

## ***Directors' Report***

On behalf of the Board of Directors, I take pleasure in placing before you the results of the Company for the six months period ended 30 June 2013.

### ***Economic environment***

The local economic environment was positive during the period with increasing job creation and growth in infrastructure investments. Liquidity and confidence in the local financial system remained comfortable. While the country and region have relative economic stability, the global economy continued to remain at a higher level of volatility and risk.

The local financial system has become more competitive with the entry of new financial players. This has caused pressure on realizations which are likely to sustain over the next few quarters placing pressure on margins of all players. Overall, our reading of the economic climate remains cautiously positive with a positive market growth balanced against increased competition.

### ***Operating performance***

The Company continues to adopt a conservative approach to credit approvals as a result of a perception of heightened credit risk since the onset of the global financial crisis. Within this policy, our approach has been to target customers who satisfy our credit risk appetite.

As a result of our strong business acquisition efforts, net investment in financing activities increased to Rials 138.90M as on 30 June 2013 (Rials 126.69M as on 31 December 2012). Overall, the Company's net profit was Rials 2.29M for the six months ended 30 June 2013, an increase of 17.8% over last year's corresponding profit of Rials 1.95M.

### ***Other Matters***

Your Company remains committed to upgrading the skills of its employees through training and development. As of 30 June 2013 the Omanisation level stood at 81.4% which continued to be higher than the minimum prescribed for finance and leasing companies. The company continues to remain committed to providing increased exposure and training to Omani staff to prepare them for higher responsibilities.

**Taya Jandal Ali**  
**Chairman**

July 30, 2013

## NATIONAL FINANCE COMPANY SAOG

UNAUDITED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2013

	Note	Quarter ended 30 June 2013 Rials '000 Unaudited	Six Months ended 30 June 2013 Rials '000 Unaudited	Quarter ended 30 June 2012 Rials '000 Unaudited	Six Months ended 30 June 2012 Rials '000 Unaudited
Finance income		3,418	6,760	2,940	5,735
Interest expense		<u>(942)</u>	<u>(1,827)</u>	<u>(778)</u>	<u>(1,582)</u>
<b>Net finance income</b>		<b>2,476</b>	<b>4,933</b>	2,162	4,153
Other income	8	<u>176</u>	<u>316</u>	<u>192</u>	<u>361</u>
<b>Net operating income</b>		<b>2,652</b>	<b>5,249</b>	2,354	4,514
<b>Expenses</b>					
General and administrative expenses	9	(914)	(1,805)	(775)	(1,547)
Depreciation	14	<u>(71)</u>	<u>(142)</u>	<u>(81)</u>	<u>(145)</u>
<b>Profit before impairment</b>		<b>1,667</b>	<b>3,302</b>	1,498	2,822
Impairment of financing receivables - net	12(b)	<u>(394)</u>	<u>(755)</u>	<u>(325)</u>	<u>(620)</u>
Bad debts written back		<u>63</u>	<u>101</u>	<u>28</u>	<u>62</u>
<b>Profit before taxation</b>		<b>1,336</b>	<b>2,648</b>	1,201	2,264
Taxation	10	<u>(158)</u>	<u>(353)</u>	<u>(168)</u>	<u>(315)</u>
<b>Profit for the period</b>		<b>1,178</b>	<b>2,295</b>	1,033	1,949
<b>Other comprehensive income</b>					
Revaluation of land and buildings		<u>-</u>	<u>4</u>	<u>5</u>	<u>9</u>
<b>Total comprehensive income for the period</b>		<b><u>1,178</u></b>	<b><u>2,299</u></b>	<b><u>1,038</u></b>	<b><u>1,958</u></b>
<b>Earnings per share (Rials)</b>	11	<b><u>0.005</u></b>	<b><u>0.009</u></b>	<b><u>0.004</u></b>	<b><u>0.008</u></b>

The notes on pages 6 to 13 form an integral part of the unaudited interim financial information.

The review report is set forth on page 1.

# NATIONAL FINANCE COMPANY SAOG

## UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

	Note	30 June 2013 Rials '000 Unaudited	30 June 2012 Rials '000 Unaudited	31 December 2012 Rials '000 Audited
<b>Assets</b>				
Cash and bank balances		1,028	2,007	1,912
Statutory deposit		90	50	90
Net investment in financing activities	12	138,899	112,570	126,686
Advances and prepayments		1,642	1,648	1,840
Property pending sale	13	131	131	131
Property and equipments	14	<u>1,399</u>	<u>1,462</u>	<u>1,515</u>
<b>Total assets</b>		<b><u>143,189</u></b>	<b><u>117,868</u></b>	<b><u>132,174</u></b>
<b>Equity</b>				
Share capital	15	25,055	25,055	25,055
Revaluation reserve		658	670	662
Legal reserve		2,557	2,146	2,557
Retained earnings		<u>5,282</u>	<u>3,728</u>	<u>5,489</u>
<b>Total equity</b>		<b><u>33,552</u></b>	<b><u>31,599</u></b>	<b><u>33,763</u></b>
<b>Liabilities</b>				
Creditors and accruals	16	4,343	4,010	3,411
Staff terminal benefits		593	491	517
Tax liabilities	10	277	234	536
Bank borrowings	17	89,036	68,267	81,674
Fixed deposits	19	<u>15,388</u>	<u>13,267</u>	<u>12,273</u>
<b>Total liabilities</b>		<b><u>109,637</u></b>	<b><u>86,269</u></b>	<b><u>98,411</u></b>
<b>Total equity and liabilities</b>		<b><u>143,189</u></b>	<b><u>117,868</u></b>	<b><u>132,174</u></b>
<b>Net assets per share</b>		<b><u>0.134</u></b>	<b><u>0.126</u></b>	<b><u>0.135</u></b>

These unaudited condensed interim financial information from page 2 to 12 were approved and authorised for issue in accordance with a resolution of the Board of Directors on 30 July 2013 and signed on their behalf by:

**TAYA BIN JANDAL BIN ALI**  
CHAIRMAN

**ROBERT PANCRAS**  
CHIEF EXECUTIVE OFFICER

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## NATIONAL FINANCE COMPANY SAOG

### UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2013

	Share capital Rials '000	Revaluation reserve Rials '000	Legal reserve Rials '000	Retained earnings Rials '000	Total Rials '000
<b>1 January 2013</b>	<b>25,055</b>	<b>662</b>	<b>2,557</b>	<b>5,489</b>	<b>33,763</b>
<i>Total comprehensive income for the period</i>					
Transfer to retained earnings	-	(4)	-	4	-
Profit for the period	-	-	-	<u>2,295</u>	<u>2,295</u>
	-	(4)	-	2,299	2,295
<i>Transaction with shareholders recorded directly in equity</i>					
Cash dividend paid	-	-	-	(2,506)	(2,506)
<b>30 June 2013 (Unaudited)</b>	<b><u>25,055</u></b>	<b><u>658</u></b>	<b><u>2,557</u></b>	<b><u>5,282</u></b>	<b><u>33,552</u></b>
1 January 2012	17,555	679	2,146	3,524	23,904
<i>Total comprehensive income for the period</i>					
Profit for the period	-	-	-	1,949	1,949
Transfer to retained earnings	-	(9)	-	9	-
	-	(9)	-	1,958	1,949
<i>Transaction with shareholders recorded directly in equity</i>					
Right issue of shares	7,500	-	-	-	7,500
Cash dividend paid	-	-	-	(1,754)	(1,754)
<b>30 June 2012 (Unaudited)</b>	<b><u>25,055</u></b>	<b><u>670</u></b>	<b><u>2,146</u></b>	<b><u>3,728</u></b>	<b><u>31,599</u></b>
1 January 2012	17,555	679	2,146	3,524	23,904
<i>Total comprehensive income for the year</i>					
Transfer to retained earnings	-	(17)	-	17	-
Profit for the year	-	-	-	4,113	4,113
	-	(17)	-	4,130	4,113
<i>Transaction with shareholders recorded directly in equity</i>					
Transfer to legal reserve	-	-	411	(411)	-
Issue of right shares	7,500	-	-	-	7,500
Cash dividend paid	-	-	-	(1,754)	(1,754)
<b>31 December 2012 (Audited)</b>	<b><u>25,055</u></b>	<b><u>662</u></b>	<b><u>2,557</u></b>	<b><u>5,489</u></b>	<b><u>33,763</u></b>

The notes on pages 6 to 13 form an integral part of the unaudited interim financial information.

The review report is set forth on page 1.

## NATIONAL FINANCE COMPANY SAOG

### UNAUDITED CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2013

	30 June 2013 Rials '000	30 June 2012 Rials '000
<b>Operating activities</b>		
<b>Profit before taxation</b>	2,648	2,264
Adjustments for:		
Depreciation (note 14)	142	145
Provision for end of service benefits	100	96
Impairment of lease receivables net off written back	654	558
Interest expense	<u>1,827</u>	<u>1,582</u>
<b>Operating profit before working capital changes</b>	5,371	4,645
<b>Changes in operating assets and liabilities</b>		
Investment in financing activities	(12,867)	(5,609)
Advances and prepayments	198	(517)
Creditors and accruals	932	(726)
End of service benefits paid	(24)	(26)
Interest paid	(1,663)	(1,499)
Income tax paid	<u>(612)</u>	<u>(525)</u>
<b>Net cash used in operating activities</b>	<u>(8,665)</u>	<u>(4,257)</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(26)	(388)
<b>Net cash used in investing activities</b>	(26)	(388)
<b>Cash flows from financing activities</b>		
Bank borrowings	6,853	(1,834)
Fixed deposits	3,115	(11)
Dividend paid	(2,506)	(1,754)
Issue of share capital	<u>-</u>	<u>7,500</u>
<b>Net cash generated from financing activities</b>	<u>7,462</u>	<u>3,901</u>
<b>Net change in cash and cash equivalents</b>	(1,229)	(744)
Cash and cash equivalents at the beginning of the period	<u>1,895</u>	<u>1,238</u>
<b>Cash and cash equivalents at the end of the period (note 18)</b>	<u>666</u>	<u>494</u>

The notes on pages 6 to 13 form an integral part of the interim financial information.

The review report is set forth on page 1.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2013****1 Legal status and principal activities**

**National Finance Company SAOG** (the Company) is an Omani joint stock company registered under the Commercial Companies Law of the Sultanate of Oman and has a primary listing on the Muscat Security Market. The principal activity of the Company is leasing business.

**2 Summary of significant accounting policies**

This unaudited condensed interim financial information (interim financial information) for the six months period ended 30 June 2013 has been prepared in accordance with IAS 34, 'Interim financial reporting' and in compliance with the applicable provisions of the Rules and Guidelines on Disclosure by Issuers of Securities and Insider Trading ('R&G') issued by the Capital Market Authority ('CMA') of the Sultanate of Oman and with the Commercial Companies Law of 1974, as amended. The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with IFRSs.

**3 Significant accounting policies**

The accounting policies adopted are consistent with those of the previous financial year.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

**(b) Standards and amendments effective in 2013 relevant for the Company's operations:**

For the period ended 30 June 2013, the Company has adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Standards Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for periods beginning on 1 January 2013.

The adoption of these standards and interpretations has not resulted in changes to the Company's accounting policies and has not affected the amounts reported for the current period.

**(c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:**

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2013 or later periods, but either these are not relevant or not yet effective, therefore, the company has not adopted these as at 30 June 2013:

IFRS 7 (Amendments), 'Financial instruments: Disclosures', (effective on or after 1 January 2015);

IFRS 9, 'Financial instruments', (effective on or after 1 January 2015);

IAS 27 (Amendments), 'Separate financial statements', (effective on or after 1 January 2014); and

IAS 32 (Amendments), 'Financial instruments: Presentation', (effective on or after 1 January 2014).

**4 Accounting estimates**

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

In preparing the interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2012.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2013 (continued)**

**5 Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements as at and for the year ended 31 December 2012. There have been no changes in the risk management policies since year end.

**6 Operating segment information**

The Company has only one reportable segment namely, leasing activities, all of which are carried out in Oman. Although the Company has individual and corporate customers, the entire lease portfolio is managed internally as one operating segment. All the Company's funding and costs are common and are not shared between these two portfolios. All relevant information relating to this reportable segment is disclosed in the unaudited condensed interim statement of financial position, unaudited condensed interim statement of comprehensive income and notes to the interim financial information.

**7 Dividends**

The shareholders in the Annual General Meeting held on 26 March 2013 approved a cash dividend of 10% amounting to Rials 2.5 million for the year ended 31 December 2012 (2011 - cash dividend of 7% amounting to Rials 1.754 million) which was paid on 3 April 2013 to Muscat Clearing and Depository Company for distribution to the shareholders.

**8 Other income**

	<b>Quarter ended 30 June 2013 Rials '000</b>	<b>Six Months ended 30 June 2013 Rials '000</b>	<b>Quarter ended 30 June 2012 Rials '000</b>	<b>Six Months ended 30 June 2012 Rials '000</b>
Penal charges received	62	106	78	148
Income from pre-closed leases	51	99	71	126
Miscellaneous income	<u>63</u>	<u>111</u>	<u>43</u>	<u>87</u>
	<u>176</u>	<u>316</u>	<u>192</u>	<u>361</u>

**9 General and administrative expenses**

	<b>Quarter ended 30 June 2013 Rials '000</b>	<b>Six Months ended 30 June 2013 Rials '000</b>	<b>Quarter ended 30 June 2012 Rials '000</b>	<b>Six Months ended 30 June 2012 Rials '000</b>
Employee related expenses	673	1,329	557	1,109
Occupancy costs	11	21	10	22
Communication costs	22	44	22	43
Professional fees	37	67	24	57
Advertising and sales promotion	32	64	37	74
Directors' sitting fees	9	18	4	9
Directors' remuneration	34	68	32	63
Other office expenses	<u>96</u>	<u>193</u>	<u>89</u>	<u>171</u>
	<u>914</u>	<u>1,804</u>	<u>775</u>	<u>1,548</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2013 (continued)**

**10 Income tax**

The Company is liable to income tax in accordance with the income tax law of the Sultanate of Oman at the tax rate of 12% on the taxable profits in excess of Rials 30,000. The reconciliation between the tax expense and the profit before taxation is as follows:

	<b>Quarter ended 30 June 2013 Rials '000</b>	<b>Six Months ended 30 June 2013 Rials '000</b>	<b>Quarter ended 30 June 2012 Rials '000</b>	<b>Six Months ended 30 June 2012 Rials '000</b>
Profit before taxation	<u>1,336</u>	<u>2,648</u>	<u>1,201</u>	<u>2,264</u>
Taxation at the applicable tax rate	<u>157</u>	<u>314</u>	<u>141</u>	<u>268</u>
<b>Add tax effect of:</b>				
Items not deductible	<u>1</u>	<u>39</u>	<u>27</u>	<u>47</u>
<b>Taxation expense</b>	<u>158</u>	<u>353</u>	<u>168</u>	<u>315</u>

**Tax liabilities**

	<b>30 June 2013 Rials '000</b>	<b>30 June 2012 Rials '000</b>	<b>31 December 2012 Rials '000</b>
Provision for taxation	<u>578</u>	727	719
Deferred tax liability	<u>92</u>	175	175
Deferred tax asset	<u>(393)</u>	(668)	(358)
	<u>277</u>	<u>234</u>	<u>536</u>

**11 Earnings per share**

The calculation of earnings per share is as follows:

	<b>Quarter ended 30 June 2013 Rials '000</b>	<b>Six Months ended 30 June 2013 Rials '000</b>	<b>Quarter ended 30 June 2012 Rials '000</b>	<b>Six Months ended 30 June 2012 Rials '000</b>
Profit for the period attributable to ordinary shareholders	<u>1,178</u>	<u>2,295</u>	<u>1,033</u>	<u>1,949</u>
Number of shares ('000)	<u>250,555</u>	<u>250,555</u>	<u>250,555</u>	<u>250,555</u>
Earnings per share (Rial)	<u>0.005</u>	<u>0.009</u>	<u>0.004</u>	<u>0.008</u>

Net assets per share and earnings per share at and for the six months period ended 30 June 2013 have been calculated using weighted average shares outstanding for the period. The weighted average shares outstanding for the six months period ended 30 June 2013 were 250,544,686 shares.

**12 Net investment in financing activities**

	<b>30 June 2013 Rials '000</b>	<b>30 June 2012 Rials '000</b>	<b>31 December 2012 Rials '000</b>
Gross investment in finance activities	<u>173,671</u>	140,796	158,541
Unearned finance income	<u>(26,277)</u>	(21,431)	(24,159)
	<u>147,394</u>	119,365	134,382
Provision for impairment	<u>(7,633)</u>	(6,105)	(6,878)
Unrecognised contractual income	<u>(862)</u>	(690)	(818)
	<u>138,899</u>	<u>112,570</u>	<u>126,686</u>



**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2013 (continued)**

**12 Net investment in financing activities (continued)**

(a) Unearned finance income

	<b>30 June 2013 Rials '000</b>	30 June 2012 Rials '000	31 December 2012 Rials '000
Opening balance	<b>24,159</b>	19,942	19,942
Additions during the period/year	<b>8,878</b>	7,224	16,218
Recognised during the period/year	<b><u>(6,760)</u></b>	<u>(5,735)</u>	<u>(12,001)</u>
Closing balance	<b><u>26,277</u></b>	<u>21,431</u>	<u>24,159</u>

(b) Provision for impairment

	<b>30 June 2013 Rials '000</b>	30 June 2012 Rials '000	31 December 2012 Rials '000
Opening balance	<b>6,878</b>	5,485	5,485
Provided during the period/year	<b>1,407</b>	1,033	1,862
Released during the period/year	<b>(652)</b>	(408)	(466)
Write offs during the period/year	<b><u>-</u></b>	<u>(5)</u>	<u>(3)</u>
Closing balance	<b><u>7,633</u></b>	<u>6,105</u>	<u>6,878</u>

(c) Unrecognised contractual income

	<b>30 June 2013 Rials '000</b>	30 June 2012 Rials '000	31 December 2012 Rials '000
Opening balance	<b>818</b>	621	621
Unrecognised during the period/year	<b>198</b>	165	307
Recognised during the period/year	<b><u>(154)</u></b>	<u>(96)</u>	<u>(110)</u>
Closing balance	<b><u>862</u></b>	<u>690</u>	<u>818</u>

(d) Contractual income is not recognised by the Company on impaired finance leases to comply with the rules, regulations and guidelines issued by the Central Bank of Oman. As at 30 June 2013, investment in financing activity for which no contractual income has not been recognised amounted to Rials 9.54 million (30 June 2012 - Rials 7.8 million and 31 December 2012 - Rials 9.03 million).

**13 Property pending sale**

Property pending sale represents land and buildings acquired by the Company in part settlement of amounts due by borrower following the conclusion of all credit recovery procedures available to the Company. The property pending sale is shown at lower of cost and net realisable value.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2013 (continued)**

**14 Property and equipments**

	Freehold land Rials '000	Buildings Rials '000	Furniture, fixtures and equipment Rials '000	Motor vehicles Rials '000	Total Rials '000
<b>At 30 June 2013</b>					
<b>Cost or valuation</b>					
At 1 January 2013	955	300	1,047	170	2,472
Additions during the period	<u>-</u>	<u>-</u>	<u>26</u>	<u>-</u>	<u>26</u>
At 30 June 2013	<u>955</u>	<u>300</u>	<u>1,073</u>	<u>170</u>	<u>2,498</u>
<b>Accumulated depreciation</b>					
At 1 January 2013	-	212	668	77	957
Charge for the period	<u>-</u>	<u>21</u>	<u>97</u>	<u>24</u>	<u>142</u>
At 30 June 2013	<u>-</u>	<u>233</u>	<u>765</u>	<u>101</u>	<u>1,099</u>
<b>Net book value</b>					
<b>At 30 June 2013</b>	<u>955</u>	<u>67</u>	<u>308</u>	<u>69</u>	<u>1,399</u>

At 30 June 2012					
<b>Cost or valuation</b>					
At 1 January 2012	800	300	638	170	1,908
Additions during the period	<u>-</u>	<u>-</u>	<u>388</u>	<u>-</u>	<u>388</u>
At 30 June 2012	<u>800</u>	<u>300</u>	<u>1,026</u>	<u>170</u>	<u>2,296</u>
<b>Accumulated Depreciation</b>					
At 1 January 2012	-	169	497	23	689
Charge for the period	<u>-</u>	<u>24</u>	<u>93</u>	<u>28</u>	<u>145</u>
At 30 June 2012	<u>-</u>	<u>193</u>	<u>590</u>	<u>51</u>	<u>834</u>
<b>Net book value</b>					
At 30 June 2012	<u>800</u>	<u>107</u>	<u>436</u>	<u>119</u>	<u>1,462</u>

At 31 December 2012					
<b>Cost or valuation</b>					
At 1 January 2012	800	300	638	170	1,908
Additions during the year	155	-	422	-	577
Released on disposals	<u>-</u>	<u>-</u>	<u>(13)</u>	<u>-</u>	<u>(13)</u>
At 31 December 2012	<u>955</u>	<u>300</u>	<u>1,047</u>	<u>170</u>	<u>2,472</u>
<b>Accumulated depreciation</b>					
At 1 January 2012	-	169	497	23	689
Charge for the year	-	43	184	54	281
Released on disposals	<u>-</u>	<u>-</u>	<u>(13)</u>	<u>-</u>	<u>(13)</u>
At 31 December 2012	<u>-</u>	<u>212</u>	<u>668</u>	<u>77</u>	<u>957</u>
<b>Net book value</b>					
At 31 December 2012	<u>955</u>	<u>88</u>	<u>379</u>	<u>93</u>	<u>1,515</u>

**15 Share capital**

The authorised share capital of the Company comprises 300,000,000 ordinary shares of baizas 100 each (2012 - 300,000,000 ordinary share of Baizas 100 each). The Company's issued and fully paid-up share capital amounts to 250,544,686 ordinary shares of baizas 100 each (2012 - 250,544,686 ordinary shares of baizas 100 each).

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2013 (continued)**

**16 Creditors and accruals**

	<b>30 June 2013 Rials '000</b>	30 June 2012 Rials '000	31 December 2012 Rials '000
Creditors	<b>3,554</b>	2,829	2,478
Accruals and other liabilities	<b><u>789</u></b>	<u>1,181</u>	<u>933</u>
	<b><u>4,343</u></b>	<u>4,010</u>	<u>3,411</u>

**17 Bank borrowings**

	<b>30 June 2013 Rials '000</b>	30 June 2012 Rials '000	31 December 2012 Rials '000
Overdrafts	<b>362</b>	1,513	17
Short-term loans	<b>67,359</b>	48,620	52,885
Long-term loans	<b><u>21,315</u></b>	<u>18,134</u>	<u>28,772</u>
	<b><u>89,036</u></b>	<u>68,267</u>	<u>81,674</u>

**18 Cash and cash equivalents**

	<b>30 June 2013 Rials '000</b>	30 June 2012 Rials '000	31 December 2012 Rials '000
Cash and bank balance	<b>1,028</b>	2,007	1,912
Overdraft	<b><u>(362)</u></b>	<u>(1,513)</u>	<u>(17)</u>
	<b><u>666</u></b>	<u>494</u>	<u>1,895</u>

**19 Fixed deposits**

The Company has fixed deposits from corporate entities based in Oman amounting to Rials 15.4 million, (30 June 2012 - Rials 13.3 million and 31 December 2012 - Rials 12.3 million) with tenures ranging from 1 to 2 years, as per guidelines issued by the Central Bank of Oman. These deposits carry interest rates ranging from 3% to 5.15% (30 June 2012 - 3.75% to 6.25% and 31 December 2012 - 3.00% to 5.15%) per annum. The carrying amount includes interest accrued till the end of the reporting period.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2013 (continued)**

**20 Related parties**

The Company entered into transactions with entities over which certain directors are able to exert significant influence. Such transactions are at mutually agreed terms. Significant related party transactions during the period were as follows:

	Six months ended 30 June 2013	Six months ended 30 June 2012
General and administration overheads	<u>2</u>	<u>2</u>
<i>Payments to directors</i>		
Sitting fees	<u>18</u>	<u>8</u>
Remuneration	<u>68</u>	<u>62</u>
<i>Period end balances</i>		
Net investment in finance lease	<u>10</u>	<u>20</u>
<i>Remuneration to key members of management during the period</i>		
Salaries and other benefits (Top 5 employees)	<u>334</u>	<u>318</u>
<i>Period end balances</i>		
Advances and net investment in leases	<u>56</u>	<u>31</u>

**21 Maturity analysis of significant assets and liabilities**

At 30 June 2013	Up to 1 month Rials '000	> 1 month to 1 year Rials '000	> 1 year to 5 years Rials '000	Non-fixed maturity Rials '000	Total Rials '000
<b>Assets</b>					
Cash and bank balances	1,028	-	-	-	1,028
Statutory deposit	-	-	-	90	90
Net investment in financing activities	4,242	43,116	91,541	-	138,899
Advances and prepayments	-	1,642	-	-	1,642
Property pending sale	-	131	-	-	131
Property and equipments	-	-	-	<u>1,399</u>	<u>1,399</u>
<b>Total assets</b>	<u>5,270</u>	<u>44,889</u>	<u>91,541</u>	<u>1,489</u>	<u>143,189</u>
<b>Equity</b>					
Equity	-	-	-	33,552	33,552
<b>Liabilities</b>					
Bank borrowings and fixed deposits	21,604	57,995	24,825	-	104,424
Creditors and accruals	-	4,936	-	-	4,936
Tax liability	-	<u>277</u>	-	-	<u>277</u>
<b>Total equity and liabilities</b>	<u>21,604</u>	<u>63,208</u>	<u>24,825</u>	<u>33,552</u>	<u>143,189</u>
<b>Liquidity gap</b>	<u>(16,334)</u>	<u>(18,319)</u>	<u>66,716</u>	<u>(32,063)</u>	
<b>Cumulative liquidity gap</b>	<u>(16,334)</u>	<u>(34,653)</u>	<u>32,063</u>		

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2013 (continued)**

**21 Maturity analysis of significant assets and liabilities (continued)**

At 30 June 2012	Up to 1 month Rials '000	> 1 month to 1 year Rials '000	> 1 year to 5 years Rials '000	Non-fixed maturity Rials '000	Total Rials '000
Assets					
Cash and bank balances	2,007	-	-	-	2,007
Statutory deposit	-	-	-	50	50
Net investment in financing activities	3,973	36,999	71,598	-	112,570
Advances and prepayments	-	1,648	-	-	1,648
Property pending sale	-	131	-	-	131
Fixed Assets	-	-	-	<u>1,462</u>	<u>1,462</u>
Total assets	<u>5,980</u>	<u>38,778</u>	<u>71,598</u>	<u>1,512</u>	<u>117,868</u>
Equity					
Equity	-	-	-	31,599	31,599
Liabilities					
Bank borrowings and fixed deposits	15,562	42,646	23,326	-	81,534
Creditors and accruals	-	4,501	-	-	4,501
Tax Provision	-	234	-	-	234
Total equity and liabilities	<u>15,562</u>	<u>47,381</u>	<u>23,326</u>	<u>31,599</u>	<u>117,868</u>
Liquidity gap	<u>(9,582)</u>	<u>(8,603)</u>	<u>48,272</u>	<u>(30,087)</u>	
Cumulative liquidity gap	<u>(9,582)</u>	<u>(18,185)</u>	<u>30,087</u>		

At 31 December 2012	Up to 1 month Rials '000	> 1 month to 1 year Rials '000	> 1 year to 5 years Rials '000	Non-fixed maturity Rials '000	Total Rials '000
Assets					
Cash and bank balances	1,912	-	-	-	1,912
Statutory deposit	-	-	-	90	90
Net investment in financing activities	3,792	40,252	82,642	-	126,686
Advances and prepayments	-	1,840	-	-	1,840
Property pending sale	-	131	-	-	131
Property and equipment	-	-	-	<u>1,515</u>	<u>1,515</u>
Total assets	<u>5,704</u>	<u>42,223</u>	<u>82,642</u>	<u>1,605</u>	<u>132,174</u>
Equity and Liabilities					
Equity				33,763	33,763
Liabilities					
Bank borrowings and fixed deposit	13,025	46,544	34,378	-	93,947
Creditors and accruals	3,411	-	-	517	3,928
Tax liabilities	-	536	-	-	536
Total equity and liabilities	<u>16,436</u>	<u>47,080</u>	<u>34,378</u>	<u>34,280</u>	<u>132,174</u>
Liquidity gap	<u>(10,732)</u>	<u>(4,857)</u>	<u>48,264</u>	<u>(32,675)</u>	
Cumulative liquidity gap	<u>(10,732)</u>	<u>(15,589)</u>	<u>32,675</u>		