TAAGEER FINANCE COMPANY SAOG

UN-AUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

Registered address	**Principal place of business**
P.O. Box 200	P.O. Box 200
Postal Code 136	Postal Code 136
Al Khuwair	Al Khuwair
Muscat, Sultanate of Oman	Muscat, Sultanate of Oman

TAAGEER FINANCE COMPANY SAOG

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FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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UN-AUDITED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2022

	Note	Sept-22 RO'000	Sept-21 RO'000	2021 RO'000
ASSETS				
Cash and cash equivalents	*4*	**9,308**	7,082	16,655
Net investment in finance leases, working capital finance and factoring receivables	*5*	**187,510**	166,695	165,064
Other receivables and prepayments	*6*	**729**	340	582
Deferred tax asset – net	*18(f)*	**89**	88	89
Vehicles, equipment and right-of-use assets	*8*	**587**	446	440
Statutory deposit	*9*	**250**	250	250
Total assets		**198,473**	174,901	183,080
LIABILITIES AND EQUITY				
LIABILITIES				
Creditors, accruals and other liabilities	*10*	**3,205**	1,495	2,216
Bank overdrafts and short-term loans	*11*	**55,167**	62,379	60,603
Unsecured non-convertible bonds	*12(a)*	**13,585**	-	13,351
Tax payable	*18(b)*	**368**	310	471
Corporate and security deposits	*13*	**13,459**	11,836	9,820
Long-term loans	*12*	**67,096**	55,715	52,272
Total liabilities		**152,880**	131,735	138,733
EQUITY				
Share capital	*14(a)*	**25,866**	25,359	25,359
Legal reserve	*14(b)*	**5,395**	5,141	5,395
IFRS 9 impairment reserve	*14(c)*	**2,222**	2,222	2,222
Fair value reserve	*7*	**(441)**	(441)	(441)
Retained earnings		**12,551**	10,885	11,812
Total equity		**45,593**	43,166	44,347
Total equity and liabilities		**198,473**	174,901	183,080
Net assets per share (baizas)	*15*	**176**	170	175

The un-audited financial statements including notes and other explanatory information on pages 1 to 45 were approved and authorised for issue by the Board of Directors on 26 October 2022.

UN-AUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

	Note	**Sept-22 RO'000**	Sept-21 RO'000
Income			
Finance income		**15,066**	13,046
Interest expense		**(6,810)**	(6,221)
Net finance income		**8,256**	6,825
Other operating income	*16*	**1,587**	901
		9,843	7,726
Expenses			
Operating expenses	*17*	**(4,054)**	(3,176)
Depreciation	*8*	**(293)**	(341)
Impairment in net investment in finance leases, working capital finance and factoring receivables	*5(c)*	**(3,135)**	(2,421)
		(7,482)	(5,938)
Profit before taxation		**2,361**	1,788
Taxation	*18(a)*	**(354)**	(276)
Profit for the period		**2,007**	1,512
Basic and diluted earnings per share (baizas)	*19*	**10.35**	7.95

The notes and other explanatory information on pages 5 to 45 form an integral part of these financial statements.

TAAGEER FINANCE COMPANY SAOG

UN-AUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

	Share capital RO'000	Legal reserve RO'000	Fair value reserve RO'000	IFRS 9 impairment reserve RO'000	Retained earnings RO'000	Total RO'000
At 1 January 2022	**25,359**	**5,395**	**(441)**	**2,222**	**11,812**	**44,347**
Total comprehensive income for the period:						
Profit for the period	**-**	**-**	**-**	**-**	**2,007**	**2,007**
Transactions with owners:						
Dividend [note 14(d)]	**507**	-	**-**	**-**	**(1,268)**	**(761)**
Other transactions within equity:						
Transfer to legal reserve [note 14(b)]	**-**	**-**	**-**	**-**	**-**	**-**
Total other transactions and transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**
At 30 September 2022	**25,866**	**5,395**	**(441)**	**2,222**	**12,551**	**45,593**
At 1 January 2021	25,359	5141	(441)	2,222	9,523	41,804
Total comprehensive income for the period:						
Profit for the period	-	-	-	-	1,512	1,512
Transactions with owners:	-	-	-	-	-	-
Director's remuneration [note 2.20]	-	-	-	-	(150)	(150)
Dividend [note 14(d)]						
Other transactions within equity:	-	-	-	-	-	-
Transfer to legal reserve [note 14(b)]	-	-	-	-	-	-
Total other transactions and transactions with owners	-	-	-	-	1,362	1,362
At 30 September 2021	25,359	5,141	(441)	2,222	10,885	43,166

The notes and other explanatory information on pages 5 to 45 form an integral part of these financial statements.

TAAGEER FINANCE COMPANY SAOG
UN-AUDITED STATEMENT OF CASHFLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

	Note	Sept-22 RO'000	Sept-21 RO'000
Operating activities			
Profit before taxation		**2,361**	1,788
Adjustments for:			
Interest expense		**6,727**	6,207
Impairment for net investment in finance leases, working capital finance and factoring receivables		**3,135**	2,421
Depreciation	*8*	**293**	341
Profit on sale of asset		**8**	-
Provision for end of service benefits	*10.1*	**29**	47
		12,553	10,804
Working capital changes:			
Net investment in finance leases, working capital finance and factoring receivables		**(25,581)**	1,038
Other receivables and prepayments		**(147)**	101
Creditors, accruals and other liabilities		**584**	(993)
Cash from operations before payment of tax, interest and employees' end of service benefits		**(12,591)**	10,950
Income tax paid		**(457)**	(367)
Employees' end of service benefits paid		**-**	(40)
Interest paid		**(6,369)**	(6,182)
Net cash from operating activities		**(19,417)**	4,361
Investing activities			
Purchase of vehicles and equipment	*8*	**(441)**	(16)
Sale of vehicles and equipments		**11**	-
Net cash used in investing activities		**(430)**	(16)
Financing activities			
Dividend paid		**(761)**	-
Director's remuneration paid		**-**	(150)
Long term loans received		**36,600**	24,750
Long term loans paid		**(21,776)**	(24,349)
Short term loans received		**14,217**	8,086
Short term loans paid		**(19,653)**	(11,050)
Corporate and security deposits received		**4,104**	3,406
Corporate and security deposits paid		**(465)**	(215)
Unsecured non-convertible bonds		**234**	-
Net cash generated / (paid) from financing activities		**12,500**	478
Net change in cash and cash equivalents		**(7,347)**	4,823
Cash and cash equivalents at the beginning of the period		**16,655**	1,767
Cash and cash equivalents at the end of the period		**9,308**	6,590
Cash and cash equivalents comprise of:			
Cash and bank balances	*4*	**9,308**	7,082
Bank overdrafts	*4 & 11*	**-**	(492)
		9,308	6,590

The notes and other explanatory information on pages 5 to 45 form an integral part of these financial statements.

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, debt factoring, bridge loan and construction loans in the Sultanate of Oman. 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 (2021 - six branches) and has employed 158 employees as at 30 September 2022 (September-2021 - 157 employees).

2 Summary of significant 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

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), applicable requirements of the Commercial Companies Law of 2019, Capital Market Authority (CMA) 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 2021 and relevant to Company's operations

For the period ended 30 September 2022, the company has adopted all of new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for periods beginning on 1 January 2021.

2 Summary of significant accounting policies (continued)

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

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

The lease finance income is recognised in the statement of 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.

Interest on factoring and working capital finance receivables is recognised over the tenure of agreement. Factoring contracts are generally for a term ranging between 90 days to 180 days.

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

Penal charges, insurance fee and other operating fees are recognised when realised.

Dividend income is recognised when the right to receive income is established.

2 Summary of significant accounting policies (continued)

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.

2.6 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
Office and computer equipment	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.

2.7 Leases

(a) 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 significant accounting policies (continued)

2.7 Leases (continued)

(a) Company as a lessee (continued)

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.

(b) Company as a lessor

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

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 significant accounting policies (continued)

2.8 Financial assets and liabilities (continued)

(i) Measurement methods (continued)

Amortised cost and effective interest rate (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 does not consider expected credit losses (ECL) and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired ('POCI financial assets'), assets that are credit-impaired at initial recognition, the Company calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of ECL in estimated future cash flows.

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 and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

(a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

(b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

2 Summary of significant accounting policies (continued)

2.8 Financial assets and liabilities (continued)

(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 loan 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, investment in finance leases, working capital finance and factoring receivables and other financial investments at amortised cost if both of the following conditions are met:

- 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.

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.

2 Summary of significant accounting policies (continued)

2.8 Financial assets and liabilities (continued)

(ii) Classification and subsequent measurement (continued)

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.

Financial assets or financial liabilities held for trading

The Company classifies financial assets or financial liabilities as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets and liabilities are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognised in net trading income. Interest and dividend income or expense is recorded in net trading income according to the terms of the contract, or when the right to payment has been established.

Debt instruments at FVOCI

The Company applies the category of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest revenue using the effective interest method;
- ECL and reversals; and
- foreign exchange gains and losses.

When debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

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.

2 Summary of significant accounting policies (continued)

2.8 Financial assets and liabilities (continued)

(ii) Classification and subsequent measurement (continued)

Debt issued and other borrowed funds

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

Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; or
- The liabilities are part of a group of financial liabilities, which are managed, and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

Financial assets and financial liabilities at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Company's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVTPL is accrued in interest income or interest expense, respectively, using the EIR, taking into account any discount / premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate. Dividend income from equity instruments measured at FVTPL is recorded in profit or loss as other operating income when the right to the payment has been established.

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.

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 2021.

2 Summary of significant accounting policies (continued)

2.8 Financial assets and liabilities (continued)

(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.

(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. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

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.

2 Summary of significant accounting policies (continued)

2.8 Financial assets and liabilities (continued)

(vi) Impairment

The Company assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. 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.

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 Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance [calculated as described in note 3.1(b)]; and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

Loan commitments provided by the Company are measured as the amount of the loss allowance. The Company has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Company cannot separately identify the ECL on the undrawn commitment component from those on the loan component, the ECL on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined ECL exceed the gross carrying amount of the loan, the ECL is recognised as a provision.

2 Summary of significant accounting policies (continued)

2.10 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.

2.11 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.

2.12 Share capital

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.

2.13 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.

2.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

2.15 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 accrual relating to annual leave and leave passage is disclosed as a current liability, while the provision relating to end of service benefits is disclosed as a non-current liability.

2 Summary of significant accounting policies (continued)

2.16 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.

2.17 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. The financial information that can be separately recognised for retail and corporate portfolios has been disclosed in note 23 to these financial statements.

2.18 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 CMA while recommending the dividend. Dividends are recognised as a liability when declared and approved.

2.19 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 30 September (note 15).

2.20 Directors' remuneration and sitting fees

Director's remuneration is computed in accordance with the requirements of the Commercial Companies Law of 2019 and the Capital Market 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.

2 Summary of significant accounting policies (continued)

2.20 Directors' remuneration and sitting fees (continued)

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 Capital Market 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).

2.21 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.

2.22 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.

2.23 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.

2.24 Significant accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs 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.

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

In order to assess the impairment, the Company follows guidelines issued by Central Bank of Oman and the requirements of applicable IFRSs. The measurement of the ECL allowance for financial assets and finance lease receivables is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

(b) Taxes

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.

2 Summary of significant accounting policies (continued)

2.24 Significant accounting estimates and judgements (continued)

(c) Determination of fair values

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

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the Valuation computation to contracts and other relevant documents.

The Company also compares each the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(d) Going concern

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

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). As at 30 September 2022, a 5% change in the fair value of FVOCI asset will result in Nil (2021 - NIL) change in the Company's fair value reserve and net equity of the Company.

(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.

The Company's leasing activities carry fixed rate of interest; hence, these activities do not expose the Company to interest rate risk. Borrowings at variable rates of interest expose the Company to cash flow 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 variable cost of borrowings. Management estimates that the Company's variable 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 0.560 million (September-2021 - RO 0.487 million). The Company's exposure to interest rate risk is shown under note 24(a) to these financial statements.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(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 (this is recognising a provision earlier than under IAS 39 Financial assets: Recognition and Measurement) 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).

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, payment return indicator, 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.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(i) Credit risk measurement (continued)

Significant increase in credit risk (SICR)

While determining the credit risk of the customer which has increased significantly from the initial recognition, the Company reviews portfolio for Retail and Non-Retail on different parameters. SICR is done on quantitative and qualitative criteria which includes DPD, payment return indicator, re-rating of customers from initial assessment and market information during loan reviews. 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.

The Company reviews and restructures facilities 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

The Company considers the customer under default under IFRS 9 if;

- The days past due (DPD) is more than 89 days;
- The customer is flagged as default when the customer's probability of non-payment is increased or unlikely of payment of credit obligation under qualitative norms or due to one of the parameters under SICR triggers.

Expected Credit Losses

ECL has been calculated at facility level. ECL requires to be calculated for each qualifying exposure based on the data from each reporting date. It is a function of PD, LGD and EAD. ECL is calculated by marginal losses approach. In this approach, ECL is calculated as sum of marginal losses in each time period from the reporting date.

The key inputs for computation of ECL are given below;

- Exposure at Default (EAD)
- Probability of Default (PD)
- Loss Given Default (LGD
- Discount Factor (DF)

The calculation of the ECL allowance is impacted by a number of other factors as given below:

- Transfer of account from stage 1 to stage 2 or stage 3 due to significant changes in credit risk resulting in subsequent movement from 12-month PD rates to Life-time PD rates;
- Changes in ECL methodology calculation due to changes in PD rates, LGD rates, EAD due to changes in the portfolio behaviour and new PD rates or macro-economic variables entered in the ECL model during the period;
- Change in ECL methodology due to new assumptions and updation in the model during the period; and
- Change in time value of the financial instrument due to restructuring of facility resulting in change of discounting factor.

Exposure at Default (EAD)

EAD is the predicted or existing amount of loss the company may be exposed to when a debtor defaults on a loan. Company calculates an EAD value for each loan and then use these figures to determine their overall default risk. EAD is a dynamic number that changes as a borrower repays the company.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(i) Credit risk measurement (continued)

Probability of default (PD)
PD refers to the likelihood of a default occurring and is a measure of the risk of default. Typically, default rate or probability of default is the ratio of number of defaulted customers with that of the base customers during a specific time period (usually a year).

The derived PD is typically known as Through the Cycle or TTC which is purely based on the historic data while it gets complimented with macroeconomic factors and turns in point in time or PiT PD. Finally, the PiT PD are extended based on the forecasts of the future macroeconomic condition called as point in time and forward-looking PD.

Loss Given Default (LGD)
LGD is the likely economic loss in the event of default. The Company has adopted FIRB approach for computing LGD. In this approach, the LGD computation is based on the level of collateralization post haircuts prescribed by Basel. Composite LGD based on secured and unsecured portion is then used as one of the components to compute ECL.

Discounting Factor
The company is using contractual interest rate for ECL discounting. Discount factor for period t, calculated using the effective interest rate provided.

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 our 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.

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.

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 small and medium size enterprises (SMEs), 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.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(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.

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 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.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(ii) Credit risk control and mitigation policies (continued)

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

	Sept-22 RO'000	Sept-21 RO'000	2021 RO'000
Exposure			
Bank balances	**3,678**	3,250	12,796
Statutory deposit	**250**	250	250
Net investment in finance leases, Working capital finance and factoring receivables	**187,510**	166,695	165,064
Other receivables	**132**	89	200
Total exposure	**191,570**	170,284	178,310

The above table represents a worst-case scenario of credit risk exposure of the Company at 30 September 2022 and 2021 without taking into account any collateral held. The Company holds enforceable collaterals against net investments in finance lease to mitigate credit risk exposure.

Management is confident in its ability to continue to control and sustain acceptable exposure of credit risk to the Company resulting from its net investment in finance leases, working capital finance and factoring receivables, statutory deposits and advances. 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.

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. The analysis of credit risk is given below:

Customer concentration	**Sept-22 RO'000**	Sept-21 RO'000	2021 RO'000
Gross investment in finance leases:			
Individual	**86,089**	74,393	72,239
Corporate	**202,369**	166,554	169,781
	288,458	240,947	242,020
Working capital finance and factoring receivables:			
Corporate	**7,063**	10,349	9,976

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(iii) Concentration of credit risk (continued)

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

	Sept-22 RO 000	Sept-21 RO 000	2021 RO 000
Gross investment in finance leases:			
Manufacturing	**53,063**	49,610	48,928
Trading and construction	**56,489**	48,577	49,816
Services	**92,817**	68,367	71,037
Individual	**86,089**	74,393	72,239
	288,458	240,947	242,020
Working capital finance and factoring receivables:			
Manufacturing	**786**	976	957
Trading and construction	**4,160**	7,307	7,580
Services	**2,117**	2,066	1,439
	7,063	10,349	9,976

Geographical concentration

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

(iv) Outbreak of Coronavirus (COVID-19)

The World Health Organization officially declared COVID-19 as a global pandemic on 11 March 2020. From the latter half of Q1-2020, the economic environment and business landscape of the financial sector have witnessed rapid changes as a result of the unprecedented outbreak of Coronavirus pandemic coupled with the significant depression in the global crude oil prices. Tightening of market conditions, lockdowns, restrictions on trade and movement of people have caused significant disruptions to businesses and economic activities globally and across industries & sectors.

(v) Government measures

Governments and regulatory authorities across the globe have implemented several measures to contain the impact of the spread of the virus. In line with this, the Central Bank of Oman (CBO), also instituted a host of measures to protect the stability of country's economy. These measures include deferral of loan instalments for the affected borrowers (particularly the corporates and SMEs), deferment and waiver of interest/profit for affected Omani nationals employed in private sector, waiver of point of sale (POS) charges, lowering of regulatory capital ratios and increasing the lending ratio etc. The Central Bank of Oman has extended some of the covid related reliefs until 30 September 2022.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(vi) Impact of COVID-19 on the Company

The assessment of Significant Increase in Credit risk (SICR) and the measurement of ECLs are based on reasonable and supportable information that is available without undue cost or effort. In assessing forecast conditions, consideration has been given both to the effects of COVID-19 and the significant government support measures being undertaken. Relief measures, such as payment holidays, will not automatically lead to loans being measured on the basis of lifetime losses and considerable judgment has been exercised to measure ECLs at this time. When it is not possible to reflect such information in the models, management overlays or adjustments has been considered. This is also broadly consistent with guidelines issued by other regulators within the GCC.

The central Bank of Oman has issued further IFRS 9 related guidances. These are summarized below:

- CBO's measures related to deferment of loan repayment by a borrower may not on its own trigger the counting of 30 DPD or more backstop used to determine SICR or the 90 days past due backstop used to determine default. However, FLC's shall continue to assess the obligor's likelihood of payment of amount due after the deferment period, and in case of SICR or credit impairment and if the same is not of a temporary nature, accordingly, fairly recognize such risk.
- The deferment of repayment by borrowers may indicate short term liquidity or cash flow problems and hence the deferment of loan repayment may not be a sole deciding factor for SICR or impairment until and unless FLC's might have experienced other supportable evidence on having deterioration in the credit quality of the obligor.
- Similarly, any covenant breach having particular relevance to Covid-19 e.g. delay in submission of audited financial accounts or any other breach, may be considered differently than normal breaches related to consistent borrower specific risk factors leading to borrowers default. This sort of breach may not necessarily and automatically trigger SICR resulting in moving accounts to Stage-2.
- FLC's must develop estimates based on the best available supportable information about past events, current conditions and forecasts of economic conditions. In assessing forecast conditions consideration should be given both to the effects of Covid-19 coupled with oil prices & significant CBO policy measures being undertaken.
- Nevertheless, any changes made to ECL to estimate the impact of Covid-19 distress will be subject to very high levels of uncertainty as reasonable and supportable forward-looking information may not be currently available to substantiate those changes. As such, the macro-economic forecasts applied by the FLC's in their IFRS 9/ECL models couldn't be recalibrated upfront with pre-mature effects of Covid-19 and CBO support measures, besides the individual and collective LGD's may get impacted due to Covid-19 effect on market prices of collateral and guarantees. However, FLC's are expected to use post model adjustments and management overlays by applying multiple macroeconomic scenarios with careful application of probability weights to each of such scenarios while computing ECL on portfolio basis as prudence.
- The CBO has recently issued guidelines to allow restructuring of credit facilities to borrowers impacted by Covid 19 and who had availed deferrals to be implemented latest by September 30, 2022. The Company is in discussion with such borrowers to assess and support such a restructuring.

The IFRS 9 Steering Committee of the Company is primarily responsible for overseeing the Company's adequacy on ECL. It closely monitors the impact of COVID-19 by an ongoing review of the portfolio including a review of all individually significant exposures in the directly impacted industries and sectors. SME customers are evaluated based on the stability of the business owner and business.

Company's retail portfolio largely comprises of nationals employed in government sector. Retail lending to private sector employees which forms a small proportion of Company's total retail portfolio is expected to witness some impact in the short to medium term due to the pandemic and hence could lead to potential credit issues. Company is fully committed to help its customers through this turbulent period as directed by the CBO. Company continued to support its customers and partners through well-executed business continuity plans, in addition to adopting health and safety measures announced by the Supreme Committee entrusted with finding mechanisms for dealing with developments resulting from the COVID-19 pandemic. Company continually reviews its precautionary and administrative measures in response to changes on the ground.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(vii) Impact on SICR

The exercise of the deferment option by a customer, in its own, is not considered by the Company as triggering SICR. However, as part of the Company's credit evaluation process especially given the current economic situation due to after effects of lock down, 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. As a consequence, 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 (PMAs) and management overlays made in estimating the reported ECL as at 30 September 2022 are set out as follows:

As on the reporting date the collective provision held by the Company through management overlays amounts to RO 2.237 million, 9.39% of total impairment based on latest available PD term structure and macro-economic forecasts. This is in addition to the existing ECL provision considered to mitigate any unforeseen impacts in the portfolio. The Company will continue to reassess and appropriately adjust such overlays on a regular basis throughout the affected period.

PMAs and management overlays

Given the ever-evolving nature of the current health and economic crisis, the Company's management is of the view that the forward looking macro-economic data and the PD term structures published by the economists and rating agencies during 2020 is yet to be reasonably reflect the impact of the economic disruption caused by Covid-19 and also to fully factor in the financial intervention by the relevant state authorities.

Hence, based on regulatory and IASB's guidance, as a measure of prudence, wherever necessary, the Company has applied model adjustments in terms of scenario weights and management judgment overlays for few distressed accounts as well as considered COVID-19 impact for job loss customers in retail portfolio, while computing its ECL with an intention to collectively cover the:

- Customer, industry, sector specific evolving credit risk and appetite,
- Impact of recent external ratings and resultant change in the PD term structures,
- Impact of Covid-19 & depressed oil prices available in latest forward-looking information; and
- mitigating impacts of government support measures to the extent possible

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(viii) Accounting for modification loss

In case of Corporate and retail customers, the Company plan to add the simple interest accrued during the deferral period (DP) to the principal outstanding and either extend the original maturity period of the loan or increase the instalments at the end of the DP. The Company has determined that the modifications due to deferment of instalment and waiver of profit allowed in line with CBO relaxation measures did not resulted in derecognition of financial assets. Further, the impact of day one modification loss was not considered material for the period.

(ix) Impact on the Capital Adequacy

Although above measures are not exhaustive and may not fully counteract the impact of COVID-19 in the short run, they will mitigate the long-term negative impact of the pandemic. 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 disruption. Liquidity management as disclosed in note 24(b), is largely dependent on availability of usual funding through committed lines form local banks in Oman.

(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 24(b) to these financial statements.

Net debt reconciliation

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

Change in cash flows from financing activities (Principal)

Particulars	**Cash flows from long term loans RO'000**	**Cash flows from short term loans RO'000**	**Cash flows from corporate and security deposits RO'000**	**Cash flows from Unsecured non-convertible bonds RO'000**
At 1 January 2022	**52,272**	**60,603**	**9,820**	**13,351**
Additions during the period	**36,600**	**14,217**	**4,104**	**693**
Repayments during the period	**(21,776)**	**(19,653)**	**(465)**	**(459)**
At 30 September 2022	**67,096**	**55,167**	**13,459**	**13,585**
Change in cash flows	**14,824**	**(5,436)**	**3,639**	**234**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

Change in cash flows from financing activities (Principal) (continued)

Particulars	Cash flows from long term loans RO'000	Cash flows from short term loans RO'000	Cash flows from corporate and security deposits RO'000	Cash flows from Unsecured non-convertible bonds RO'000
At 1 January 2021	55,314	64,851	8,645	
Additions during the period	24,750	8,086	3,406	
Repayments during the period	(24,349)	(11,050)	(215)	
At 30 September 2021	55,715	61,887	11,836	
Change in cash flows	401	(2,964)	3,191	

(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;

(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 are assumed to 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 or interest rates linked to LIBOR. 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.

Except for financial assets at fair value through profit or loss, 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 profit or loss) and financial liabilities of the Company are carried at amortised cost in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022 (continued)

3 Financial risk management (continued)

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 and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain the capital structure and to conform with regulations, the Company may take appropriate strategic decisions.

The Company has complied with CBO requirements of maintaining minimum paid up capital of RO 25 million.

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:

	Sept-22	Sept-21	2021
Total liabilities (RO'000)	**152,880**	131,735	138,733
Net equity (RO'000)	**45,593**	43,166	44,347
Total liabilities to net equity ratio (times)	**3.35**	3.05	3.13

4 Cash and cash equivalents

	Sept-22 RO'000	Sept-21 RO'000	2021 RO'000
Term Deposits	**5,500**	3,800	3,800
Current accounts	**3,678**	3,250	12,796
Cash in hand	**149**	51	78
ECL	**(19)**	(19)	(19)
Cash and bank balances	**9,308**	7,082	16,655
Bank overdraft	**-**	(492)	-
Cash and cash equivalents	**9,308**	6,590	16,655

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

	Sept-2022	Sept-2021 RO'000	2021 RO'000
Gross investment in finance lease	**288,458**	240,947	242,020
Working capital finance and factoring receivables	**7,063**	10,349	9,976
Unearned finance income (refer 'b')	**(84,180)**	(64,871)	(66,882)
	211,341	186,425	185,114
Allowance for expected credit losses (ECL) *	**(23,831)**	(19,730)	(20,050)
	187,510	166,695	165,064

** Includes Reserve interest of RO. 4.393 million (September-2021- 3.444 million)*

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

	Up to 1 year RO'000	**2 year to 3 years RO'000**	**>3 years RO'000**	**Total RO'000**
At 30 September 2022				
Gross investment in lease, working capital finance and factoring receivables	**75,280**	**88,990**	**131,251**	**295,521**
Present value of gross investment in finance lease, working capital finance and factoring receivables	**53,549**	**58,131**	**99,661**	**211,341**
At 30 September 2021				
Gross investment in lease, working capital finance and factoring receivables	78,101	91,224	81,971	251,296
Present value of gross investment in finance lease, working capital finance and factoring receivables	62,079	63,693	60,653	186,425

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

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

	Sept-22 RO'000	Sept-21 RO'000	2021 RO'000
At 1 January	**66,882**	56,082	56,082
Additions during the period	**32,181**	21,798	28,441
Recognised during the period	**(14,883)**	(13,009)	(17,641)
At 30 September	**84,180**	64,871	66,882

(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:

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.

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.

At 30 September 2022, 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 38.622 million (September-2021 - RO 34.824 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.

The Company also takes into account the regulations issued by the CBO for assessing the provisioning requirements and calculation of ECL allowance as per IFRS 9. The standard accounts and rentals overdue by 1 day but less than 31 days are considered as stage 1 accounts, rentals overdue by 31 days but less than 90 days are considered as stage 2 accounts and accounts over 90 days are considered as stage 3 accounts. In case of stage 1 and stage 2 accounts falling under qualitative classification due to other objective information, will be classified as stage 3.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022 (continued)

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

(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: (continued)

The loss allowances for ECL as at 30 September reconcile to the opening loss allowances as follows:

	Net investment in finance leases, working capital finance and factoring receivables		Other assets and financial guarantees		Total	
	Sept-22	Sept-21	**Sept-22**	Sept-21	**Sept-22**	Sept-21
	RO'000	RO'000	**RO'000**	RO'000	**RO'000**	RO'000
At 1 January	**20,050**	16,951	**894**	546	**20,944**	17,497
Charge for the period	**2,772**	2,198	**363**	223	**3,135**	2,421
Reserve interest	**963**	581	**-**	-	**963**	581
Write back during the period	**46**	-	**(46)**	45	**-**	45
At 30 September	**23,831**	19,730	**1,211**	814	**25,042**	20,544

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

	Sept-22	Sept-21	2021
	RO'000		RO'000
Portfolio under stages			
Stage 1	**106,460**	94,671	84,186
Stage 2	**66,259**	56,930	66,250
Stage 3	**38,622**	34,824	34,678
Gross investment in finance leases, working capital finance and factoring receivables	**211,341**	186,425	185,114
Allowance for ECL	**(23,831)**	(19,730)	(20,050)
Net investment in finance leases, working capital finance and factoring receivables	**187,510**	166,695	165,064

(e) Allowance for ECL on net investment in finance leases, working capital finance and factoring receivables

	Sept-22	Sept-21	2021
	RO'000		RO'000
Stage 1	**772**	389	336
Stage 2	**5,716**	2,588	5,297
Stage 3	**17,343**	16,753	14,417
	23,831	19,730	20,050

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

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 local management, indicate that payment will most likely continue. These policies are continuously reviewed.

	Sept-22	Sept-21	2021
	RO'000		RO'000
Stage 1	**-**	-	-
Stage 2	**18,141**	18,091	10,060
Stage 3	**880**	4,814	4,780
	19,021	22,905	14,840

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022 (continued)

6 Other receivables and prepayments

	Sept-22	Sept-21	2021 RO'000
Prepaid expenses	**594**	241	376
Unamortised dealer commission	**2**	9	6
Accrued Interest	**81**	-	-
Other receivables	**1,263**	885	1,094
	1,940	1,135	1,476
Allowance for ECL against other receivables [refer 6(a)]	**(1,211)**	(795)	(894)
	729	340	582

(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.

7 Financial assets at fair value through other comprehensive income

	Sept-22	Sept-21	2021 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 fair value of this investment has been assessed as RO nil.

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 2022	**177**	**1,599**	**752**	**-**	**666**	**3,194**
Recognition of right-of-use assets	**-**	**-**	**-**	**-**	**99**	**99**
Additions	**28**	**43**	**-**	**271**	**-**	**342**
Sale of assets	**(11)**	**-**	**-**	**-**	**-**	**(11)**
At 30 September 2022	**194**	**1,642**	**752**	**271**	**765**	**3,624**
Accumulated depreciation						
At 1 January 2022	**168**	**1,409**	**632**	**-**	**545**	**2,754**
Charge for the period	**22**	**79**	**43**	**-**	**149**	**293**
Sale of assets	**(10)**	**-**	**-**	**-**	**-**	**(10)**
At 30 September 2022	**180**	**1,488**	**675**	**-**	**694**	**3,037**
Net book value						
At 30 September 2022	**14**	**154**	**77**	**271**	**71**	**587**

	Motor Vehicles RO'000	Office and computer equipment RO'000	Furniture and fixtures RO'000	Right-of-use assets RO'000	Total RO'000
Cost					
At 1 January 2021	177	1,562	750	598	3,087
Recognition of right-of-use assets	-	-	-	-	-
Additions	-	14	2	-	16
At 30 September 2021	177	1,576	752	598	3,103
Accumulated depreciation					
At 1 January 2021	116	1,287	553	360	2,316
Charge for the period	39	94	59	149	341
At 30 September 2021	155	1,381	612	509	2,657
Net book value					
At 30 September 2021	**22**	195	140	89	446

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022 (continued)

9 Statutory deposit

The Company is required to maintain a deposit of RO 250,000 (2020 - 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% (2021 - 1.5%) per annum.

10 Creditors, accruals and other liabilities

	Sept-22 RO'000	Sept-21 RO'000	2021 RO'000
Leased assets payable	**1,357**	212	850
Accruals for expenses	**1,353**	903	940
Lease liability	**3**	18	56
Provision for employees' end of service benefits (note 10.1)	**230**	214	200
Vat liability	**49**	-	20
Other liabilities	**213**	148	150
	3,205	1,495	2,216

10.1 Provision for employees' end of service benefits

	Sept-22 RO'000	Sept-21 RO'000	2021 RO'000
At 1 January	**200**	207	207
Charge for the period (note 17.1)	**30**	47	71
Paid during the period	**-**	(40)	(78)
At 30 September	**230**	214	200

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 30 September 2022 and 2021, 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% (2021 - 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% (2021 - 3%) per annum.

11 Bank overdrafts and short-term loans

The Company availed short term borrowing facilities from various commercial banks. The contractual limits of these borrowings are approximately RO 57.000 million (September-2021 - RO 64.5 million), which are entirely secured against pari-passu charges over net investment in finance leases, working capital finance and factoring receivables. Maturities of the bank overdrafts and short-term loans are disclosed in note 24 (b) to these financial statements.

The table below indicates the composition of the bank overdrafts and short-term loans as at 30 September:

	Sept-22	Sept-21	2021 RO'000
Bank overdrafts	**-**	492	-
Short-term loans	**55,167**	61,887	60,603
	55,217	62,379	60,603

There is no default or breach of terms and conditions of the loan agreements during the period ended 30 September 2022 and 2021.

12 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 80.734 million (September-2021 - RO 59.374 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 October 2022 to July 2027.

Total outstanding long-term loans at 30 September 2022 amount to RO 67.096 million (September-2021 – RO 55.715 million) out of which current portion of long-term loans as at 30 September 2022 amounted to RO 24.120 million (September-2021 - RO 27.201 million).

There is no default or breach of terms and conditions of the loan agreements during the period ended 30 September 2022 and 2021.

12(a) Unsecured non-convertible bonds

The Company issued unsecured non-convertible bonds for an amount of RO 13.232 million on 15 November 2021 for a period of 2 years. The coupon rate is 7% (2021 – Nil) per annum.

	Sept-22 RO'000	Sept-21 RO'000	2021 RO'000
Bonds	**13,585**	-	13,351
	13,585	-	13,351

13 Corporate and security deposits

	Sept-22 RO'000	Sept-21 RO'000	2021 RO'000
Corporate deposits	**13,427**	11,739	9,773
Security deposits	**32**	97	47
	13,459	11,836	9,820

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 5.10% to 7.00% per annum (September-2021 – 5.50% to 6.50% per annum). Maturity profile is included under note 24.

14 Shareholders' equity

(a) Share capital

The authorised share capital comprises 300,000,000 ordinary shares (2021 - 300,000,000 ordinary shares). The Company's issued and fully paid-up share capital comprises of 258,660,000 ordinary shares (2021 - 253,590,000 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 30 September, the shareholders who own 10% or more of the Company's share capital were:

	Sept-22		Sept-21	
	Shareholding %	**Shares Held**	Shareholding %	Shares Held
Oman Investment Authority	**35.27**	**91,231,848**	33.63	85,287,298
Arab Investment Company S.A.A	**18.79**	**48,590,753**	18.79	47,637,994
Iran Foreign Investment Company	**12.49**	**32,319,026**	12.49	31,685,320

14 Shareholders' equity (continued)

(b) Legal reserve

In accordance with article 274 of the Commercial Companies Law of 2019, annual appropriations of 10% 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

IFRS9 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 September 2022, the Company holds an impairment reserve of RO 2.222 million net of tax for the difference that existed on 30 September 2022 (30 September 2021: RO 2.222 million).

(d) Dividend

The financial statements for the period ended 30 September 2022 reflect the dividend payable of RO 0.761m - 03% cash and RO. 0.507m- 02% stock (2021 Nil) as approved by the shareholders in the AGM.

15 Net assets per share

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

	Sept-22	Sept-21	2021
Net equity (RO'000)	**45,593**	43,166	44,347
Number of ordinary shares outstanding at 30 September (Numbers 000)	**258,660**	253,590	253,590
Net assets per share (baizas)	**176**	170	175

16 Other operating income

	Sept-22	Sept-21
Insurance charges	**691**	207
Services charges	**761**	536
Foreclosure charges	**127**	83
Dividend Income	**-**	75
Profit on sale of assets	**8**	-
	1,587	901

17 Operating expenses

	Sept-22 RO'000	Sept-21 RO'000
Staff costs (note 17.1)	**2,906**	2,430
Professional fees and subscriptions	**103**	102
Communication costs	**208**	187
Travelling expenses	**167**	162
Directors' remuneration and sitting fees	**198**	28
Advertising and sales promotion	**53**	24
IT maintenance and license fees	**20**	51
Printing and stationery expenses	**66**	36
Utility costs	**39**	28
Annual general meeting expenses	**11**	3
Insurance	**33**	21
Donations	**7**	-
Other office expenses	**243**	104
	4,054	3,176

17.1 Components of staff costs

	Sept-22 RO'000	Sept-21 RO'000
Wages and salaries	**2,550**	2,053
Other benefits	**162**	149
Contribution to defined contribution plan	**165**	180
Charge for end of service benefits (note 10.1)	**29**	48
	2,906	2,430

18 Taxation

(a) *Components of tax expense:*

	Sept-22 RO'000	Sept-21 RO'000
Current tax		
- current year	**354**	276
	354	276

(b) Breakup of tax liability is as follows:

	Sept-22 RO'000	Sept-21 RO'000
Current liability		
- Current year	**354**	276
- Prior years	**14**	34
	368	310

(c) *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% (2021 - 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:

	Sept-22 RO'000	Sept-21 RO'000
Accounting profit before taxation	**2,361**	1,788
Income tax expense computed at applicable tax rates	**354**	268
Others		8
	354	276

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FOR THE PERIOD ENDED 30 SEPTEMBER 2022 (continued)
18 Taxation (continued)

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

	Sept-22 RO'000	Sept-21 RO'000
At 1 January	**471**	377
Paid during the period	**(457)**	268
Current tax for the period	**354**	32
Others	**-**	(367)
At 30 September	**368**	310

(e) Status of the tax assessments

The tax returns of the Company for the tax years 2019 to 2021 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 30 September 2022.

(f) Deferred tax asset

Deferred income taxes are calculated on all taxable temporary differences using a principal tax rate of 15% (September-2021 - 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/(liability)	**1 January 2022 RO'000**	**Recognised in the statement of profit or loss and other comprehensive income RO'000**	**30 Sept 2022 RO'000**
Vehicles and equipment	**20**	**-**	**20**
Impairment allowance on investment in finance leases, working capital finance, factoring receivables and other receivables	**-**	**-**	**-**
Impairment of financial assets at fair value through other comprehensive income	**78**	**-**	**78**
Right-of-use assets and lease liabilities	**(9)**	**-**	**(9)**
Deferred tax asset – net	**89**	**-**	**89**
Vehicles and equipment	9	-	9
Impairment allowance on investment in finance leases, working capital finance, factoring receivables and other receivables	-	-	-
Impairment of financial assets at fair value through other comprehensive income	78	-	78
Right-of-use assets and lease liabilities	1	-	1
Deferred tax asset	88	-	88

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.

	Sept-2022	Sept-2021
Profit for the period (RO'000)	**2,007**	1,512
Weighted average number of shares during the period (Numbers 000)	**258,660**	253,590
Basic and diluted earnings per share (baizas)	**10.35**	7.95

20 Related party transactions

Related parties comprise the shareholders, directors, key business 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 Company maintains balances with these related parties which arise in the normal course of business.

The Company has entered into transactions in the ordinary course of business with other related parties in which certain directors have a significant influence and with senior management. The terms and conditions of these transactions are mutually agreed. During the year, the following transactions were carried out with related parties:

	Sept-22 RO'000	Sept-21 RO'000
Transactions with related parties:		
Interest on bank loans and bonds	**487**	600
Interest on corporate and security deposits	**221**	86
Finance income	**2**	2
Related party balances:		
Bank borrowings and bonds	**10,000**	10,625
Corporate and security deposits	**2,773**	1,578
Net investment in finance leases	**19**	10

21 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:

	Sept-22 RO'000	Sept-21 RO'000
Salaries and other benefits to key management personnel	**392**	439

22 Fair value information

Based on the valuation methodology outlined below, the fair value of all on and off-statement of financial position financial instruments at 30 September 2022 is considered by the management not to be materially different from their carrying values.

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair value of assets and liabilities:

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

Fair value 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 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 loans.

Corporate and security deposits

The estimated fair value of fixed-maturity deposits is based on discounted cash flows using rates currently offered for deposits of similar remaining maturities. The value of long-term relationships with depositors is not taken into account in estimating fair values.

Fair value versus carrying amounts

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

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).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022 (continued)

23 Segment analysis

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

	Sept-2022 RO'000			Sept-2021 RO'000		
	Retail	**Corporate**	**Total**	Retail	Corporate	Total
Income						
Finance income	**5,347**	**9,536**	**14,883**	4,918	8,091	13,009
Interest expense			**(6,727)**			(6,207)
Net income from financing activities			**8,156**			6,802
Other operating income			**1,770**			938
Total income			**9,926**			7,740
Expenses						
General and administrative expenses			**(4,124)**			(3,190)
Depreciation			**(293)**			(341)
Allowance for ECL	**(654)**	**(2,494)**	**(3,148)**	(200)	(1,514)	(2,421)
Profit before taxation			**2,361**			1,788
Taxation			**(354)**			(276)
Profit for the period			**2,007**			1,512
Assets						
Net investment in finance leases, working capital finance and factoring receivables	**59,113**	**128,397**	**187,510**	53,633	113,062	166,695
Other assets			**10,963**			8,206
Total assets			**198,473**			174,901
Liabilities						
Total liabilities			**152,880**			131,735

The chief operating decision maker monitors income, provision for impairment and net investment in finance leases, working capital finance and factoring receivables for the above two operating segments.

Geographic operating segments

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

24 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 30 September 2022 and 2021:

	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
30 September 2022							
Financial assets							
Cash and bank balances	-	2,000	-	3,500	-	3,808	9,308
Net investment in finance leases, Working capital finance and factoring receivables	21,411	11,858	14,242	51,576	88,423	-	187,510
Other receivables	-	-	-	-	-	132	132
Statutory deposit	-	-	-	-	-	250	250
Total financial assets	21,411	13,858	14,242	55,076	88,423	4,190	197,200
Financial liabilities							
Bank overdrafts and short-term loans	34,667	20,500	-	-	-	-	55,167
Creditors, accruals and other liabilities	-	-	-	-	-	3,205	3,205
Corporate and security deposits	1,039	2,469	5,958	3,945	48	-	13,459
Unsecured non-convertible bonds	-	-	-	13,585	-	-	13,585
Long term loans	2,317	10,244	11,680	32,945	9,910	-	67,096
Total financial liabilities	38,023	33,213	17,638	50,475	9,958	3,205	152,512
Interest rate sensitive gap	(16,612)	(19,355)	(3,396)	4,601	78,465	985	44,688
Cumulative gap	(16,612)	(35,967)	(39,363)	(34,762)	43,703	44,688	

	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
30 September 2021							
Financial assets							
Cash and cash equivalents	-	-	-	-	-	7,082	7,082
Net investment in finance leases, Working capital finance and factoring receivables	26,817	13,535	15,158	56,952	54,233	-	166,695
Other receivables	-	-	-	-	-	89	89
Statutory deposit	-	-	-	-	-	250	250
Total financial assets	26,817	13,535	15,158	56,952	54,233	7,421	174,116
Financial liabilities							
Bank overdrafts and short-term loans	36,729	25,650	-	-	-	-	62,379
Creditors, accruals and other liabilities	-	-	-	-	-	1,281	1,281
Corporate and security deposits	-	2,620	5,856	3,360	-	-	11,836
Long term loans	1,992	12,305	12,909	16,042	12,467	-	55,715
Total financial liabilities	38,721	40,575	18,765	19,402	12,467	1,281	131,211
Interest rate sensitive gap	(11,904)	(27,040)	(3,607)	37,550	41,766	6,140	42,905
Cumulative gap	(11,904)	(38,944)	(42,551)	(5,001)	36,765	42,905	

24 Financial instruments and financial risk management (continued)

(a) Interest rate risk (continued)

Net investment in finance leases, working capital finance and factoring receivables carry interest rates ranging between 6% to 19.5% (2021 – 5.5% to 18%) per annum. Interest rates for all other interest-bearing financial assets and financial liabilities are disclosed in the respective notes to these financial statements.

(b) Liquidity risk

The amounts disclosed in table below analyses the Company's assets and liabilities as on 30 September 2022 and 2021 into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts.

	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
September 2022							
Financial assets							
Cash and bank balances	**3,808**	**2,000**	**-**	**3,500**	**-**	**-**	**9,308**
Net investment in finance leases, Working capital finance and factoring receivables	**24,511**	**20,683**	**24,015**	**81,814**	**120,667**	**-**	**271,690**
Other receivables	**-**	**-**	**-**	**-**	**-**	**132**	**132**
Statutory deposit	**-**	**-**	**-**	**-**	**-**	**250**	**250**
Non-financial assets							
Prepayments	**-**	**-**	**-**	**-**	**-**	**597**	**597**
Deferred tax asset	**-**	**-**	**-**	**-**	**-**	**89**	**89**
Vehicle, equipment and right-of-use assets	**-**	**-**	**-**	**-**	**-**	**587**	**587**
Total assets	**28,319**	**22,683**	**24,015**	**85,314**	**120,667**	**1,655**	**282,653**
Equity						**45,593**	**45,593**
Financial liabilities							
Bank overdrafts and short-term loans	**34,734**	**20,681**	**-**	**-**	**-**	**-**	**55,415**
Creditors, accruals and other liabilities	**-**	**-**	**-**	**-**	**-**	**2,975**	**2,975**
Corporate and security deposits	**1,040**	**2,728**	**6,195**	**4,259**	**51**	**-**	**14,273**
Unsecured non-convertible bonds	**-**	**-**	**463**	**13,699**	**-**	**-**	**14,162**
Long term loans	**2,430**	**11,911**	**13,622**	**36,232**	**10,574**	**-**	**74,769**
Non-financial liabilities							
Provision for employees' end of service benefits	**-**	**-**	**-**	**-**	**230**	**-**	**230**
Tax payable	**-**	**368**	**-**	**-**	**-**	**-**	**368**
Total equity and liabilities	**38,204**	**35,688**	**20,280**	**54,190**	**10,855**	**48,568**	**207,785**
Liquidity gap	**(9,885)**	**(13,005)**	**3,735**	**31,124**	**109,812**	**(46,913)**	**74,868**
Cumulative liquidity gap	**(9,885)**	**(22,890)**	**(19,155)**	**11,969**	**121,781**	**74,868**	

24 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
September 2021							
Financial assets							
Cash and cash equivalents	-	-	-	-	-	7,082	7,082
Net investment in finance leases, working capital finance and factoring receivables	28,551	20,584	22,834	84,061	75,536	-	231,566
Other receivables	-	-	-	-	-	89	89
Statutory deposit	-	-	-	-	-	250	250
Non-financial assets							
Prepayments	-	-	-	-	-	251	251
Deferred tax asset	-	-	-	-	-	88	88
Vehicle, equipment and right-of-use assets	-	-	-	-	-	446	446
Total assets	28,551	20,584	22,834	84,061	75,536	8,206	239,772
Total Equity	-	-	-	-	-	43,166	43,166
Financial liabilities							
Bank overdrafts and short-term loans	36,884	25,780	-	-	-	-	62,664
Creditors, accruals and other liabilities						1,281	1,281
Corporate and security deposits	-	2,876	6,078	3,414	-	-	12,368
Unsecured non-convertible bonds	-	-	-	-	-	-	-
Long term loans	2,270	13,554	14,023	17,323	13,008	-	60,178
Non-financial liabilities							
Provision for employees' end of service benefits	-	-	-	-	-	214	214
Tax payable	-	310	-	-	-	-	310
Total equity and liabilities	39,154	42,520	20,101	20,737	13,008	44,661	180,181
Liquidity gap	(10,603)	(21,936)	2,733	63,324	62,528	(36,455)	59,591
Cumulative liquidity gap	(10,603)	(32,539)	(29,806)	33,518	96,046	59,591	

The Company has un-utilised credit facilities as at reporting date to mitigate the impact of negative mismatch. Please refer to note 12 for details of un-utilised credit facilities.

25 Financial instruments by category

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

September-2022	**Financial assets at fair value through other comprehensive income RO'000**	**Amortised cost RO'000**	**Total carrying amount RO'000**
Financial assets			
Cash and cash equivalents	**-**	**9,308**	**9,308**
Net investment in finance leases, working capital finance and factoring receivables	**-**	**187,510**	**187,510**
Other receivables	**-**	**132**	**132**
Statutory deposit	**-**	**250**	**250**
Total financial assets	**-**	**197,200**	**197,200**

	Total carrying amounts RO'000
Financial liabilities (all at amortised cost)	
Bank overdrafts and short-term loans	**55,167**
Creditors, accruals and other liabilities (excluding end of service benefits)	**2,975**
Unsecured non-convertible bonds	**13,585**
Corporate and security deposits	**13,459**
Long term loans	**67,096**
Total financial liabilities	**152,282**

Sept-2021	Financial assets at fair value through other comprehensive income RO'000	Amortised cost RO'000	Total carrying amount RO'000
Financial assets			
Cash and cash equivalents	-	7,082	7,082
Net investment in finance leases, , working capital finance and factoring receivables	-	166,695	166,695
Other receivables	-	89	89
Statutory deposit	-	250	250
Total financial assets	-	174,116	174,116

	Total carrying amount RO'000
Financial liabilities (all at amortised cost)	
Bank overdrafts and short-term loans	62,379
Creditors, accruals and other liabilities (excluding end of service benefits)	1,496
Unsecured non-convertible bonds	-
Corporate and security deposits	11,836
Long term loans	55,715
Total financial liabilities	131,426