.2 for the impact on lease liability of reassessment of lease term.

(c) Uncertain tax treatments

Uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. The Company establishes provisions, based on reasonable estimates, for possible consequences of finalisation of tax assessments of the Company. The amount of such provisions is based on various factors, such as experience of previous tax assessments and differing interpretations of tax regulations by the Company and the relevant tax authority.

(d) Classification of the Equity Tier 1 instrument under IAS 32

The Company has issued Perpetual Tier 1 Securities listed on the Muscat Stock Exchange, which have been classified as equity in accordance with IAS 32: Financial Instruments – Classification. The key features of the instruments are as follows:

- no fixed date of maturity
- payment of interest and/or capital is solely at the discretion of the Company
- the instruments are deeply subordinated and rank just above the ordinary shareholders
- these securities also allow the Company to write-down (in whole or in part) any amounts due to the holders in the event of non-viability with the approval of the Central Bank of Oman.

The determination of equity classification of these instruments requires significant judgement as certain clauses, particularly the “Events of Default”, require interpretation. The Directors, after factoring in the clauses relating to the write-down, non-payment and subordination in the instrument offering document consider that the Company will not reach the point of insolvency before a write-down is affected due to a non-viability event. Accordingly, such clauses were assessed by the Directors as not being substantive for the purpose of determining the debt vs equity classification. The Directors have considered appropriate independent legal advice in forming their judgement around this matter.

(e) Going concern

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024 (continued)

3 Financial risk management

3.1 Financial risk factors

The Company's activities expose it to variety of financial risks: market risk (including price risk, foreign currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

The Company aims to follow a strategy of minimising risk in order to reduce its vulnerability to adverse market conditions and this is reflected in the risk appetite set by the Board of Directors and implemented by management. The low assumption of risk is mainly achieved through diversification of the asset portfolio.

The Company has risk management function to oversee the risk management programme. In addition, oversight is provided by the Asset Liability Management Committee which includes representation from credit, treasury and risk management function. The Company has independent policies and procedures which address credit risk, liquidity risk and market risk, which arise from the Company's business.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and financing 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 optimising the return on risk.

(i) Price risk

Price risk is a risk that fair value of financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk). The Company is not exposed to price risk as it does not have significant exposure to equity instruments traded in an active market.

(ii) Foreign currency risk

Foreign currency risk is the risk arising from future commercial transactions or recognised financial assets or liabilities being denominated in a currency that is not the Company's functional currency. The majority of the Company's transactions are denominated in the functional currency. Accordingly, foreign exchange risk is considered to be minimal.

(iii) Interest rate risk

Interest rate risk is the uncertainty of future earnings resulting from fluctuations in interest rates. The risk arises when there is a mismatch in the assets and liabilities, which are subject to interest rate adjustment within a specified period. The most important sources of interest rate risk are the Company's borrowings where fluctuations in interest rates, if any, are reflected in the results of operations.

Interest rate gap is a common measure of rate risk. A positive gap occurs when more assets than liabilities are subject to rate change during a prescribed period of time. A negative gap occurs when liabilities exceed assets subject to rate changes during a prescribed period of time. It includes the Company's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

The Company's leasing activities, working capital finance and factoring receivables, long term deposits, borrowings (loans from commercial banks, corporate deposits and unsecured non-convertible bonds) carry fixed rate of interest; hence, these activities do not expose the Company to interest rate risk. The interest rates on short-term borrowings with banks are subject to change upon re-negotiation of the facilities, which takes place on an annual basis in the case of overdrafts and at more frequent intervals in the case of short-term loans. The Company does not hedge against its cash flow and fair value interest rate risk.

The Company uses sensitivity analysis to analyse cost of borrowings and leasing. Management estimates that the Company's interest costs are sensitive to the extent that a change in 50 basis points in the average funding cost would change interest cost on borrowings by RO 1.037 million (2023 - RO 0.939 million) and finance income on its leasing, working capital finance and factoring receivables by RO 1.350 million (2023- RO 1.143 million). The Company's exposure to interest rate risk is shown under note 23(a) to these financial statements.

(b) 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. Credit risk is crucial for the Company's business; therefore, management carefully manages its exposure to credit risk.

(i) Credit risk measurement

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Company measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

The Company uses a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

Stage 1

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

Stage 2

Credit risk has increased significantly since initial recognition – recognise lifetime expected losses with revenue being calculated based on the gross amount of the asset.

Stage 3

There is objective evidence of impairment as at the reporting date to recognise lifetime expected losses, with revenue being based on the net amount of the asset (that is, based on the impaired amount of the asset).

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

The Company has adopted key assumptions and judgements in addressing the requirements of IFRS 9 as given below:

- Significant increase in credit risk (SICR), which includes quantitative criteria such as grouping of contracts, DPD, rating downgrade of customers from initial recognition which is considered significant and qualitative criteria such as restructuring and periodical reviews of the customers;
- Definition of default, staging, rebuttals, SICR, provisioning methodology etc;
- Selection of an appropriate forward-looking model, inputs, correlation and estimations; and
- Information of forward- looking criteria of macro-economic variables incorporated in PIT PD for ECL;
- Grouping of instruments for losses measured on a collective basis.

The Company's credit policy aims to ensure that the target portfolio credit loss will be less than 1% of the portfolio increase for the current year. The Board of Directors periodically reviews this loss norm along with the management.

Significant increase in credit risk (SICR)

To determine whether there has been a significant increase in credit risk, the Company compares the risk of a default occurring over the life of a financial instrument at the end of the reporting date with the risk of default at the date of initial recognition. The assessment considers relative increase in credit risk rather than achieving a specific level of credit risk at the end of the reporting period. 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, expert credit assessment and forward-looking information.

While determining the credit risk of the customer which has increased significantly from the initial recognition, the Company reviews portfolio for Retail and Corporate on different parameters. SICR is done on quantitative and qualitative criteria.

For retail exposures, the Company uses both quantitative and qualitative criteria:

- Adverse findings for an account/borrower as per market information
- Loan rescheduling due to credit reasons
- Accounts overdue between 30 and 90 days

For Corporate, the Company uses both quantitative and qualitative criteria.

Under quantitative criteria, the Company uses the following SICR triggers:

- days past due information (i.e. Stage 2 if the days past due is above 30 days) or;
- change in the rating grade to assess significant increase in credit risk (i.e. 5 notches down for the rating scale of R1, 4 notches down for the rating scale of R2 to R3, 3 notches down for the rating scale of R4, 2 notches down for the rating scale of R5, and one notch down for rating R6).

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

Under qualitative criteria, the Company uses following criteria like:

- restructuring due to credit reasons
- inadequate or unreliable financial and other information such as unavailability of audited financial statements;
- non-cooperation by the borrower in matters pertaining to documentation;
- borrower is the subject of litigation by third parties that may have a significant impact on his financial position;
- frequent changes in senior management;
- intra-group transfer of funds without underlying transactions;
- deferment/delay in the date for commencement of commercial operations by more than one year;
- modification of terms resulting in concessions granted to the borrower including extension of moratorium, deferment of payment and waiver of covenants;
- a fall of 25 percent or more in the turnover or in the earnings before interest and taxes (EBIT) as compared to the previous year;
- erosion in net worth by more than 20 percent as compared to the previous year end coupled with an increase in leverage; and
- a fall in the debt service coverage ratio to below 1.

The customers' past history and records are reviewed by periodical risk evaluation under SICR triggers.

The Company reviews the existing corporate accounts' (above RO 250,000) rating given at initial recognition and assigns the new rating at review dates based on quantitative and qualitative information while assessing significant change or increase in credit risk during annual review or restructuring exercise.

The Company reviews and restructures facilities (retail and corporate) based on review of customers financial and cash flow position to maximize recoveries and collections from the customers and facilitate them to manage their cash flows efficiently to reduce their credit risk. These contracts are marked as restructured and would trigger the SICR if flagged due to credit reasons and would be mapped as qualitative indicator in ECL model and reviewed periodically.

Definition of Default and credit impaired assets

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired when it meets one or more of the following criteria:

- the borrower is more than 90 days past due on any credit obligation to the Company; or
- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- significant financial difficulty of the borrower; or
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

- it is becoming probable that the borrower will enter bankruptcy or another financial reorganisation

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of twelve months (for those that has been downgraded due to qualitative reasons). This period of twelve months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different cure definitions.

Expected Credit Losses (ECL)

ECL is a probability-weighted estimate of the present value of future cash shortfalls (i.e., the weighted average of credit losses, with the respective risks of default occurring in a given time period used as weights). An ECL measurement is unbiased and is determined by evaluating a range of possible outcomes. ECL measurement is based on four components used by the Company: Probability of Default (“PD”), Exposure at Default (“EAD”), Loss Given Default (“LGD”) and Discount Rate.

EAD is an estimate of exposure at a future default date, taking into account expected changes in the exposure after the reporting period, including repayments of principal and interest. PD an estimate of the likelihood of default to occur over a given time period. 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, including from any collateral. It is usually expressed as a percentage of the EAD. The expected losses are discounted to present value at the end of the reporting period. The discount rate represents the effective interest rate (“EIR”) for the financial instrument or an approximation thereof.

Expected credit losses are modelled over instrument’s lifetime period. The lifetime period is equal to the remaining contractual period to maturity of financial instruments, adjusted for expected prepayments, if any.

Management models Lifetime ECL, that is, losses that result from all possible default events over the remaining lifetime period of the financial instrument. The 12-month ECL, represents a portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting period, or remaining lifetime period of the financial instrument if it is less than a year.

The ECLs that are estimated by management for the purposes of these financial statements are point-in-time estimates, rather than through-the-cycle estimates that are commonly used for regulatory purposes. The estimates consider forward looking information, that is, ECLs reflect probability weighted development of key macroeconomic variables that have an impact on credit risk.

The ECL has been calculated as probability weighted figure for three scenarios i.e. Base case, Upside and Downside with 31.58%, 34.21% and 34.21% weightings respectively (31 December 2023 – 32.43%, 32.43% and 35.14%).

The following table shows a comparison of the Company’s allowances for expected credit losses on its financial assets under IFRS 9 based on the probability weightings of two scenarios with allowances for expected credit losses resulting from simulations of each scenario weighted at 100%.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Information of forward- looking criteria incorporated in ECL computation

	ECL RO' 000	Impact on reported ECL RO' 000
31 December 2024		
Optimistic scenario – 100%	**27,891**	**(8,286)**
Pessimistic scenario – 100%	**42,847**	**6,670**

	ECL RO' 000	Impact on reported ECL RO' 000
31 December 2023		
Optimistic scenario – 100%	24,201	(6,719)
Pessimistic scenario – 100%	37,087	6,167

Information of forward- looking criteria incorporated in ECL computation

The Company has incorporated forward looking parameters of macro-economic variables using statistical modelling to estimate the 12 months and Lifetime PIT PDs. The key macro-economic variables has been established based on correlation factor to historical PDs. TTC PDs are derived based on Company's historical performance and are roll rate-based approach for Retail while rating migration for corporate portfolio. Internal rating for Corporates is derived based on various parameters on quantitative and qualitative factors which is aggregated to obtain a score for a particular rating level.

The judgement to use macroeconomic variable is based on impact of macroeconomic variable on business, customer behavior, repayment pattern and eventually default. The macroeconomic variables used are derived based on the relationship that can be established with the relevant variables and the underlying default behavior of the credit portfolios. The Company based on its assessment of various macro-economic variables has determined that oil prices to be the key macro-economic variable for its portfolio due to major business dominant factor. Oil price used by the Company around $81/bbl (31 December 2023: $84/bbl).

An increase in oil price by 10% will result in a decrease in ECL by RO 0.493 million (31 December 2023: RO 0.590 million). A decrease in oil price by 10% will result in an increase in ECL by RO 0.465 million (31 December 2023: RO 0.239 million).

Important accounting judgements and estimations

The calculation of the ECL allowance for finance lease, working capital and factoring receivables requires the use of statistical models and use of assumptions with respect to forecasted micro-economic conditions, external ratings and credit risk behaviour and changes which may result in the likeness of the contracts defaulting and resulting in losses.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Grouping of related financial assets for calculating ECL allowance

The related financial assets are grouped in the calculating the ECL based on the asset type product in the model which are retail and corporate.

In case of the portfolio of exposure to corporate, the credit risk for individual counterparties are assessed at inception of the lease through a grading methodology based on repayment history along with financial evaluation of borrowers as per risk grading model as approved by the board of directors of the Company.

Credit risk in the case of the retail portfolio is assessed at the inception of the lease on the basis of the net disposable income of the counterparty, stability of employment in case of salaried clients and income levels from business /other sources for other categories of customers.

(ii) Credit risk control and mitigation policies

The Company has established credit policies and procedures to manage credit exposure including evaluation of lease, credit worthiness, credit approvals, assigning credit limits, obtaining securities such as lien on title on leased assets, security deposits, personal guarantees and mortgages over properties.

The overall decision to provide leasing to a particular customer is based on the following key parameters:

1. Internal credit rating of the customer based on the qualitative assessment of credit risk
2. Minimum income level and maximum debt burden of the customer
3. Loan repayment history with other financial institution sourced from Mala'a report/BSCB
4. Level of collaterals provided by the customer

Exposure to credit risk is managed through regular analysis of the ability of lessees to meet repayment obligations.

Working capital finance and factoring receivables includes amounts advanced to clients in respect of debts factored interest on the amounts advanced and related charges. In the event of default in settlement of debts factored by customers of the client, the Company has recourse to the client.

The Company does not have significant concentration of credit risk since it enters into leasing and financing contracts with various small individual, retail and corporate customers. At the inception of the contract, internal credit risk ratings are allocated to each exposure. These credit risk grades are defined using a variety of qualitative and quantitative factors including income levels, employment segment, nationality etc.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

The Company generally receives repayments through variable channels such as cheques and bank transfers. The Company also has an effective rental instalment and rental monitoring system which allows it to identify potential problem accounts. The Company has approved collection policies and procedures establishing a collection strategy to follow up with the delinquent customers. In order to monitor exposure to credit risk, reports are reviewed by the risk committee on a quarterly basis. The Company seeks necessary legal assistance from external law firms in order to be actively involved in the collection process of delinquent customers. The Company also appropriately assesses the collateral requirements for particular leasing and financing to minimise its credit risk emanating from such leasing and financing. An allowance for ECL is maintained at a level which, in the judgment of management, is adequate to provide for potential losses that can be reasonably anticipated.

The Company has clear policies in place to identify early warning signals and to initiate appropriate and timely remedial actions. Some of the early warning indicators are listed below:

- frequent dishonour of cheques;
- inability to reach the customer over phone or in person;
- lack of response to written communications;
- utilised limits in excess of authorised limits as disclosed by Mala'a reports;
- inability to obtain current financials; and
- adverse market feedback.

Maximum exposure to credit risk before collateral held or other credit enhancements:

	2024 RO'000	2023 RO'000
Exposure		
Bank balances	**20,046**	11,901
Statutory deposit	**250**	250
Net investment in finance leases, working capital finance and factoring receivables	**270,028**	228,603
Other receivables	**-**	63
Total exposure	**290,324**	240,817

The Company holds enforceable collaterals against net investments in finance lease to mitigate credit risk exposure. For bank balances the Company deals with reputed banks in the Sultanate of Oman and ECL has been recorded as per the model. Security deposit is held with Central Bank of Oman.

(iii) Concentration of credit risk

Concentration of credit risk arises when a number of counter-parties 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 of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(iii) Concentration of credit risk (continued)

Concentrations of credit risk (whether on or off statement of financial position) that arise from financial instruments exist for groups of counter-parties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

Company has established robust credit risk management policies and procedures and a risk grading system for analysing the risk associated with credit. This facilitates the approving authorities in making their credit decision. In addition, Risk Management Department (RMD) assists/ reviews grading of obligors, conducts regular macro analysis of the credit portfolio and monitors credit concentration limits.

The analysis of credit risk is given below:

Customer concentration	2024 RO'000	2023 RO'000
Gross investment in finance leases:		
Retail	103,650	85,231
Corporate	139,632	148,166
	243,282	233,397
Working capital finance and factoring receivables:		
Corporate	62,923	26,126

Economic sector concentration of gross investment in finance leases, working capital finance and factoring receivables:

	2024 RO 000	2023 RO 000
Gross investment in finance leases:		
Manufacturing	25,621	30,812
Trading and construction	41,860	37,116
Services	72,151	80,238
Individuals	103,650	85,231
	243,282	233,397
Working capital finance and factoring receivables:		
Manufacturing	8,568	5,040
Trading and construction	25,942	8,695
Services	28,413	12,391
	62,923	26,126

	2024 RO 000	2023 RO 000
Deferment portfolio:		
Individuals	1,655	74

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(iii) Concentration of credit risk (continued)

Geographical concentration

The Company only carries out business within the Sultanate of Oman and geographical exposure is within the country.

Assessment of SICR

The assessment of Significant Increase in Credit risk (SICR) and the measurement of ECLs are based on reasonable and supportable information that is available. The Company has also considered additional ECL to address significant increase in credit risk in certain accounts based on its judgment and experience.

This has resulted in staging downgrade of certain exposures and recognition of additional ECL provisions and allowance for expected credit losses. As part of the Company's credit evaluation process especially given the current economic situation, the Company obtained further information from the customer to understand their financial position and ability to repay the amount and in case where indicators of significant deterioration were noted, the customers' credit ratings and accordingly exposure staging were adjusted, where applicable.

The Company's model has been constructed and calibrated using historical trends, asset correlations and forward- looking economic scenarios. The severity of the current macro-economic projections and the added complexity caused by the various support schemes and regulatory guidance across the main regions in which the Company operates could not be reliably modelled for the time being. Consequently, the existing model may generate results that are either overly conservative or overly optimistic depending on the specific portfolio / segment. As a result, post-model adjustments are needed. Given model changes take a significant amount of time to develop and test and the data limitation issues noted above, the Company expects that post-model adjustments will be applied for the foreseeable future.

Post-model adjustments (PMA) and management overlays

Post-model adjustments (PMAs) and management overlays made in estimating the reported ECL as at 31 December 2024 are set out as follows:

PMAs and management overlays

The Company's ECL model continues to be sensitive to the assumptions and areas continually reassessed as part of its usual model refinement exercise. Other than changes in the macro-economic indicators and recalibration of its PD and LGD models, the Company has not considered any other change in ECL model. As with any forecasts, the projections and likelihoods of occurrence are underpinned by significant judgement and uncertainty and therefore, the actual outcomes may be different to those projected. To meet any additional challenge, the Company has also considered additional customer specific overlays, based on the management experience and close monitoring of the customers with significant increase in credit risk. Since, the models may not always capture all the stressed events, it is therefore prudent to incur additional ECL based on the management experience and current uncertain situation in the economy.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(iii) Concentration of credit risk (continued)

As on the reporting date the provisions held by the Company includes customer specific management overlays of RO 3.975 million (2023: RO 3.056 million), representing 11% (2023: 9.88%) of accumulated impairment.

(iv) Impact of COVID-19 and other global disruptions on the Company

Impact on the Capital Adequacy

Although above measures are not exhaustive and may not fully counteract the impact of COVID-19 and other global disruptions in the short run, they will mitigate the long-term negative impact of the pandemic and other global disruptions. In response to this crisis, the Company continues to monitor and respond to all liquidity and funding requirements. As at the reporting date the liquidity, funding and capital position of the Company remains strong and is well placed to absorb the impact of the current disruptions. Liquidity management as disclosed in note 23(b), is largely dependent on availability of usual funding through committed lines form local banks in Oman.

NOTES TO THE AUDITED FINANCIAL STATEMENTS

for the year ended 31 December 2024 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

Impairment

The below table shows provision held as per IFRS 9:

As at 31 December 2024

Asset Classification as per CBO Norms (1)	Asset Classification as per IFRS 9 (2)	Gross amount RO' 000 (3)	Provision required as per CBO Norms RO' 000 (4)	Provision held as per IFRS 9 RO' 000 (5)	Difference between CBO provision required, and provision held RO' 000 (6) = (4)-(5)	Net Amount as per CBO norms RO' 000 (7) = (3)-(4)-(9)	Net Amount as per IFRS 9 RO' 000 (8) = (3)-(5)	Reserve interest as per CBO norms RO' 000 (9)
	Stage 1	179,633	-	1,371	(1,371)	179,633	178,262	-
	Stage 2	71,932	-	8,363	(8,363)	71,932	63,569	-
Standard	Stage 3	-	-	-	-	-	-	-
Subtotal		251,565	-	9,734	(9,734)	251,565	241,831	-
	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
Special Mention	Stage 3	8,764	436	2,119	(1,683)	7,892	6,645	436
Subtotal		8,764	436	2,119	(1,683)	7,892	6,645	436
	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
Substandard	Stage 3	3,286	761	955	(193)	2,288	2,331	237
Subtotal		3,286	761	955	(193)	2,288	2,331	237
	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
Doubtful	Stage 3	4,099	1,433	1,350	84	2,259	2,749	406
Subtotal		4,099	1,433	1,350	84	2,259	2,749	406
	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
Loss	Stage 3	38,492	25,094	22,020	3,074	6,267	16,472	7,130
Subtotal		38,492	25,094	22,020	3,074	6,267	16,472	7,130
	Stage 1	179,633	-	1,371	(1,371)	179,633	178,262	-
	Stage 2	71,932	-	8,363	(8,363)	71,932	63,569	-
	Stage 3	54,640	27,725	26,443	1,282	18,706	28,197	8,209
Sub Total	Total	306,205	27,725	36,177	(8,452)	270,271	270,028	8,209
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	20,341	-	45	(45)	-	20,296	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	1,992	-	1,992	(1,992)	-	-	-
	Total	22,333	-	2,037	(2,037)	-	20,296	-
Total		328,538	27,725	38,214	(10,489)	270,271	290,324	8,209

Provision held as per IFRS 9 includes the interest reserved by the Company as per CBO norms against impaired finance lease receivables, working capital and factoring receivables.

NOTES TO THE AUDITED FINANCIAL STATEMENTS
for the year ended 31 December 2024 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

As at 31 December 2023

Asset Classification as per CBO Norms (1)	Asset Classification as per IFRS 9 (2)	Gross amount RO' 000 (3)	Provision required as per CBO Norms RO' 000 (4)	Provision held as per IFRS 9 RO' 000 (5)	Difference between CBO provision required, and provision held RO' 000 (6) = (4)-(5)	Net Amount as per CBO norms RO' 000 (7) = (3)-(4)-(9)	Net Amount as per IFRS 9 RO' 000 (8) = (3)-(5)	Reserve interest as per CBO norms RO' 000 (9)
	Stage 1	153,077	-	1,733	(1,733)	153,077	151,344	-
	Stage 2	60,822	-	6,136	(6,136)	60,822	54,686	-
Standard	Stage 3	-	-	-	-	-	-	-
Subtotal		213,899	-	7,869	(7,869)	213,899	206,030	-
	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
Special Mention	Stage 3	5,498	268	1,748	(1,480)	5,059	3,750	171
Subtotal		5,498	268	1,748	(1,480)	5,059	3,750	171
	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
Substandard	Stage 3	3,332	779	1,151	(372)	2,328	2,181	225
Subtotal		3,332	779	1,151	(372)	2,328	2,181	225
	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
Doubtful	Stage 3	2,758	1,074	739	335	1,450	2,019	234
Subtotal		2,758	1,074	739	335	1,450	2,019	234
	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
Loss	Stage 3	34,036	25,133	19,413	5,720	3,415	14,623	5,488
Subtotal		34,036	25,133	19,413	5,720	3,415	14,623	5,488
	Stage 1	153,077	-	1,733	(1,733)	153,077	151,344	-
	Stage 2	60,822	-	6,136	(6,136)	60,822	54,686	-
	Stage 3	45,624	27,254	23,051	4,203	12,252	22,573	6,118
Sub Total	Total	259,523	27,254	30,920	(3,666)	226,151	228,603	6,118
Other items not covered	Stage 1	12,225	-	45	(45)	-	12,180	-
under CBO circular BM 977	Stage 2	-	-	-	-	-	-	-
and related instructions	Stage 3	1,738	-	1,675	(1,675)	-	63	-
	Total	13,963	-	1,720	(1,720)		12,243	-
Total		273,486	27,254	32,640	(5,386)	226,151	240,846	6,118

NOTES TO THE AUDITED FINANCIAL STATEMENTS
for the year ended 31 December 2024 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Restructuring policies and practices are based on indicators or criteria which, in the judgment of the Directors, indicate that payment will most likely continue. These policies are kept under continuous review.

31 December 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	Reserve interest as per CBO norms for the year
Classified as performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	10,818	-	993	(993)	10,818	9,825	-
	Stage 3	-	-	-	-	-	-	-
Subtotal		10,818	-	993	(993)	10,818	9,825	-
Classified as non-performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	2,075	796	687	109	1,033	1,388	246
Subtotal		2,075	796	687	109	1,033	1,388	246
Total	Stage 1	-	-	-	-	-	-	-
	Stage 2	10,818	-	993	(993)	10,818	9,825	-
	Stage 3	2,075	796	687	109	1,033	1,388	246
	Total	12,893	796	1,680	(884)	11,851	11,213	246

The above restructured portfolio is for the year ended 31 December 2024.

NOTES TO THE AUDITED FINANCIAL STATEMENTS
for the year ended 31 December 2024 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

31 December 2023

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	Reserve interest as per CBO norms for the year
Classified as performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	12,657	-	760	(760)	12,657	11,897	-
	Stage 3	-	-	-	-	-	-	-
Subtotal		12,657	-	760	(760)	12,657	11,897	-
Classified as non-performing	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	5,559	1,313	1,676	(363)	3,983	3,883	263
Subtotal		5,559	1,313	1,676	(363)	3,983	3,883	263
Total	Stage 1	-	-	-	-	-	-	-
	Stage 2	12,657	-	760	(760)	12,657	11,897	-
	Stage 3	5,559	1,313	1,676	(363)	3,983	3,883	263
	Total	18,216	1,313	2,436	(1,123)	16,640	15,780	263

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

31 December 2024

	As per CBO	As per IFRS 9
Provisions required as per CBO norms/ held as per IFRS 9	**35,934**	**36,177**
Gross NPL ratio (percentage)	**17.84%**	**17.84%**
Net NPL ratio (percentage)	**6.92%**	**10.08%**

31 December 2023

	As per CBO	As per IFRS 9
Provisions required as per CBO norms/ held as per IFRS 9	33,372	30,920
Gross NPL ratio (percentage)	17.58%	17.58%
Net NPL ratio (percentage)	5.42%	9.55%

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 as per IFRS Accounting Standards. The allowance for expected credit losses reserve is a yearly appropriation from the net profit after tax. 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.

During the year no reserve has been transferred to 'Impairment Reserve' as there is no additional provision required as per CBO guidelines.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet its net funding requirements. Liquidity risk can arise by market disruptions or credit downgrades, which may result in unavailability of certain sources of funding.

Sources of funding are regularly reviewed by the management, diversification through long-term and short-term borrowings, increasing the number of lenders, developing additional products like corporate deposits, seeking fixed interest rates for longer tenure, etc.

Funds management is carried out by the treasury function. It includes managing and monitoring day to day cash flows and funding needs. This is achieved through maintaining approved credit facilities to cover net future funding needs and monitoring cash flows projections. The maturity profile of the Company's financial liabilities is set out under note 23(b) to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity Risk (continued)

Net debt reconciliation

Refer below for the analysis of net debt and the movements in net debt:

Particulars	Cash flows from short term loans RO'000	Cash flows from long term loans RO'000	Cash flows from Unsecured non-convertible bonds RO'000
At 1 January 2024	52,071	73,470	29,800
Additions during the year (cash changes)	56,650	36,634	-
Repayments during the year (cash change)	(46,150)	(35,996)	(14,630)
Non-cash changes	157	12	(232)
At 31 December 2024	62,728	74,120	14,938
Change in cash flows – net	**10,500**	**638**	**(14,630)**

Particulars	Cash flows from short term loans RO'000	Cash flows from long term loans RO'000	Cash flows from Unsecured non-convertible bonds RO'000
At 1 January 2023	40,040	72,214	28,088
Additions during the year (cash changes)	36,300	35,116	14,956
Repayments during the year (cash change)	(24,150)	(33,860)	(13,232)
Non-cash changes	(119)	-	(12)
At 31 December 2023	52,071	73,470	29,800
Change in cash flows	12,150	1,256	1,724

(d) Operational risk

The operational risk is defined as the risk of direct or indirect loss which may arise due to several reasons associated with the operations of the Company such as internal processes, individuals, infrastructure and technology, and due to reasons arising out of external factors other than Company's credit processes, market and liquidity risks. Operational risks arise from all of the Company's operations and external factors and are faced by the business entity.

The Company's primary objective is to put in place the necessary internal controls, periodic internal audits, checks and controls, technology updates and reviews to minimise operational risk. Specific audits are conducted by the Company's internal auditors and reports directly to the Audit and Risk Committee members.

The Company undertakes responsibility to implement internal checks and controls to mitigate operational risk by the following;

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity Risk (continued)

(i) Adherence to maker checker policy and delegation of powers by having proper approval matrix;

(ii) Timely reconciliations and regular reviews of accounts;

(iii) Documentation of policies, controls, procedures and manuals;

(iv) Compliance with legal, statutory requirements and corporate governance; and

(v) Develop business ethics and standards.

3.2 Fair values estimation

The carrying amounts, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year approximate their fair values. The fair values of long-term bank borrowings is considered to approximate their carrying amounts as these carry interest rates in line with current market rates. The fair value of fixed deposits is not considered to be materially different from their carrying amount in view of the duration of these deposits which does not exceed 2 years and interest resetting. Carrying amounts of fixed deposits reasonably approximates fair value. Refer to note 21 for fair value information in respect of the Company's net investment in finance leases, working capital finance and factoring receivables.

Except for financial assets at fair value through other comprehensive income, the Company's financial instruments are not carried at fair value in the statement of financial position. All financial assets (other than financial assets at fair value through comprehensive income) and financial liabilities of the Company are carried at amortised cost in the statement of financial position.

3.3 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The Company also has the objective with respect to meeting the capital requirements of the Central Bank of Oman, the regulatory authority. The Company has complied with CBO requirements of maintaining minimum paid up capital of RO 25 million.

In accordance with the provisions of the Commercial Companies Law of Oman, 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 paid-up share capital. This reserve is not available for distribution.

The Company monitors its gearing ratio in order to maintain it within the limits prescribed by the regulatory authority.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity Risk (continued)

Gearing ratio

The Company's Board Executive Committee reviews the capital structure on a quarterly basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Company has a limit of gearing ratio of 5 times of net-worth as stipulated by the Capital Adequacy norms specified by the Central Bank of Oman. The gearing ratio for the year is as follows:

	2024	2023
Total liabilities (RO'000)	**212,449**	192,029
Net equity (RO'000)	**78,863**	50,497
Total liabilities to net equity ratio (times)	**2.7**	3.8

4 Cash and bank balances

	2024 **RO'000**	2023 RO'000
Term deposits	**2,355**	2,035
Current and call accounts	**17,736**	9,940
Cash in hand	**57**	93
ECL	**(45)**	(45)
	20,103	12,023

Cash and cash equivalents include cash on hand, all bank balances, including deposits with a maturity of three months or less from the date of placement. The deposits carry interest rate between 3.75 % to 4.8 % (2023: 4.0 % to 4.65 %).

With respect to exposures with banks, management considers the credit risk exposure to be minimal as the Company deals with reputed and rated local banks as per the global ratings by Moody's Investors Service. Management does not expect any losses from non-performance by these counterparties.

Rating	**2024** **RO**	2023 RO
BA1	**12,864**	6,542
BA3	**1,914**	2,786
BAA3	**2**	8
AA3	**5,292**	2,587
Unrated	**19**	52
Total	**20,091**	11,975

Bank balances are classified under Stage 1.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024 (continued)

4 Cash and bank balances (continued)

The Company applies the three-stage model under IFRS 9 to measure the expected credit losses for cash and cash equivalents. Under the three-stage model, management analyses the credit quality of cash and cash equivalents. The financial assets that do not have a significant increase in credit risk since the initial recognition are considered as stage 1 assets and management follows the 12 months expected credit loss method for recognising the loss allowance. When there is a significant increase in credit risk noted since the initial recognition, those assets are considered under stage 2 and lifetime expected credit loss is followed. Financial assets that have objective evidence of impairment at reporting stage (stage 3), lifetime expected credit loss is followed. Closing ECL on bank balance is RO 45,000 (31 December 2023: RO 45,000) and the ECL charge for the year is Nil (31 December 2023: Nil).

(i) Reconciliation to statement of cash flows

The above figures reconcile to the amount of cash shown in the statement of cashflows at the end of the financial year as follows:

	2024 RO'000	2023 RO'000
Cash and bank balances	**20,103**	12,023
Deposits which have original maturity of more than 3 months	**(2,355)**	(2,035)
ECL	**45**	45
Cash and cash equivalents	**17,793**	10,033

(ii) Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

	2024 RO'000	2023 RO'000
Gross investment in finance lease	**343,972**	322,640
Working capital finance and factoring receivables*	**62,923**	26,126
Unearned finance income (refer 'b')	**(100,690)**	(89,243)
	306,205	259,523
Allowance for expected credit losses (ECL) **	**(36,177)**	(30,920)
	270,028	228,603

* The above figure does not include future interest income of RO 39.142 million (2023: RO 17.634 million)

** Includes reserve interest of RO 8.209 million (2023- RO 6.118 million)

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

(a) The table below represents analysis of gross lease receivables and present value of lease receivables for each of the following periods:

	Up to 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	>5 years	Total
At 31 December 2024	**RO'000**	**RO'000**	**RO'000**	**RO'000**	**RO'000**	**RO'000**	**RO'000**
Gross investment in finance lease	**87,505**	**55,839**	**50,369**	**42,793**	**33,677**	**73,789**	**343,972**
Present value of gross investment in finance lease	**61,070**	**34,359**	**33,479**	**30,110**	**24,630**	**59,634**	**243,282**
At 31 December 2023							
Gross investment in finance lease	82,628	54,171	47,919	41,120	32,772	64,030	322,640
Present value of gross investment in finance lease	59,940	34,185	32,301	29,587	24,819	52,565	233,397

The significant changes in the gross investment in leases are mainly due to the new leases originated during the year which are partially offset by the leases matured during the year.

The following tables explain the changes in the net investment in finance leases, working capital finance and factoring receivables between the beginning and the end of the annual period as at 31 December 2024 due to these factors:

	Corporate				Retail			
	Stage 1 RO' 000	Stage 2 RO' 000	Stage 3 RO' 000	Total RO' 000	Stage 1 RO' 000	Stage 2 RO' 000	Stage 3 RO' 000	Total RO' 000
Opening balance	84,211	54,304	35,003	173,518	68,866	6,518	10,621	86,005
Transfer from 1 to 2	(12,320)	12,320	-	-	(4,279)	4,279	-	-
Transfer from 1 to 3	(7,463)	-	7,463	-	(1,395)	-	1,395	-
Transfer from 2 to 3	-	(7,909)	7,909	-	-	(1,489)	1,489	-
Transfer from 2 to 1	3,925	(3,925)	-	-	2,058	(2,058)	-	-
Transfer from 3 to 1	225	-	(225)	-	451	-	(451)	-
Transfer from 3 to 2	-	1,505	(1,505)	-	-	262	(262)	-
Net movement	25,778	7,974	(5,467)	28,285	19,575	151	(1,330)	18,396
Closing balance	94,356	64,269	43,178	201,803	85,276	7,663	11,462	104,401

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

The following tables explain the changes in the expected credit loss allowance between the beginning and the end of the annual period as at 31 December 2024:

Allowance for expected credit losses

	Corporate				Retail			
	Stage 1 Ro' 000	**Stage 2 Ro' 000**	**Stage 3 Ro' 000**	**Total Ro' 000**	**Stage 1 Ro' 000**	**Stage 2 Ro' 000**	**Stage 3 RO' 000**	**Total RO' 000**
Opening balance	**749**	**5,511**	**17,811**	**24,071**	**984**	**625**	**5,240**	**6,849**
Transfer from 1 to 2	**(213)**	**213**	**-**	**-**	**(94)**	**94**	**-**	**-**
Transfer from 1 to 3	**(69)**	**-**	**69**	**-**	**(29)**	**-**	**29**	**-**
Transfer from 2 to 3	**-**	**(516)**	**516**	**-**	**-**	**(148)**	**148**	**-**
Transfer from 2 to 1	**206**	**(206)**	**-**	**-**	**198**	**(198)**	**-**	**-**
Transfer from 3 to 1	**69**	**-**	**(69)**	**-**	**128**	**-**	**(128)**	**-**
Transfer from 3 to 2	**-**	**461**	**(461)**	**-**	**-**	**70**	**(70)**	**-**
Net movement	**(222)**	**2,257**	**2,648**	**4,683**	**(336)**	**201**	**709**	**574**
Closing balance	**520**	**7,720**	**20,514**	**28,754**	**851**	**644**	**5,928**	**7,423**

The following tables explain the changes in the net investment in finance leases, working capital finance and factoring receivables between the beginning and the end of the annual period as at 31 December 2023 due to these factors:

	Corporate				Retail			
	Stage 1 RO' 000	Stage 2 RO' 000	Stage 3 RO' 000	Total RO' 000	Stage 1 RO' 000	Stage 2 RO' 000	Stage 3 RO' 000	Total RO' 000
Opening balance	63,561	57,724	26,711	147,996	54,649	5,196	10,639	70,484
Transfer from 1 to 2	(10,307)	10,307	-	-	(2,935)	2,935	-	-
Transfer from 1 to 3	(953)	-	953	-	(1,280)	-	1,280	-
Transfer from 2 to 3	-	(6,824)	6,824	-	-	(901)	901	-
Transfer from 2 to 1	8,451	(8,451)	-	-	1,491	(1,491)	-	-
Transfer from 3 to 1	158	-	(158)	-	717	-	(717)	-
Transfer from 3 to 2	-	588	(588)	-	-	432	(432)	-
Net Movement	23,301	960	1,261	25,522	16,224	347	(1,050)	15,521
Closing balance	84,211	54,304	35,003	173,518	68,866	6,518	10,621	86,005

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

The following tables explain the changes in the expected credit loss allowance between the beginning and the end of the annual period as at 31 December 2023:

				Corporate				Retail
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000
Opening balance	360	5,683	12,697	18,740	619	522	4,794	5,935
Transfer from 1 to 2	(116)	116	-	-	(54)	54	-	-
Transfer from 1 to 3	(10)	-	10	-	(25)	-	25	-
Transfer from 2 to 3	-	(633)	633	-	-	(99)	99	-
Transfer from 2 to 1	457	(457)	-	-	160	(160)	-	-
Transfer from 3 to 1	45	-	(45)	-	213	-	(213)	-
Transfer from 3 to 2	-	172	(172)	-	-	122	(122)	-
Net Movement	13	630	4,688	5,331	71	186	657	914
Closing balance	749	5,511	17,811	24,071	984	625	5,240	6,849

(b) The movement of unearned finance income during the period was as follows:

	2024	2023
	RO'000	RO'000
At 1 January	**89,243**	80,043
Additions during the year	**36,988**	33,014
Recognised during the year	**(25,541)**	(23,814)
At 31 December	**100,690**	89,243

(c) The movement in the provision and reserve interest for impairment of net investment in finance lease, working capital finance and factoring receivables during the year was as follows:

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

The loss allowances for ECL as at 31 December reconcile to the opening loss allowances as follows:

As at 31 December 2024:

	Net investment in finance leases, working capital finance and factoring receivables		**Other receivables**		**Total**	
	Corporate	**Retail**	**Corporate**	**Retail**	**Corporate**	**Retail**
At 1 January	**24,071**	**6,849**	**799**	**876**	**24,870**	**7,725**
Charge for the year	**5,760**	**521**	**141**	**176**	**5,901**	**697**
Reserve interest	**2,153**	**287**	**-**	**-**	**2,153**	**287**
Write off	**(3,229)**	**(235)**	**-**	**-**	**(3,229)**	**(235)**
At 31 December	**28,755**	**7,422**	**940**	**1,052**	**29,695**	**8,474**

As at 31 December 2023:

	Net investment in finance leases, working capital finance and factoring receivables		Other receivables		Total	
	Corporate	Retail	Corporate	Retail	Corporate	Retail
At 1 January	18,740	5,935	743	600	19,483	6,535
Charge for the year	3,851	814	56	276	3,907	1,090
Reserve interest	1,480	100	-	-	1,480	100
At 31 December	24,071	6,849	799	876	24,870	7,725

The most significant changes in the ECL of the Company arise from the net investment in finance leases, working capital finance and factoring receivables. The changes in the ECL on other financial assets at amortised cost are not significant.

As to net investments in finance leases, working capital finance and factoring receivables, the ECL changes primarily relate to the corporate portfolio and were due to the downward movement of exposures to non-performing grades. The subsequent remeasurement of these exposures post stage transfer is reflected in the charge for the year.

As a matter of policy, the Company considers waiver / write-off or settlement only in such cases where it is satisfied that the recovery of the full outstanding liabilities from the borrower is not possible in the normal course of business or out of the securities realisation or through enforcement of the guarantee (wherever available) and that legal action will not yield higher recoveries after considering the time and costs involved.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024 (continued)

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

Proposals for waivers / write-offs are not formula driven and are decided on a case by case basis after weighing all pros and cons. The rationale is invariably documented. In all cases, the Company aims to recover the maximum value through enforcement of collaterals / guarantees of guarantors. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is reasonable expectation of recovery. The Company has written off an amount of RO 3.464 million during the year (31 December 2023: Nil). As of 31 December 2024, the receivables amount written off still subject to enforcement activity amount to RO 1.858 million (2023: Nil).

At 31 December 2024, stage 3 lease contract receivables and working capital receivables on which interest has been reserved or on which interest is not being accrued amount to approximately RO 54.640 million (2023 - RO 45.624 million). Interest is reserved by the Company against net investment in finance leases, working capital finances and factoring receivables, which are under stage 3, to comply with the rules, regulations and guidelines issued by the CBO.

(d) An analysis of portfolio under different stages of net investment in finance leases, working capital finance and factoring receivables is summarised below:

	2024	2023
	RO'000	RO'000
Portfolio under stages		
Stage 1	179,633	153,077
Stage 2	71,932	60,822
Stage 3	54,640	45,624
Gross investment in finance leases, working capital finance and factoring receivables	306,205	259,523
Allowance for ECL	(36,177)	(30,920)
Net investment in finance leases, working capital finance and factoring receivables	270,028	228,603

(e) Net investment in finance leases, working capital finance and factoring receivables rescheduled / restructured

Restructuring activities include extended payment arrangements, modification and deferral of payments. Restructuring policies and practices are based on indicators or criteria, which, in the judgment of the management, indicate that payment will most likely continue. These policies are continuously reviewed.

	2024	2023
	RO'000	RO'000
Stage 2	10,818	12,657
Stage 3	2,075	5,559
	12,893	18,216

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

(f) Analysis of impairment and collateral

An estimate of the fair value of collateral and other security enhancements held against financial assets is shown below:

	2024	2023
	RO 000	RO 000
Against individually impaired		
Equipment and property	**15,341**	13,137
Vehicles	**16,541**	11,046
	31,882	24,183

The exposure against each type of collateral is shown below:

	2024	2023
	RO 000	RO 000
Against individually impaired		
Equipment and property	**16,967**	23,298
Vehicles	**27,363**	13,683
	44,330	36,981

The Company has an exposure of RO 10.691 million (2023: RO 12.438 million) of impaired assets against which no collateral or other security enhancements are held.

The Company has nil exposure (2024: nil) against which it has not recognised a loss allowance because of the collateral.

The Company holds above collaterals against certain of its credit exposures. The Company evaluates its collateral value by applying the reducing balance method in the value of equipment and vehicles held as collateral. Value of property held as collateral is obtained from external valuations held.

Credit risk grading

The Company uses internal credit risk gradings that reflect its assessment of the probability of default of individual counterparties. The Company has adopted a risk rating framework having 9 performing risk grades (including special mention) and 1 non-performing risk grade. The Company's internal Risk Rating (RR) risk rates a customer and to associate a default probability to each rating grade. The ratings assist studying the distribution of borrowers, grade wise exposures, transition of credit risk ratings over time, grade wise defaults, Non-Performing Loans (NPL) etc. Risk appetite is also set in terms of how much exposure the Company expects in various grade bands. The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade.

'Low Grade' exposures includes the risk rate of R1 to R7 for corporate customers and B1 to B2 for retail customers which includes the exposures with good to excellent business credit quality, good to exceptional capacity for timely fulfilment of the financial obligation and negligible or low probability of default and/or low levels of expected loss.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024 (continued)

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

(f) Analysis of impairment and collateral (continued)

'Medium Grade' exposures includes the risk rate of R8 to R9 for corporate customers and B3 for retail customers, which includes the exposures of acceptable to fair credit quality, satisfactory capacity for timely fulfilment of the financial obligation. These exposures carry average to marginally acceptable risk.

'High Grade' exposures includes the risk rate of R10 for corporate customers and B4 for retail customers, which includes the exposures with below or weak acceptable credit quality. The exposures carry high risk, caution and special mention category. Projected repayment capacity is strained and prospects may deteriorate at some future date. These reflect either weak operating environment or operations reflect weakness. High grade also includes non-performing leases of the Company.

g) An analysis of credit quality of gross exposures as at 31 December 2023 and changes in gross exposure balances from 1 January 2024 to 31 December 2024 is set out in the following tables by class of financial assets.

2024:

	Stage 1 RO 000	Stage 2 RO 000	Stage 3 RO 000	Total RO 000
Net investment in finance lease, working capital financing and factoring receivables				
Low	**179,633**	**47,709**	**16,435**	**243,777**
Medium	**-**	**24,223**	**16,691**	**40,914**
High	**-**	**-**	**21,515**	**21,515**
Total	**179,633**	**71,932**	**54,641**	**306,206**

2023:

	Stage 1 RO 000	Stage 2 RO 000	Stage 3 RO 000	Total RO 000
Net investment in finance lease, working capital financing and factoring receivables				
Low	153,077	42,046	9,045	204,168
Medium	-	18,776	17,777	36,553
High	-	-	18,802	18,802
Total	153,077	60,822	45,624	259,523

6 Other receivables and prepayments

	2024 RO'000	2023 RO'000
Prepaid expenses	**25**	523
Other receivables	**1,992**	1,738
	2,017	2,261
Allowance for ECL against other receivables [refer 6(a)]	**(1,992)**	(1,675)
	25	586

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024 (continued)

6 Other receivables and prepayments (continued)

(a) Allowance for ECL for impairment against other receivables includes provision held against legal fee and other charges recoverable from various individual and corporate parties under litigations.

The Company applies the three-stage model under IFRS 9 to measure the expected credit losses for other receivables. Under the three-stage model, management analyses the credit quality of cash and cash equivalents. The financial assets that do not have a significant increase in credit risk since the initial recognition are considered as stage 1 assets and management follows the 12 months expected credit loss method for recognising the loss allowance. When there is a significant increase in credit risk noted since the initial recognition, those assets are considered under stage 2 and lifetime expected credit loss is followed. Financial assets that have objective evidence of impairment at reporting stage (stage 3), lifetime expected credit loss is followed.

Closing ECL on other receivables is RO 1.992 million (31 December 2023: RO 1.675 million) and the ECL charge for the year is RO 317,098 (31 December 2023: RO 332,000).

7 Financial assets at fair value through other comprehensive income

	2024 **RO'000**	2023 RO'000
The Arab Leasing Company Limited	-	-

The Company has investment in a foreign unquoted equity security which is classified as financial asset at fair value through other comprehensive income. The FVOCI designation was made because the investment is expected to be held for long-term. The fair value of this investment has been assessed as Nil and a fair value reserve was created (net of tax) of RO 441,000 (31 December 2023 – RO 441,000).

8 Vehicles, equipment and right-of-use assets

	Motor Vehicles RO'000	**Office and computer equipment RO'000**	**Furniture and fixtures RO'000**	**Work in progress RO'000**	**Right-of-use assets RO'000**	**Total RO'000**
Cost						
At 1 January 2024	**194**	**1,020**	**1,168**	**134**	**721**	**3,237**
Additions	**62**	**66**	**8**	**-**	**48**	**184**
Transfer	**-**	**134**	**-**	**(134)**	**-**	**-**
Disposal of assets	**(65)**	**-**	**-**	**-**	**-**	**(65)**
Written off	**-**	**(637)**	**(633)**	**-**	**-**	**(1,270)**
At 31 December 2024	**191**	**583**	**543**	**-**	**769**	**2,086**
Accumulated depreciation						
At 1 January 2024	**194**	**921**	**824**	**-**	**361**	**2,300**
Charge for the year	**15**	**52**	**126**	**-**	**149**	**342**
Sale of assets	**(65)**	**-**	**-**	**-**	**-**	**(65)**
Written off	**-**	**(637)**	**(633)**	**-**	**-**	**(1,270)**
At 31 December 2024	**144**	**336**	**317**	**-**	**510**	**1,307**
Net book value						
At 31 December 2024	**47**	**247**	**226**	**-**	**259**	**779**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024 (continued)

8 Vehicles, equipment and right-of-use assets (continued)

	Motor Vehicles RO'000	Office and computer equipment RO'000	Furniture and fixtures RO'000	Work in progress RO'000	Right-of-use assets RO'000	Total RO'000
Cost						
At 1 January 2023	194	1,714	1,062	-	498	3,468
Reassessment of lease term (note 10.2)	-	-	-	-	223	223
Reclassification of computer software*	-	(769)	-	-	-	(769)
Additions	-	75	106	134	-	315
At 31 December 2023	194	1,020	1,168	134	721	3,237
Accumulated depreciation						
At 1 January 2023	184	1,525	689	-	218	2,616
Reclassification of computer software	-	(721)	-	-	-	(721)
Charge for the year	10	117	135	-	143	405
At 31 December 2023	194	921	824	-	361	2,300
Net book value						
At 31 December 2023	-	99	344	134	360	937

The right of use assets represents its leases in respect of the branch offices of the Company.

Amounts recognised in the statement of profit or loss:

	2024 RO '000	2023 RO '000
Depreciation charge of right-of-use assets	**149**	143
Finance costs (included within interest expenses)	**19**	11

The total cash outflow for leases during the current year was RO 203,627 (2023: RO 139,055).

There are no expenses relating to short term-leases.

9 Statutory deposit

The Company is required to maintain a deposit of RO 250,000 (2023 - RO 250,000) with the Central Bank of Oman, which is restricted in nature, in accordance with the applicable licensing regulations. During the year, the deposit earned interest at the rate of 1.5% (2023 - 1.5%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024 (continued)

10 Creditors, accruals and other liabilities

	2024 RO'000	2023 RO'000
Leased assets payable	**816**	339
Accruals for expenses	**2,144**	1,955
Lease liability (note 10.2)	**178**	315
Other liabilities	**761**	432
	3,899	3,041

10.1 Provision for employees' end of service benefits

	2024 RO'000	2023 RO'000
At 1 January	**309**	247
Charge for the year (note 17.2)	**9**	127
Paid	**-**	(65)
At 31 December	**318**	309

In accordance with the provisions of IAS 19, management has carried out an exercise to assess the net present value of its obligations as at 31 December 2024 and 2023, using the projected unit credit method, in respect of employees' end of service benefits payable under the Oman Labour Law 2003 and the Social Security Law of 1991. The expected liability at the date of leaving the service has been discounted to net present value using a discount rate of 6% (2023 - 6%) per annum. Under this method, an assessment has been made of an employee's expected service life with the Company and the expected basic salary at the date of leaving the service. Management has assumed average increment/promotion costs of 3% (2023 - 3%) per annum.

10.2 Lease liability

	2024 RO'000	2023 RO'000
At 1 January	**315**	220
Additions	**48**	-
Reassessment of lease term (note 8)	**-**	223
Finance charges	**19**	11
Repayment	**(204)**	(139)
At 31 December	**178**	315

	2024 RO'000	2023 RO'000
Current	**91**	133
Non-current	**87**	182
At 31 December	**178**	315

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024 (continued)

11 Short-term loans

The Company availed short-term borrowing facilities from various commercial banks. The contractual limits of these borrowings are approximately RO 67.5 million (2023 - RO 59.0 million), which are entirely secured against pari-passu charges over net investment in finance leases, working capital finance and factoring receivables. Maturities of the short-term loans are disclosed in note 23 (b) to these financial statements.

During the year, interest was charged on the above borrowings at rates ranging between 5.75% and 7% per annum (31 December 2023 - 4.5% and 7.0% per annum).

At 31 December 2024, the Company had undrawn short term loan facilities amounting to RO 5.0 million (2023 RO 7 million).

12(a) Long-term loans

The Company has entered into long term loan facility agreements with commercial banks. The aggregate contractual limit of long-term loans is RO 89.378 (2023 - RO 74.947 million). These loans are secured by a pari-passu charge over the total assets of the Company. The maturity dates of the aforementioned facilities range from January 2025 to June 2029.

Total outstanding long-term loans at 31 December 2024 amount to RO 74.120 million (2023 – RO 73.470 million) out of which current portion of long-term loans as at 31 December 2024 amounted to RO 42.005 million (2023 - RO 28.716 million).

During the year, interest was charged on the above borrowings at rates ranging between 6.5% and 7.25% per annum (31 December 2023 - 6.5% and 6.9% per annum).

The tenure of the long-term loans range between 3 years and 5 years (31 December 2023: 2 years and 4 years).

At 31 December 2024, the Company had undrawn bank facilities amounting to RO 4.1 million (2023 RO 6.5 million).

12(b) Unsecured non-convertible bonds

The Company had issued unsecured non-convertible bonds for an amount of RO 14.630 million in 2022 for a period of 2 years which was matured in 2024. The Company also issued unsecured non-convertible bonds for an amount of RO 14.956 million in 2023 for a period of 3 years which is outstanding as at December 31, 2024. The coupon rate on this bond is 7.5% per annum.

	2024	2023
	RO'000	RO'000
Bonds	**14,938**	29,800

13 Corporate and security deposits

	2024	2023
	RO'000	RO'000
Corporate deposits	**55,431**	32,440
Security deposits	**32**	32
	55,463	32,472

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024 (continued)

13 Corporate and security deposits (continued)

The Company accepts term deposits from corporate customers in accordance with the Central Bank of Oman guidelines for a minimum period of 6 months. The interest rates on corporate and security deposits range between 5.5% to 7.5% per annum (2023 - 5.5% to 7.1% per annum). Maturity profile is included under note 23.

14 Shareholders' equity

(a) Share capital

The authorised share capital comprises 300,000,000 ordinary shares (2023 - 300,000,000 ordinary shares) with a par value of RO 0.100 per share (2023: RO 0.100 per share). All issued ordinary shares are fully paid. The Company's issued and fully paid-up share capital comprises of 271,090,499 ordinary shares (2023 - 263,835,036 ordinary shares). Central Bank of Oman's requirement related to minimum paid up capital is set out under note 3.3 to these financial statements. At 31 December, the shareholders who own 10% or more of the Company's share capital were:

	2024		2023	
	Shareholding %	**Shares held**	Shareholding %	Shares Held
Oman Investment Authority	**34.99**	**94,857,398**	35.56	93,820,065
Arab Investment Company S.A.A	**18.79**	**50,925,538**	18.79	49,562,568
Iran Foreign Investment Company	**12.49**	**33,871,954**	12.49	32,965,406

(b) Legal reserve

In accordance with article 274 of the Commercial Companies Law of 2019, annual appropriations of 10% amounting to RO 553 thousand (2023 – RO 482 thousand) from the profit for the year, are made to this legal reserve until the accumulated balance of the reserve is equal to one third of the Company's paid up share capital. This reserve is not available for distribution.

(c) Impairment reserve

Impairment reserve net of tax is created by appropriation from retained earnings when the calculated provision as per CBO norms is higher than IFRS9 ECL.

As of December 2024, the Company holds an impairment reserve of RO 2.222 million net of tax for the difference that existed on 31 December 2024 (31 December 2023: RO 2.222 million).

(d) General reserve

The Board of Directors of the Company resolved to transfer an additional amount of RO 249 thousand (2023 - RO 326 thousand) to general reserve. The reserve has been created for any one-off contingency in future, by transfer of 5% (2023- 7.5%) of net profit for the year after appropriation towards legal reserve as approved by Board of Directors. This reserve will not be available for future distribution once created.

(e) Dividend

Dividend is not accounted for until it has been approved at the Annual General Meeting (AGM). The Board of Directors has proposed a cash dividend of 8% and stock dividend of 3% for the year ended 31 December 2024 (2023- cash dividend of 7% and stock dividend of 2.75%). The dividend proposed per share for the year ended 31 December 2024 is amounting to 11 baizas (2023- amounting to 9.75 baizas).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024 (continued)

14 Shareholders' equity (continued)

(f) Perpetual bonds

The Company classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument. The Company's perpetual bonds are not redeemable by holders and bear an entitlement to distribution that is non-cumulative and it is governed by the terms and conditions of the instrument. The payment of interest and/or principal is solely at the discretion of the Company. Accordingly, they are presented within equity. Distributions thereon are recognised in equity.

During the year, the Company issued perpetual bonds of RO 25.0 million through private placement. The bonds carry interest rate of 7.5% per annum, payable semi-annually in arrears. The bonds have no fixed or final redemption date. The issuer has an option to redeem the bonds on the call date. The call date is in October 2029.

15 Net assets per share

Net assets per share is calculated by dividing the net assets attributable to the equity holders of the Company at the year-end by the number of shares outstanding:

	2024 RO'000	2023 RO'000
Net equity attributable to the equity holders of the Company (RO'000)	**53,863**	50,497
Number of ordinary shares outstanding at 31 December (Numbers 000)	**271,090**	263,840
Net assets per share (baizas)	**199**	191

16 Finance lease

(a) Finance income

	2024 RO'000	2023 RO'000
Income from investment in finance lease	**25,541**	23,814
Income from working capital financing and factoring receivables	**5,073**	2,665
Income on bank deposits	**592**	387
	31,206	26,866

(b) Interest expenses

	2024 RO'000	2023 RO'000
Interest expense on loans	**9,241**	8,460
Interest expense on bonds	**2,193**	2,132
Interest expense on corporate deposits	**2,790**	1,671
	14,224	12,263

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024 (continued)

16 Finance lease (continued)

(c) Other operating income

	2024 RO'000	2023 RO'000
Insurance commission	**1,576**	1,175
Services charges	**1,275**	1,105
Foreclosure charges	**323**	212
Profit on sale of assets	**23**	-
	3,197	2,492

17.1 Other operating expenses

	2024 RO'000	2023 RO'000
Professional fees and subscriptions	**393**	307
Communication costs	**250**	272
Travelling expenses	**65**	41
Fuel cost	**82**	70
Directors' remuneration and sitting fees (note 20)	**142**	299
Advertising and sales promotion	**129**	96
IT maintenance and license fees	**73**	47
Printing and stationery expenses	**149**	118
Utility costs	**37**	36
Annual general meeting expenses	**20**	13
Insurance	**42**	38
Donations	**20**	28
Other office expenses	**603**	388
	2,005	1,753

17.2 Staff costs

	2024 RO'000	2023 RO'000
Wages and salaries	**4,068**	3,575
Other benefits	**331**	318
Contribution to defined contribution plan*	**293**	246
Charge for end of service benefits (note 10.1)	**9**	127
	4,701	4,266

* Contributions to a defined contribution retirement plan and occupational hazard insurance for Omani employees in accordance with the Omani Social Insurances Law of 1991 and its subsequent amendments are recognised as an expense in the statement of comprehensive income as incurred.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024 (continued)

18 Taxation

(a) Components of tax expense:

	2024 RO'000	2023 RO'000
Current tax		
- current year	978	829
- prior years	(3)	22
Deferred tax		
- current year	14	31
- prior years	(14)	(31)
	975	851

(b) Reconciliation of tax expense

The Company has provided for taxation in accordance with the income tax laws of the Sultanate of Oman at the rate of 15% (2023 - 15%) of taxable profits. The following is a reconciliation of income taxes calculated on accounting profits at the applicable tax rates with the income tax expense for the year:

	2024 RO'000	2023 RO'000
Accounting profit before taxation	6,501	5,675
Income tax expense computed at applicable tax rates	975	851
Non-deductible expenses	17	9
Deferred tax – Prior years	(14)	(31)
Current tax – Prior years	(3)	22
	975	851

(c) The movement in taxation liability is as follows:

	2024 RO'000	2023 RO'000
At 1 January	866	600
Current tax for the year	978	829
Current tax – prior years	(3)	22
Paid during the year	(858)	(585)
At 31 December	983	866

(d) Status of the tax assessments

The tax returns of the Company for the tax years 2021 to 2023 have not yet been agreed with the Secretariat General for Taxation at the Ministry of Finance. The management is of the opinion that any other additional taxes, if any, related to the open tax years would not be material to the Company's financial position as at 31 December 2024.

(e) VAT assessments

The company filed VAT returns for the financial years 2022 and 2023 and the Secretary General of Tax is yet to take up the assessment.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024 (continued)

18 Taxation (continued)

(f) Deferred tax asset

Deferred income taxes are calculated on all taxable temporary differences using a principal tax rate of 15% (2024 - 15%). Deferred tax assets and the deferred tax charge in the statement of profit or loss and other comprehensive income are as follows:

Deferred tax asset	1 January 2024 RO'000	Recognised in the statement of profit or loss and other comprehensive income RO'000	31 December 2024 RO'000
Vehicles and equipment	**9**	**1**	**10**
Impairment allowance on investment in finance leases, working capital finance, factoring receivables and other receivables	**-**	**-**	**-**
Fair value change of financial assets at fair value through other comprehensive income	**78**	**-**	**78**
Right-of-use assets and lease liabilities	**(8)**	**(1)**	**(9)**
Deferred tax asset – net	**79**	**-**	**79**
Vehicles and equipment	9	-	9
Impairment allowance on investment in finance leases, working capital finance, factoring receivables and other receivables	-	-	-
Fair value change of financial assets at fair value through other comprehensive income	78	-	78
Right-of-use assets and lease liabilities	(8)	-	(8)
Deferred tax asset	79	-	79

19 Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the net income for the year attributable to shareholders by the weighted average number of shares during the year.

	2024	2023 (Restated)
Profit for the year (RO'000)	**5,526**	4,824
Weighted average number of shares during the year (Numbers 000)	**271,090**	271,090
Basic and diluted earnings per share (baizas)	**20.38**	17.79

20 Related party transactions

Related parties comprise the shareholders, directors, key management personnel and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions. Pricing policies and terms of these transactions are approved by the Company's Board of Directors.

The following were the transactions and balances which are with those related parties which meet the definition of a related party under IAS 24. The Company has entered into these transactions in the ordinary course of business and the terms and conditions of these transactions are mutually agreed.

	2024	2023
	RO'000	RO'000
Transactions with related party:		
Interest expense on corporate and security deposits (shareholder)	264	187
Finance income (key management personnel)	2	1
Directors' remuneration and sitting fees	142	299

The Company maintains the following balances with these related parties which arise in the normal course of business.

	2024	2023
	RO'000	RO'000
Balances with related party:		
Corporate and security deposits (shareholder)	4,757	4,515
Net investment in finance leases (key management personnel)	23	20

The interest rates on corporate and security deposits from related parties range between 5.5% to 6.5% per annum (2023 – 5.5% to 6% per annum). These balances are expected to be settled in cash.

The interest rates on net investment in finance leases to related parties range between 7% to 8% per annum (2023 – 7% to 8% per annum). These balances are expected to be settled in cash.

The expected credit losses on these net investment in finance leases balances to key management personnel is immaterial.

20.1 Compensation of key management personnel

Key management personnel are those personnel having authority and responsibility for planning, directing and controlling the activities of the Company. The remuneration of key management during the year was as follows:

	2024	2023
	RO'000	RO'000
Short term employee benefits	579	496
End of service benefits	23	28
Other benefits	212	138

20.2 The following are the related party transactions/balances where the Company have a director or other member of key management personnel in common or because a member of key management personnel of one entity has significant influence over the other entity. These related parties are outside the scope of IAS 24. However, those are disclosed in line with the local regulations. The Company has entered into these transactions in the ordinary course of business and the terms and conditions of these transactions are mutually agreed.

	2024	2023
	RO'000	RO'000
Transactions with other related parties:		
Interest on bank loans	503	626
Interest on corporate and security deposits	547	357
Balances with other related parties:		
Bank borrowings	6,250	8,750
Corporate and security deposits	12,250	6,100

Finance leases to related parties carry interest rate between 7% to 8% (2023: 7.0% to 8.0%). Corporate and security deposits from related parties attract interest rate between 7% to 7.25% (2023: 5.5% to 7.1%). Bank loans from related parties attract interest rate between 6.5% to 7% (2023: 4.5% to 6.5%).

21 Fair value information

Based on the valuation methodology outlined below, the fair value of all financial instruments at 31 December 2024 is considered by the management not to be materially different from their carrying values except for net investment in finance leases, working capital finance and factoring receivables.

Fair value of net investment in finance leases, working capital finance and factoring receivables is calculated based on discounted expected future principal and interest cash flows. Repayments are assumed to occur at contractual repayment dates, where applicable. For finances that do not have fixed repayment dates or that are subject to repayment risk, repayments are estimated based on experience in previous periods when interest rates were at levels similar to current levels, adjusted for any differences in interest rate outlook. Expected future cash flows are estimated considering credit risk and any indication of impairment. Expected future cash flows for homogeneous categories of finances are estimated on a portfolio basis and discounted at current rates offered for similar loans to new borrowers with similar credit profiles. The fair value of net investment in finance leases, working capital finance and factoring receivable at 31 December 2024 is RO 296.804 million (2023: RO 249.05 million). These are level 3 financial instruments. The estimated fair values of finances reflect changes in credit status since the finances were made and changes in interest rates in the case of fixed rate leases.

The estimated fair value of other financial instruments is based on discounted cash flows using rates currently offered for deposits of similar remaining maturities. As other financial instruments are either short term in nature or subject to repricing at the market rates on regular intervals, the fair value approximates to the carrying value.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024 (continued)

21 Fair value information (continued)

Fair value measurements recognised in the statement of financial position:

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

22 Business analysis

The financial information that can be separately recognised for retail and corporate portfolios are as follows:

	2024			2023		
			RO'000			RO'000
	Retail	Corporate	Total	Retail	Corporate	Total
Income						
Finance income	11,924	19,282	31,206	10,049	16,817	26,866
Interest expense	-	-	(14,224)			(12,263)
Net income from financing activities			16,982			14,603
Other operating income	-	-	3,197			2,492
Total income			20,179			17,095
Expenses						
General and administrative expenses	-	-	(6,706)			(6,018)
Depreciation	-	-	(374)			(405)
Allowance for ECL	(697)	(5,901)	(6,598)	(1,090)	(3,907)	(4,997)
Profit before taxation			6,501			5,675
Taxation			(975)			(851)
Profit for the year			5,526			4,824

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024 (continued)

22 Business analysis (continued)

	2024			2023		
			RO'000			RO'000
	Retail	Corporate	Total	Retail	Corporate	Total
Assets						
Net investment in finance leases, working capital finance and factoring receivables	96,218	173,810	270,028	79,157	149,446	228,603
Other assets	-	-	21,284			13,923
Total assets			291,312			242,526
Total liabilities			212,449			192,029

All Company's leasing activities are carried-out in the Sultanate of Oman.

23 Financial instruments and financial risk management

(a) Interest rate risk

The table below summarises the Company's exposure to interest rate risks. Included in the table are the Company's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates as on 31 December 2023 and 2024:

	0 - 30 days	31 - 180 days	181 - 365 days	1 - 3 years	Over 3 years	Non interest rate sensitive	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
31 December 2024							
Financial assets							
Cash and bank balances	17,691	-	2,013	-	342	57	20,103
Net investment in finance leases, working capital finance and factoring receivables	25,457	14,958	19,107	70,063	140,443	-	270,028
Statutory deposit	-	-	-	-	250	-	250
Total financial assets	43,148	14,958	21,120	70,063	141,035	57	290,381
Financial liabilities							
Short-term loans	36,664	26,064	-	-	-	-	62,728
Creditors, accruals and other liabilities	-	-	-	-	-	3,899	3,899
Corporate and security deposits	633	10,440	16,891	25,993	1,506	-	55,463
Unsecured non-convertible bonds	-	107	-	14,831	-	-	14,938
Long term loans	2,628	24,478	14,899	27,550	4,565	-	74,120
Total financial liabilities	39,925	61,089	31,790	68,374	6,071	3,899	211,148
Interest rate sensitive gap	3,223	(46,131)	(10,670)	1,689	134,964	(3,842)	79,233
Cumulative gap	3,223	(42,908)	(53,578)	(51,889)	83,075	79,233	

NOTES TO THE AUDITED FINANCIAL STATEMENTS
for the year ended 31 December 2024 (continued)

23 Financial instruments and financial risk management (continued)

(a) Interest rate risk (continued)

	0 - 30 days RO'000	31 - 180 days RO'000	181 - 365 days RO'000	1 - 3 years RO'000	Over 3 years RO'000	Non interest rate sensitive RO'000	Total RO'000
31 December 2023							
Financial assets							
Cash and bank balances	9,408	-	2,615	-	-	-	12,023
Net investment in finance leases, working capital finance and factoring receivables	20,717	13,833	16,168	63,628	114,257	-	228,603
Other receivables	-	-	-	-	-	63	63
Statutory deposit	-	-	-	-	250	-	250
Total financial assets	30,125	13,833	18,783	63,628	114,507	63	240,939
Financial liabilities							
Short-term loans	38,271	13,800	-	-	-	-	52,071
Creditors, accruals and other liabilities	-	-	-	-	-	3,041	3,041
Corporate and security deposits	1,746	8,385	15,158	7,183	-	-	32,472
Unsecured non-convertible bonds	-	214	14,630	14,956	-	-	29,800
Long term loans	3,190	12,395	13,131	36,449	8,305	-	73,470
Total financial liabilities	43,207	34,794	42,919	58,588	8,305	3,041	190,854
Interest rate sensitive gap	(13,082)	(20,961)	(24,136)	5,040	106,202	(2,978)	50,085
Cumulative gap	(13,082)	(34,043)	(58,179)	(53,139)	53,063	50,085	

Net investment in finance leases, working capital finance and factoring receivables carry interest rates ranging between 8% to 16% (2023 – 8% to 16%) per annum. Interest rates for all other interest-bearing financial assets and financial liabilities are disclosed in the respective notes to these financial statements.

23 Financial instruments and financial risk management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its payment obligations regarding its financial liabilities when they fall due under normal and stress circumstances. Liquidity risk arises because of the possibility that the Company will be required to pay its liabilities earlier than expected or will face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. Liquidity risk can also be caused by market disruptions or credit downgrades, which may cause certain sources of funding to be less readily available. To mitigate this risk, management manages assets with liquidity in mind, maintaining an appropriate balance of cash and cash equivalents and monitors future cash flows and liquidity on a daily basis to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company also has revolving credit facilities from commercial banks that it can access to meet future liquidity needs.

The Company expects to have adequate liquid funds to settle its current liabilities through close monitoring of both current assets and current liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. The effect of discounting of liabilities with contractual maturity of less than 1 year is not considered material. Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring the statement of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

23 Financial Instruments and financial risk management (continued)

(b) Liquidity risk (continued)

The amounts disclosed in table below analyses the Company's assets and liabilities as on 31 December 2024 and 2023 into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

	0 – 30 Days RO'000	31 - 180 days RO'000	181 - 365 days RO'000	1 - 3 years RO'000	Over 3 years RO'000	Non-fixed maturity RO'000	Total RO'000
December 2024							
Financial assets							
Cash and bank balances	17,748	-	2,080	-	402	-	20,230
Net investment in finance leases, working capital finance and factoring receivables	31,966	31,550	37,938	130,742	213,841	-	446,037
Statutory deposit	-	-	-	-	-	250	250
Total	49,714	31,550	40,018	130,742	214,243	250	466,517
Financial liabilities							
Short-term loans	36,766	26,311	-	-	-	-	63,077
Lease liabilities	27	33	41	95	-	-	196
Creditors, accruals and other liabilities (excluding lease liabilities)	3,721	-	-	-	-	-	3,721
Corporate and security deposits	635	10,619	17,630	29,657	2,007	-	60,548
Unsecured non-convertible bonds	-	571	562	16,078	-	-	17,211
Long term loans	3,237	30,702	13,278	29,764	4,666	-	81,647
Total liabilities	44,386	68,236	31,511	75,594	6,673	-	226,400
Liquidity gap	5,328	(36,686)	8,507	55,148	207,570	250	240,117
Cumulative liquidity gap	5,328	(31,358)	(22,851)	32,297	239,867	240,117	

NOTES TO THE AUDITED FINANCIAL STATEMENTS
for the year ended 31 December 2024 (continued)

23 Financial Instruments and financial risk management (continued)

(b) Liquidity risk (continued)

	0 - 30 Days RO'000	31 - 180 days RO'000	181 - 365 days RO'000	1 - 3 years RO'000	Over 3 years RO'000	Non-fixed maturity RO'000	Total RO'000
December 2023							
Financial assets							
Cash and bank balances	9,408	-	2,692	-	-	-	12,100
Net investment in finance leases, working capital finance and factoring receivables	31,805	27,583	31,548	113,076	162,388	-	366,400
Other receivables	-	-	-	-	-	63	63
Statutory deposit	-	-	-	-	-	250	250
Total	41,213	27,583	34,240	113,076	162,388	313	378,813
Financial liabilities							
Short-term loans	38,395	13,916	-	-	-	-	52,311
Lease liabilities	254	85	-	-	-	-	339
Creditors, accruals and other liabilities (excluding lease liabilities)	696	985	1,021	-	-	-	2,702
Corporate and security deposits	1,914	9,068	15,651	7,504	-	-	34,137
Unsecured non-convertible bonds	-	1,073	15,712	17,199	-	-	33,984
Long term loans	3,602	14,183	14,865	39,565	8,617	-	80,832
Total liabilities	44,861	39,310	47,249	64,268	8,617	-	204,305
Liquidity gap	(3,648)	(11,727)	(13,009)	48,808	153,771	313	174,508
Cumulative liquidity gap	(3,648)	(15,375)	(28,384)	20,424	174,195	174,508	

The Company has un-utilised credit facilities, including short term loan facilities with rollover option, as at reporting date to mitigate the impact of negative mismatch. Please refer to note 11 and 12 for details of un-utilised credit facilities.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2024 (continued)

24 Presentation of financial instruments by measurement category

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

2024	Financial assets at fair value through other comprehensive income	Amortised cost	Finance lease receivables	Total carrying amount
	RO'000	RO'000		RO'000
Financial assets				
Cash and cash equivalents	-	20,103	-	20,103
Net investment in finance leases, working capital finance and factoring receivables	-	-	270,028	270,028
Statutory deposit	-	250	-	250
Total financial assets	-	20,353	270,028	290,381

	Total carrying amounts
	RO'000
Financial liabilities (all at amortised cost)	
Short-term loans	62,728
Creditors, accruals and other liabilities	3,899
Unsecured non-convertible bonds	14,938
Corporate and security deposits	55,463
Long term loans	74,120
Total financial liabilities7	211,148

2023	Financial assets at fair value through other comprehensive income	Amortised cost	Finance lease receivables	Total carrying amount
	RO'000	RO'000		RO'000
Financial assets				
Cash and cash equivalents	-	12,023	-	12,023
Net investment in finance leases, working capital finance and factoring receivables	-	-	228,603	228,603
Other receivables	-	63	-	63
Statutory deposit	-	250	-	250
Total financial assets	-	12,336	228,603	240,939

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024 (continued)

24 Presentation of financial instruments by measurement category (continued)

	Total carrying amounts RO'000
Financial liabilities (all at amortised cost)	
Short-term loans	52,071
Creditors, accruals and other liabilities (excluding end of service benefits)	3,041
Unsecured non-convertible bonds	29,800
Corporate and security deposits	32,472
Long term loans	73,470
Total financial liabilities	190,854

25 Restatement of certain financial statement line items

The management has re-evaluated the presentation of certain transactions in the statement of profit or loss in the prior years to determine if such transactions have been presented appropriately in line with the requirements of IFRS Accounting Standards. Where necessary, changes in presentation were made in accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors".

As a result, the management restated the comparatives to adjust for the disaggregation detailed below in the financial statements for the year ended 31 December 2024 as prior year restatements.

1) Reclassification of staff costs previously included within "operating expenses", to "Staff costs" as a separate financial statement line item.

In prior years, the Staff costs were classified within "Operating expenses" on the face of the statement of income.

IAS 1- Presentation of Financial Statements ("IAS 1") requires entities to present an analysis of expenses recognised in profit or loss using classification based on either their nature or their function within the entity, whichever provides information that is reliable and more relevant. The Company predominantly presents the nature of the expenses on the face of the statement of income.

During the year, the management considered the above requirements and reclassified the staff costs from "Operating Expenses" and presented Staff costs and other operating expenses as separate financial statements line item on the face of the statement of profit or loss

Account description	Reported balances at 31 December 2023 RO'000	Adjustments RO'000	Restated balance at 31 December 2023 RO'000
Statement of profit or loss and other comprehensive income			
Operating expenses	6,018	(6,018)	-
Other operating expenses (note 17.1)	-	1,753	1,753
Staff costs (note 17.2)	-	4,265	4,265

The above restatements have no impact on any other primary statements.

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