

Taageer Finance Company (SAOG)

Financial Statements (unaudited)

31 March 2006

Registered office and principal place of business:

Qurum House
P O Box No. 3509
Postal Code 112, Ruwi
Sultanate of Oman

Taageer Finance Company (SAOG)

Financial statements

31 March 2006

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Chairman's Report for the Quarter Ending 31st March 2006

On behalf of the Board of Directors, I am pleased to present the report of the Company for the first quarter of the year 2006.

Financial Results :

Your company has achieved a profit of RO 407 K (March 2005 – RO 254 K) before provision for doubtful debts and taxation for the first quarter ending 31st March 2006. After making provision of RO 131 K towards doubtful debts and RO 47 K for taxation, the net profit for the first quarter is RO 229 K (March 2005 – RO 153 K). The earning per share on 75 million paid up shares of 100 baiza each translates to 12 baiza. The achievement of the Company during the first quarter is in line with the budgeted projections.

Loans & Advances :

The company was able to capitalize on the demand arising in the SME segment and with addition to the retail assets, the lease portfolio has grown by 12.73% over December 2005 figures. The Company continues its policy of making prudent provisions taking the cumulative provision for bad and doubtful debts to RO 856 K, a build up of 18% over 2005. The net investment in leases as of March 2006 is RO 25.951 million. The loans and advances on a year to year basis has improved by 46%.

Resources :

The Company has available credit lines to meet its business commitments as per the budgeted projections. The Company is working on sourcing Corporate Deposits to optimize the interest costs.

Future Outlook :

We are optimistic of the Company achieving its budgeted projections and to have another successful year of operations in 2006.

Acknowledgement :

On behalf of the Company and the Board of Directors, I would like to express our gratitude to His Majesty Sultan Qaboos Bin Said, His Majesty's Government, and the Central Bank of Oman & Capital Market Authority for establishing a conducive framework and to our customers and to the local and overseas bankers for their active co-operation and encouragement which has enabled the Company to establish a track record of profitability and growth.

Eng. Khamis Al Kiyumi
Chairman

Taageer Finance Company (SAOG)**Balance sheet (unaudited)***at 31 March 2006*

	<i>Note</i>	Mar-06 RO'000	Mar-05 RO'000
Assets			
Vehicles, furniture and equipment	3	62	51
Net investment in working capital and finance leases	4& 12	25,951	17,672
Receivables and prepayments	5	93	68
Statutory deposit	6	50	30
Bank and cash	7	200	314
Total assets		26,356	18,135
Equity and liabilities			
Equity			
Share capital	8(a)	7,500	5,000
Share premium		1,000	-
Legal reserve	8(b)	212	131
Voluntary reserve	8(c)	248	140
Retained earnings		414	287
Total equity		9,374	5,558
Liabilities			
Bank borrowings	9	12,877	10,673
Creditors, accruals and other liabilities	10	3,959	1,812
Income tax payable	11	146	92
Total liabilities		16,982	12,577
Total equity and liabilities		26,356	18,135
Net asset value per share (Baizas)	18	125	111

The notes on pages 5 to 15 form an integral part of these financial statements.

_____ Chairman

_____ Director

Taageer Finance Company (SAOG)

Income statement (unaudited)

for the quarter ended 31 March 2006

	<i>Note</i>	Mar-06 RO'000	Mar-05 RO'000
Revenue			
Lease income		776	528
Interest		0	1
		<u>776</u>	<u>529</u>
Expenses			
General and administrative expenses	<i>13</i>	201	126
Depreciation	<i>3</i>	7	9
Interest expense		161	140
		<u>369</u>	<u>275</u>
Operating profit before impairment provisions		407	254
Impairment for lease and working capital finance	<i>4</i>	(131)	(71)
Operating profit after impairment but before income tax		276	183
Income tax	<i>11</i>	(47)	(30)
Net profit for the quarter		<u>229</u>	<u>153</u>
Basic earnings per share (baiza) annualised	<i>17</i>	<u>12</u>	<u>12</u>

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Taageer Finance Company (SAOG)

Statement of changes in equity (unaudited)

for the quarter ended 31 March 2006

	<i>Note</i>	<u>Share capital</u> RO'000	<u>Share premium</u> RO '000	<u>Legal reserve</u> RO'000	<u>Voluntary reserve</u> RO'000	<u>Retained earnings</u> RO'000	<u>Total</u> RO'000
1 January 2005	8(a)	5,000	-	131	140	549	5,820
Net profit for the 1 st quarter		-	-	-	-	153	153
Transfer to legal reserve	8(b)	-	-	-	-	-	-
Dividend paid		-	-	-	-	(375)	(375)
Transfer to voluntary reserve	8(c)	-	-	-	-	-	-
Directors' remuneration		-	-	-	-	(40)	(40)
31 March 2005		<u>5,000</u>	<u>-</u>	<u>131</u>	<u>140</u>	<u>287</u>	<u>5,558</u>
1 January 2006	8(a)	7,500	1,000	212	248	747	9,707
Net profit for the 1 st quarter		-	-	-	-	229	229
Transfer to legal reserve	8(b)	-	-	-	-	-	-
Dividend paid		-	-	-	-	(563)	(563)
Transfer of voluntary reserve	8(c)	-	-	-	-	-	-
Directors' remuneration		-	-	-	-	-	-
31 March 2006		<u>7,500</u>	<u>1,000</u>	<u>212</u>	<u>248</u>	<u>414</u>	<u>9,374</u>

The notes on pages 5 to 15 form an integral part of these financial statements.

Taageer Finance Company (SAOG)

Cash flow statement

for the quarter ended 31March 2006

	Mar-06 RO'000	Mar-05 RO'000
Operating activities		
Interest and rental receipts	777	529
Interest paid	(161)	(140)
Cash paid to suppliers and employees	(193)	(181)
	<u>424</u>	<u>208</u>
Changes in operating assets and liabilities		
Lease receiv able	(3,062)	(490)
Bank borrowings	1,519	2,070
Creditors	(422)	(1,308)
	<u>(1,965)</u>	<u>272</u>
Net cash from operating activities before tax		
Income tax paid	(111)	(73)
Directors remuneration	-	-
	<u>(1,652)</u>	<u>407</u>
Cash flows from operating activities		
Investing activities		
Purchase of vehicles and equipment	(27)	0
	<u>(27)</u>	<u>0</u>
Cash flows from investing activities		
Financing activities		
Dividend paid	-	-
Share capital and share premium	-	-
	<u>(1,679)</u>	<u>407</u>
Net change in cash and cash equivalents		
Cash and cash equivalents at beginning of the year	954	(139)
	<u>(725)</u>	<u>268</u>
Cash and cash equivalents at end of the year		
Cash and cash equivalents at the end of the quarter comprise:		
Bank and cash	200	314
Bank overdrafts	(925)	(46)
	<u>(725)</u>	<u>268</u>

The notes on pages 5 to 15 form an integral part of these financial statements.

Taageer Finance Company (SAOG)

Notes

forming part of the financial statements

1 Legal status and principal activities

Taageer Finance Company SAOG (“the Company”) (formerly known as Taageer Finance Company SAOC) is an Omani general joint stock company. The Company operated as a closed stock Company upto 21 October 2005. The Company was converted as an Omani general joint stock Company by a resolution of shareholders passed on 27 August 2005. The Company was registered with the Ministry of Commerce on 22 October 2005 as a Omani general joint stock company. The Company is engaged in the business of providing leasing, debt factoring, bridge loan and construction loans in the Sultanate of Oman.

2 Principal accounting policies

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) adopted by the International Accounting Standards Board (“IASB”), and the requirement of the Commercial Companies Law of 1974, as amended, and the disclosure requirements of Capital Market Authority.

Basis of preparation

The financial statements are presented in Omani Rials, rounded to the nearest thousand. They are prepared on the historical cost basis except for available-for-sale investments stated at their fair value.

The preparation of financial statements in conformity with IFRSs requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future period if the revision affects both current and future periods.

Adoption of revised IAS

The accounting policies have been applied consistently by the Company and are consistent with those used in the previous year. The Company has adopted the revised IAS-17: Leases. The revised International Accounting Standard 17: Leases was applicable from 1 January 2005. The main change of the revised IAS 17 was that initial direct costs incurred in negotiating a lease should be included in the initial measurement of finance lease receivables and should not be charged as an expense as incurred. The impact of this was not considered material to the financial statements.

Leases and lease income

Assets owned by the Company but subject to finance leases are included in the financial statements as “investment in finance leases” at an amount equivalent to the net investment in the leases.

The Company follows the “sum of the digits method” in accounting for recognition of lease income. At the commencement of a lease, the total unearned lease income consists of the excess of aggregate lease contract receivables over the cost of the leased assets. The unearned lease income is taken into income over the term of the lease, starting with the month in which the lease is executed, so as to produce a systematic return on the net investment in the lease.

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2 Principal accounting policies (continued)

Provision for doubtful lease contract receivables on portfolio basis

Provision is made in these financial statements for potential doubtful receivables which are not presently identifiable but which are inherent in any portfolio.

Impairment for doubtful lease contract receivables

Impairment is made in these financial statements for potential doubtful lease contract receivables which are identified on a detailed review of leases.

Working capital finance receivables and interest income

Receivables arising from working capital finance, debt factoring, bridge finance and construction loan activities are stated at cost less impairment losses.

Interest income earned is accrued based on the application of the contracted rate to the actual daily outstanding. Service charges are recognised as income at the time of the transaction.

Vehicles and equipment

Vehicles and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of plant and equipment. All other expenditure is recognised in the income statement as an expense as incurred.

The cost of vehicles and equipment is written off in equal instalments over their estimated useful economic lives a follows:

	<i>Years</i>
Motor vehicles	3
Office equipment	3-4
Furniture and fittings	4

Other receivables

Other receivables are stated at their cost less impairment losses.

Creditors

Liabilities are recognised for amounts to be paid in future for goods or services received, whether billed by the supplier or not.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. Bank borrowings that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

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2 Principal accounting policies *(continued)*

Impairment

The carrying amounts of the Company's assets, other than net investment in finance leases [refer policy above] are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount.

Receivables with a short duration are not discounted. The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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 assets' carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss has been recognised.

Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Company has the legal enforceable right to set off the transaction and also intends either to settle on a net basis or realise the asset and settle the liability simultaneously.

Trade and other payables

Trade and other payables are stated at their cost.

Interest bearing borrowings

Interest-bearing borrowings are recognised initially at cost, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest method.

Interest expense on interest-bearing borrowings is recognised in the income statement as it accrues using the effective interest rate method.

Employee terminal benefits

Contributions to a defined contribution retirement plan, for Omani employees in accordance with the Oman Social Insurance Scheme, are recognised as expense in the income statement as incurred.

Provision for non-Omani employee terminal contributions, which is an unfunded defined benefit retirement plan, is made in accordance with Omani Labour Laws and is based on the liability that would arise if the employment of all employees were terminated at the balance sheet date.

Directors' remuneration

In accordance with the Commercial Companies Law of 1974, Directors' remuneration is shown as an appropriation of profit instead of an expense.

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2 Principal accounting policies (continued)

Provision

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

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset 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.

Foreign currency

Transactions denominated in foreign currencies are translated to Rials Omani at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Rials Omani at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

3	Vehicles and equipment	<u>Motor vehicles</u> RO'000	<u>Office equipment</u> RO'000	<u>Furniture and fittings</u> RO'000	<u>Total</u> RO'000
	<i>Cost</i>				
	1 January 2006	22	87	49	158
	Additions during the 1 st quarter	-	2	25	27
	31 March 2006	<u>22</u>	<u>89</u>	<u>74</u>	<u>185</u>
	<i>Depreciation</i>				
	1 January 2006	17	66	33	115
	Charge for the 1 st quarter	1	2	4	7
	31 March 2006	<u>18</u>	<u>68</u>	<u>36</u>	<u>123</u>
	<i>Net book value</i>				
	31 March 2006	<u>4</u>	<u>21</u>	<u>38</u>	<u>62</u>
	31 March 2005	<u>9</u>	<u>23</u>	<u>19</u>	<u>51</u>

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4	Net investment in working capital and finance leases	Mar-06 RO'000	Mar-05 RO'000
	Lease contracts receivable	29,247	20,243
	Working capital finance receivables	1,397	658
	Unearned lease income	(3,837)	(2,728)
	Impairment for working capital and finance lease	(856)	(501)
		<u>25,951</u>	<u>17,672</u>
		<u>25,951</u>	<u>17,672</u>
	At 31 March 2006, lease contract receivables and working capital finance receivables on which interest is not being accrued or where interest is reserved amounted to RO 1.814 m (31.03.2005: 1.245 m).		
	Unearned lease income		
	1 January	2,728	2,226
	Addition during the 1 st quarter	1,753	970
	Recognized during the 1 st quarter	(644)	(468)
	31 March	<u>3,837</u>	<u>2,728</u>
		<u>3,837</u>	<u>2,728</u>
	Impairment for finance leases		
	1 January	589	377
	Provided during the 1 st quarter	124	71
	Released during the 1 st quarter	-	-
	31 March	<u>713</u>	<u>448</u>
		<u>713</u>	<u>448</u>
	Impairment for working capital finance		
	1 January	136	53
	Provided during the 1 st quarter	7	-
	31 March	<u>143</u>	<u>53</u>
		<u>143</u>	<u>53</u>
	Total impairment	<u>856</u>	<u>501</u>
		<u>856</u>	<u>501</u>
5	Receivables and prepayments		
	Accrued interest	-	-
	Prepaid expenses	86	34
	Others	7	34
		<u>93</u>	<u>68</u>
		<u>93</u>	<u>68</u>
6	Statutory deposit		

The Company is required to maintain a deposit of RO 50,000 (31.03.2005 : RO 30,000) with the Central Bank of Oman in accordance with the licensing regulations. The deposit earns interest at the rate of 2% per annum (31.03.2005: 2%).

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7	Bank and cash	Mar-06	Mar-05
		RO'000	RO'000
	Deposits	37	24
	Current accounts	141	282
	Cash in hand	22	7
		<u>200</u>	<u>314</u>

Deposit accounts earn interest at rates ranging between 0.5% and 0.75% per annum (2005: 0.50% and 0.75%).

8 Equity

(a) Share capital

The authorized share capital of the Company comprises 100,000,000 (31.03.2005: 10,000,000) ordinary shares of 100 Baizas (31.03.2005 : RO 1) each. The Company's issued and fully paid-up share capital comprises of 75,000,000 (31.03.2005: 5,000,000) shares of 100 Baizas (31.03.2005: RO RO 1) each.

At 31 March, the shareholders who own 10% or more of the Company's share capital are:

	2006		2005	
	Shareholding %	Shares held	Shareholding %	Shares held
Arab Investment Company S.A.A	18.00	13,500,000	30.00	1,500,000
Al Madina Financial & Investment Services Company SAOC	16.26	12,196,880	27.00	1,350,000
Iran Foreign Investment Company	12.00	9,000,000	20.00	1,000,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

(b) Share premium

Share premium account is not available for distribution.

(c) Legal reserve

In accordance with the Commercial Companies Law of Oman 1974, annual appropriations of 10% of the profit for the period, are made to this legal reserve until the accumulated balance of the reserve is equal to one third of the Company's share capital. This reserve is not available for distribution.

(d) Voluntary reserve

The excess of "share issue expenses" received from the Founder Shareholders subscription and bank interest on bank deposits over pre-operating expenses up to 15 November 2000 had been transferred to a voluntary reserve. The voluntary reserve is built up every year by way of transfer from annual profits. This reserve is earmarked for the purpose of meeting any future contingencies and inherent risk in the lease portfolio. This reserve will not be available for distribution.

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9	Bank borrowings	Mar-06 RO'000	Mar-05 RO'000
	Overdrafts	925	46
	Short-term loans	3,650	3,666
	Long-term loans	8,303	6,960
	Total	<u>12,877</u>	<u>10,673</u>

The Company has borrowing facilities with local commercial banks and International Financial Corporation ("IFC") in the aggregate amount of approximately RO 16.200 million (31.03.2005: RO 11 million). During the year interest was charged, on overdrafts at an average rate of 6% per annum, on short-term loans at rates ranging between 3% and 5.25% per annum and on long-term loans at rates ranging between 5% and 6.10% per annum. The IFC loan is denominated in US\$ and is in the amount of RO 3,849,000 and has certain restrictive covenants. These covenants relate to affirmative covenants, negative covenants, prohibited payments covenants, financial management covenants, environmental management covenants and reporting requirements covenants.

All borrowings, at the balance sheet date, are secured by pari-passu charge over the receivables of the Company.

10 Creditors, accruals and other liabilities

Leased assets payable	3,211	1,308
Accruals for expenses	728	491
Employees terminal benefits	19	13
	<u>3,959</u>	<u>1,812</u>

11 Income tax

Provision for income tax during the period has been made at 12% of taxable profits in excess of RO 30,000 in accordance with the income tax law of the Sultanate of Oman. The following is a reconciliation of income taxes calculated at the applicable tax rate with the income tax expense:

Profit before income tax	276	183
Tax at the rates mentioned above	47	30
Contingencies	-	-
Income tax expense	<u>47</u>	<u>30</u>

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11 Income tax (continued)

The Company's assessment from the tax period 2001 to tax year 2005 have not yet been finalised with the Secretariat General of Taxation at the Ministry of Finance. The Board of Directors believe that additional taxes, if any, in respect of the open tax year would not be material to the Company's financial position at reporting date.

12 Related party transactions

The Company has entered into transactions in the ordinary course of business with its executive officers, Directors and entities in which certain Directors have a significant influence. Interest charged on long-term loan and other transactions are on terms, which the Directors believe correspond to terms of normal arm's length transactions with third parties. The nature of significant related party transactions during the period were approximately as follows:

	Mar-06 RO'000	Mar-05 RO'000
<i>General and administrative expenses</i>		
Occupancy cost	6	4
	<u>6</u>	<u>4</u>
Lease income	1	3
Net investment in finance leases	33	104
	<u>33</u>	<u>104</u>
Salaries and other benefits paid to executive officers	68	42
	<u>68</u>	<u>42</u>
<i>Salaries and allowances paid to Directors</i>		
Directors' remuneration	-	40
Sitting fees paid to Directors	7	4
Hotel expenses reimbursed to Directors	3	1
Air travel expenses reimbursed to Directors	3	2
	<u>3</u>	<u>2</u>
13 General and administrative expenses		
Personnel costs	119	75
Occupancy costs	10	7
Professional fees and subscriptions	7	13
Directors' sitting fees	7	4
Advertising and sales promotion	11	6
Communication costs	8	5
Other office expenses	39	17
	<u>119</u>	<u>126</u>
Personnel cost		
Wages and salaries	104	65
Other benefits	10	7
Contributions to defined contributions retirement plan	3	1
Liability for unfunded defined benefit retirement plan	2	2
	<u>119</u>	<u>75</u>

The number of employees as at 31 March 2006 was 48 (31.03.2005: 38).

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13 General and administrative expenses (continued)

Public Authority for Social Insurance Scheme ("the Scheme")

The Company contributes to the Scheme for all Omani employees. The Scheme, which is a defined contributions retirement plan, is administered by the Government of Oman. The Company and Omani employees are required to make monthly contributions to the Scheme based on fixed percentages of basic salaries.

Non Omani employee terminal benefits

The provision for end of service benefits for non-Omani employees is made in accordance with the requirements of Oman Labour Law of 1973. This is an unfunded defined benefits retirement plan. Employees are entitled to benefits based on length of service and final remuneration. Accrued staff terminal benefits are payable on termination of employment.

14 Contingent liabilities

The Company has given counter guarantee to a commercial bank to the extent of RO 142,404 (31.03.2005: RO 70,490) in respect of performance bonds issued by the banks on behalf of the Company's customers.

15 Analysis of significant assets and liabilities

a) Maturity analysis

	Mar-06				Mar-05			
	Assets		Liabilities		Assets		Liabilities	
	Bank and cash	Gross investment in finance leases	Bank borrowings	Creditors, & other liabilities	Bank and cash	Gross investment in finance leases	Bank borrowings	Creditors, & other liabilities
	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000
<i>Maturity</i>								
0-12 months	200	13,813	6,015	3,959	314	9,234	5,729	1,812
1-2 years	-	8,060	2,133	-	-	5,839	2,984	-
2-3 years	-	5,047	1,798	-	-	3,642	1,390	-
3-4 years	-	3,494	1,007	-	-	2,072	570	-
Over 4 years	-	-	1,924	-	-	-	-	-
	<u>200</u>	<u>30,414</u>	<u>12,877</u>	<u>3,959</u>	<u>314</u>	<u>20,787</u>	<u>10,673</u>	<u>1,812</u>

b) Interest rate analysis

Effective interest rate

0% - less than 6%	200	-	12,877	3,959	314	-	10,673	1,812
6% - less than 15%	-	30,414	-	-	-	20,787	-	-
	<u>200</u>	<u>30,414</u>	<u>12,877</u>	<u>3,959</u>	<u>314</u>	<u>20,787</u>	<u>10,673</u>	<u>1,812</u>

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15 Analysis of significant assets and liabilities (continued)

c) Customer concentration

Gross investment in Finance Leases	Mar-06 RO'000	Mar-05 RO'000
Personal	13,419	8,663
Corporate	15,828	11,580
	<u>29,247</u>	<u>20,243</u>
Working capital finance		
Corporate	1,397	658
	<u>1,397</u>	<u>658</u>

d) Economic sector concentration of gross investment in finance leases

Gross investment in finance leases:		
Manufacturing	949	551
Trading and Constructing	3,587	2,928
Services	11,292	8,101
Consumer	13,419	8,663
	<u>29,247</u>	<u>20,243</u>
Working capital finance:		
Manufacturing	59	53
Trading and Constructing	1,317	510
Services	21	95
	<u>1,397</u>	<u>658</u>

16 Financial instruments

Financial assets of the Company include cash and bank balances, net investments in finance leases and receivables. Financial liabilities include creditors and bank overdrafts.

Exposure to credit, interest rate and foreign currency risks arises in the normal course of the Company's business.

Credit risk

Credit risk arises from the possibility of asset impairment occurring because counter parties cannot meet their obligations in transactions involving financial instruments. The Company has established procedures to manage credit exposure including credit approvals, credit limits, collateral and guarantee requirements.

Taageer Finance Company (SAOG)

Notes

forming part of the financial statements

16 Financial instruments (continued)

Interest rate risk

The Company manages its exposure to interest rate risk by ensuring that bank overdrafts are on a fixed rate basis.

Foreign currency risk

The foreign currency risk is minimal as all the transactions are incurred in Rials Omani.

Fair value

The Directors consider the fair values of all financial assets and liabilities to approximate their carrying value.

17 Earnings per share

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

	Mar-06	Mar-05
Net profit for the 1 st quarter (RO'000)	229	153
Weighted average number of shares (Nos)	75,000	50,000
Basic earning per share (Bzs.) annualised	12	12

The shareholders in the EGM held on 21st March 2006 approved the stock split from RO 1 per share to 100 Baizas per share.

18 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:

Net assets (RO'000)	9,374	5,558
Number of shares outstanding at 31 st March (Nos)	75,000	50,000
Net asset per share (Baizas)	125	111

19 Comparative figures

Certain comparative information has been reclassified to conform to the presentation adopted in these financial statements.