

## ***Directors' Report***

On behalf of the Board of Directors, I take pleasure in placing before you the results of the Company for the six month period ended 30 June 2014.

### ***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. This is likely to sustain over the next few quarters placing pressure on margins of all players. Overall, our reading of the economic climate remains cautiously optimistic 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 155.44M as on 30 June 2014 (Rials 145.96M as on 31 December 2013). Overall, the Company's net profit was Rials 2.44M for the six months ended 30 June 2014, an increase of 6.32% over last year's corresponding profit of Rials 2.29M.

### ***Other Matters***

Your Company remains committed to upgrading the skills of its employees through training and development. As of 30 June 2014 the Omanisation level stood at 83.3% 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**

## NATIONAL FINANCE COMPANY SAOG

UNAUDITED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014

	Note	Quarter ended 30 June 2014 Rials '000	Six Months ended 30 June 2014 Rials '000	Quarter ended 30 June 2013 Rials '000	Six Months ended 30 June 2013 Rials '000
Finance income		3,788	7,486	3,418	6,760
Interest expense		<u>(1,027)</u>	<u>(1,997)</u>	<u>(942)</u>	<u>(1,827)</u>
<b>Net finance income</b>		2,761	5,489	2,476	4,933
Other income	8	<u>153</u>	<u>339</u>	<u>176</u>	<u>316</u>
<b>Net operating income</b>		2,914	5,828	2,652	5,249
<b>Expenses</b>					
General and administrative expenses	9	<u>(1,034)</u>	<u>(2,036)</u>	(914)	(1,804)
Depreciation	15	<u>(78)</u>	<u>(155)</u>	<u>(71)</u>	<u>(142)</u>
<b>Profit before impairment</b>		1,802	3,637	1,667	3,303
Impairment of financing receivables - net	13(b)	<u>(379)</u>	<u>(829)</u>	<u>(394)</u>	<u>(756)</u>
Bad debts written back		<u>51</u>	<u>64</u>	<u>63</u>	<u>101</u>
<b>Profit before taxation</b>		1,474	2,872	1,336	2,648
Taxation	10	<u>(247)</u>	<u>(432)</u>	<u>(158)</u>	<u>(353)</u>
<b>Profit for the period</b>		1,227	2,440	1,178	2,295
<b>Other comprehensive income</b>					
Revaluation of land and buildings		<u>1</u>	<u>2</u>	0	4
		<u>1</u>	<u>2</u>	0	4
<b>Total comprehensive income for the period</b>		<u>1,228</u>	<u>2,442</u>	<u>1,178</u>	<u>2,299</u>
<b>Earnings per share (Rials)</b>	11	<u>0.005</u>	<u>0.009</u>	<u>0.005</u>	<u>0.009</u>

The notes on pages 6 to 13 form an integral part of these 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 2014

	Note	30 June 2014 Rials '000 Unaudited	30 June 2013 Rials '000 Unaudited	31 December 2013 Rials '000 Audited
<b>Assets</b>				
Cash and bank balances		3,883	1,028	1,943
Statutory deposit	12	130	90	130
Net investment in financing activities	13	155,440	138,899	145,960
Advances and prepayments		1,782	1,642	1,627
Property pending sale	14	131	131	131
Property and equipments	15	<u>1,248</u>	<u>1,399</u>	<u>1,328</u>
<b>Total assets</b>		<b><u>162,614</u></b>	<b><u>143,189</u></b>	<b><u>151,119</u></b>
<b>Equity</b>				
Share capital	16	25,681	25,055	25,055
Revaluation reserve		653	658	655
Legal reserve		3,036	2,557	3,036
Retained earnings		<u>6,614</u>	<u>5,282</u>	<u>7,304</u>
<b>Total equity</b>		<b><u>35,984</u></b>	<b><u>33,552</u></b>	<b><u>36,050</u></b>
<b>Liabilities</b>				
Creditors and accruals	17	4,617	4,343	3,098
Staff terminal benefits		561	593	550
Tax liabilities	10	16	277	566
Bank borrowings	18	104,221	89,036	92,769
Fixed deposits	20	<u>17,215</u>	<u>15,388</u>	<u>18,086</u>
<b>Total liabilities</b>		<b><u>126,630</u></b>	<b><u>109,637</u></b>	<b><u>115,069</u></b>
<b>Total equity and liabilities</b>		<b><u>162,614</u></b>	<b><u>143,189</u></b>	<b><u>151,119</u></b>
<b>Net assets per share</b>		<b><u>0.140</u></b>	<b><u>0.131</u></b>	<b><u>0.140</u></b>

These unaudited condensed interim financial information from page 2 to 13 were approved and authorised for issue in accordance with a resolution of the Board of Directors on 22 July 2014 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 2014

	Share capital Rials '000	Revaluation reserve Rials '000	Legal reserve Rials '000	Retained earnings Rials '000	Total Rials '000
<b>1 January 2014</b>	<b>25,055</b>	<b>655</b>	<b>3,036</b>	<b>7,304</b>	<b>36,050</b>
<b>Total comprehensive income for the period</b>					
Transfer to retained earnings	-	(2)	-	2	-
Profit for the period	=	=	=	<u>2,440</u>	<u>2,440</u>
		(2)		<u>2,442</u>	<u>2,440</u>
<b>Transaction with shareholders recorded directly in equity</b>					
Cash dividend paid	-	-	-	(2,506)	(2,506)
Stock dividend	<u>626</u>	<u>-</u>	<u>-</u>	<u>(626)</u>	<u>-</u>
<b>30 June 2014 (Unaudited)</b>	<b><u>25,681</u></b>	<b><u>653</u></b>	<b><u>3,036</u></b>	<b><u>6,614</u></b>	<b><u>35,984</u></b>
<b>1 January 2013</b>	<b>25,055</b>	<b>662</b>	<b>2,557</b>	<b>5,489</b>	<b>33,763</b>
<b>Total comprehensive income for the period</b>					
Transfer to retained earnings	-	(4)	-	4	-
Profit for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,295</u>	<u>2,295</u>
	-	(4)	-	<u>2,299</u>	<u>2,295</u>
<b>Transaction with shareholders recorded directly in equity</b>					
Cash dividend paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,506)</u>	<u>(2,506)</u>
<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>
<b>1 January 2013</b>	<b>25,055</b>	<b>662</b>	<b>2,557</b>	<b>5,489</b>	<b>33,763</b>
<b>Total comprehensive income for the year</b>					
Profit for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,793</u>	<u>4,793</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,793</u>	<u>4,793</u>
Transfer to retained earnings- net of tax	-	(7)	-	7	-
<b>Transaction with shareholders recorded directly in equity</b>					
Transfer to legal reserve	-	-	479	(479)	-
Cash dividend paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,506)</u>	<u>(2,506)</u>
<b>31 December 2013 (Audited)</b>	<b><u>25,055</u></b>	<b><u>655</u></b>	<b><u>3,036</u></b>	<b><u>7,304</u></b>	<b><u>36,050</u></b>

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The review report is set forth on page 1.

## NATIONAL FINANCE COMPANY SAOG

### UNAUDITED CONDENSED INTERIM STATEMENT OF CASH FLOW FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014

	Three months ended 30 June 2014 Rials '000	Six months Ended 30 June 2013 Rials '000
<b>Operating activities</b>		
<b>Profit before taxation</b>	2,872	2,648
Adjustments for:		
Depreciation	155	142
Provision for end of service benefits	112	100
Impairment of lease receivables	765	655
Interest expense	<u>1,997</u>	<u>1,827</u>
<b>Operating profit before working capital changes and payment of end of service benefits</b>	<b>5,901</b>	<b>5,372</b>
End of service benefits paid	(101)	(24)
<b>Changes in operating assets and liabilities</b>		
Investment in financing activities	(10,245)	(12,868)
Advances and prepayments	(155)	198
Creditors and accruals	1,519	932
Interest paid	(1,748)	(1,663)
Income tax paid	<u>(983)</u>	<u>(612)</u>
<b>Net cash used in operating activities</b>	<b><u>(5,812)</u></b>	<b><u>(8,665)</u></b>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	<u>(75)</u>	<u>(26)</u>
	<u>(75)</u>	<u>(26)</u>
<b>Cash flows from financing activities</b>		
Bank borrowings	11,079	6,853
Fixed deposits	(871)	3,115
Dividend paid	<u>(2,506)</u>	<u>(2,506)</u>
<b>Net cash generated from financing activities</b>	<b><u>7,702</u></b>	<b><u>7,462</u></b>
<b>Net change in cash and cash equivalents</b>	<b>1,815</b>	<b>(1,229)</b>
Cash and cash equivalents at the beginning of the period	<u>1,335</u>	<u>1,895</u>
<b>Cash and cash equivalents at the end of the period (Note 19)</b>	<b><u>3,150</u></b>	<b><u>666</u></b>

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

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014****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 three months period ended 31 March 2014 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 2013, 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.

**(a) Standards, amendments and interpretation effective in 2014**

For the period ended 31 March 2014, the Company has adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for periods beginning on 1 January 2014.

The adoption of those 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.

**(b) 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 April 2014 or later periods, but the Company has not early adopted them and the impact of these standards and interpretations is not reasonably estimable as at 31 March 2014:

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

Amendment to IAS 19 regarding defined benefit plans (Annual periods beginning on or after 1 July 2014);

IFRS 9 'Financial instruments' – classification and measurement (Annual periods beginning on or after 1 January 2018)

Amendments to IFRS 1, 'First time adoption' - Annual periods beginning on or after 1 July 2014

Amendments to IFRS 3, 'Business combinations' - Annual periods beginning on or after 1 July 2014

Amendments to IAS 40, 'Investment property' - Annual periods beginning on or after 1 July 2014

Amendments to IFRS 13, 'Fair value measurement' Annual periods beginning on or after 1 July 2014

Amendments to IFRS 2, 'Share-based payment' Annual periods beginning on or after 1 July 2014

Amendments to IFRS 3, 'Business Combinations' Annual periods beginning on or after 1 July 2014

Amendments to IFRS 8, 'Operating segments' Annual periods beginning on or after 1 July 2014

Amendments to IFRS 13, 'Fair value measurement' Annual periods beginning on or after 1 July 2014

Amendments to IAS 16, 'Property, plant and equipment' Annual periods beginning on or after 1 July 2014

Amendments to IAS 38, 'Intangible assets' Annual periods beginning on or after 1 July 2014

Amendments to IFRS 9, 'Financial instruments' Annual periods beginning on or after 1 July 2014

Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets', Annual periods beginning on or after 1 July 2014

IAS 39, 'Financial instruments – Recognition and measurement'. Annual periods beginning on or after 1 July 2014

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014 (continued)**

**4 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 these 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 2013.

**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 31 December 2013. 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 23 March 2014 approved a cash dividend of 10% amounting to Rials 2.5 million for the year ended 31 December 2013 (2012 - cash dividend of 10% amounting to Rials 2.5 million) which was paid on 24 March 2014 to Muscat Clearing & Depository Company for distribution to the shareholders and bonus shares of 2.5% amounting to 6,263,617 shares (2012 – nil).

**8 Other income**

	Quarter ended 30 June 2014 Rials '000	Six Months ended 30 June 2014 Rials '000	Quarter ended 30 June 2013 Rials '000	Six Months ended 30 June 2013 Rials '000
Penal charges received	45	142	62	106
Income from pre-closed leases	47	88	51	99
Miscellaneous income	<u>61</u>	<u>109</u>	<u>63</u>	<u>111</u>
	<u>153</u>	<u>339</u>	<u>176</u>	<u>316</u>

**9 General and administrative expenses**

	Quarter ended 30 June 2014 Rials '000	Six Months ended 30 June 2014 Rials '000	Quarter ended 30 June 2013 Rials '000	Six Months ended 30 June 2013 Rials '000
Employee related expenses	766	1,530	673	1,329
Occupancy costs	13	26	11	21
Communication costs	25	45	22	44
Professional fees	37	58	37	67
Advertising and sales promotion	35	70	32	64
Directors' sitting fees	9	18	9	18
Directors' remuneration	34	69	34	68
Other office expenses	<u>115</u>	<u>220</u>	<u>96</u>	<u>193</u>
	<u>1034</u>	<u>2,036</u>	<u>914</u>	<u>1,804</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014 (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 2014 Rials '000</b>	<b>Six months ended 30 June 2014 Rials '000</b>	<b>Quarter ended 30 June 2013 Rials '000</b>	<b>Six months ended 30 June 2013 Rials '000</b>
Profit before taxation	<u>1,474</u>	<u>2,872</u>	<u>1,336</u>	<u>2,648</u>
Income tax expense computed at applicable tax rates	247	432	158	353
Items not deductible in determining taxable profits				
<b>Taxation expense</b>	<u>247</u>	<u>432</u>	<u>158</u>	<u>353</u>

**Tax liabilities**

	<b>30 June 2014 Rials '000</b>	<b>30 June 2013 Rials '000</b>	<b>31 December 2013 Rials '000</b>
Provision for taxation	484	578	949
Deferred tax liability	90	92	91
Deferred tax asset	<u>(558)</u>	<u>(393)</u>	<u>(474)</u>
	<u>16</u>	<u>277</u>	<u>566</u>

Tax assessments up to year 2009 are complete. Assessment for tax years 2010 to 2013 are subject to agreement with the Oman Taxation Authorities. The Directors are of the opinion that the additional taxes assessed, if any, would not be material to the Company's financial position as at 30 June 2014.

**11 Earnings per share**

The calculation of earnings per share is as follows:

	<b>Quarter ended 30 June 2014 Rials '000</b>	<b>Six Months ended 30 June 2014 Rials '000</b>	<b>Quarter ended 30 June 2013 Rials '000</b>	<b>Six Months ended 30 June 2013 Rials '000</b>
Profit for the period attributable to ordinary shareholders	<u>1,227</u>	<u>2,440</u>	<u>1,178</u>	<u>2,295</u>
Number of shares ('000)	<u>256,808</u>	<u>256,808</u>	<u>256,808</u>	<u>256,808</u>
Earnings per share (Rial)	<u>0.005</u>	<u>0.009</u>	<u>0.005</u>	<u>0.009</u>

Net assets per share and earnings per share at and for the six months period ended 30 June 2014 have been calculated using weighted average shares outstanding for the period. The weighted average shares outstanding for the three months period ended 30 June 2014 were 256,808,303 shares.

**12 Statutory deposit**

The Company is required to maintain a deposit of Rials 130,000 (June 2013 – Rials 90,000 and Dec 2013 - Rials 130,000) with the Central Bank of Oman (CBO) in accordance with the applicable licensing requirements. During the period the deposit earned interest at the rate of 1.5% per annum (2012 – 1.5%).

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014 (continued)**

**13 Net investment in financing activities**

	<b>30 June 2014 Rials '000</b>	30 June 2013 Rials '000	31 December 2013 Rials '000
Gross investment in finance activities	<b>193,337</b>	173,671	181,909
Unearned finance income	<b><u>(27,740)</u></b>	<u>(26,277)</u>	<u>(26,605)</u>
	<b>165,597</b>	147,394	155,304
Provision for impairment	<b>(9,213)</b>	(7,633)	(8,388)
Unrecognised contractual income	<b><u>(944)</u></b>	<u>(862)</u>	<u>(956)</u>
	<b><u>155,440</u></b>	<u>138,899</u>	<u>145,960</u>

(a) Unearned finance income

	<b>30 June 2014 Rials '000</b>	30 June 2013 Rials '000	31 December 2013 Rials '000
Opening balance	<b>26,605</b>	24,159	24,159
Additions during the period/year	<b>8,621</b>	8,878	16,412
Recognised during the period/year	<b><u>(7,486)</u></b>	<u>(6,760)</u>	<u>(13,966)</u>
Closing balance	<b><u>27,740</u></b>	<u>26,277</u>	<u>26,605</u>

(b) Provision for impairment

	<b>30 June 2014 Rials '000</b>	30 June 2013 Rials '000	31 December 2013 Rials '000
Opening balance	<b>8,388</b>	6,878	6,878
Provided during the period/year	<b>1,634</b>	1,407	2,321
Released during the period/year	<b>(805)</b>	(652)	(801)
Write offs during the period/year	<b><u>(4)</u></b>	<u>-</u>	<u>(10)</u>
Closing balance	<b><u>9,213</u></b>	<u>7,633</u>	<u>8,388</u>

(c) Unrecognised contractual income

	<b>30 June 2014 Rials '000</b>	30 June 2013 Rials '000	31 December 2013 Rials '000
Opening balance	<b>956</b>	818	818
Unrecognised during the period/year	<b>205</b>	198	632
Recognised during the period/year	<b><u>(217)</u></b>	<u>(154)</u>	<u>(494)</u>
Closing balance	<b><u>944</u></b>	<u>862</u>	<u>956</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 2014, investment in financing activity where contractual income has not been recognised was Rials 10.1 million (30 June 2013 - Rials 9.5 million, 31 December 2013 - Rials 10.1 million).

**14 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 2014 (continued)

15 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 2014</b>					
<b>Cost or valuation</b>					
At 1 January 2014	955	300	1,149	170	2,574
Additions	-	-	75	-	75
Deductions	-	-	-	(25)	(25)
At 30 June 2014	<u>955</u>	<u>300</u>	<u>1,224</u>	<u>145</u>	<u>2,624</u>
<b>Accumulated depreciation</b>					
At 1 January 2014	-	255	866	125	1,246
Charge for the period	-	21	110	24	155
Disposal	-	-	-	(25)	(25)
At 30 June 2014	-	<u>276</u>	<u>976</u>	<u>124</u>	<u>1,376</u>
<b>Net book value</b>					
At 30 June 2014	<u>955</u>	<u>24</u>	<u>248</u>	<u>21</u>	<u>1,248</u>

At 30 June 2013					
<b>Cost or valuation</b>					
At 1 January 2013	955	300	1,047	170	2,472
Additions	-	-	26	-	26
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	-	21	97	24	142
At 30 June 2013	-	<u>233</u>	<u>765</u>	<u>101</u>	<u>1,099</u>
<b>Net book value</b>					
At 30 June 2013	<u>955</u>	<u>67</u>	<u>308</u>	<u>69</u>	<u>1,399</u>

At 31 December 2013					
<b>Cost or valuation</b>					
At 1 January 2013	955	300	1,047	170	2,472
Additions	-	-	102	-	102
Released on disposals	-	-	-	-	-
At 31 December 2013	<u>955</u>	<u>300</u>	<u>1,149</u>	<u>170</u>	<u>2,574</u>
<b>Accumulated depreciation</b>					
At 1 January 2013	-	212	668	77	957
Charge for the year	-	43	198	48	289
Released on disposals	-	-	-	-	-
At 31 December 2013	-	<u>255</u>	<u>866</u>	<u>125</u>	<u>1,246</u>
<b>Net book value</b>					
At 31 December 2013	<u>955</u>	<u>45</u>	<u>283</u>	<u>45</u>	<u>1,328</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014 (continued)**

**16 Share capital**

The authorised share capital of the Company comprises 300,000,000 ordinary shares of baizas 100 each (2013 - 300,000,000 ordinary share of Baizas 100 each). The Company's issued and fully paid-up share capital amounts to 256,808,303 ordinary shares of baizas 100 each (2013 - 250,544,686 ordinary shares of baizas 100 each).

**17 Creditors and accruals**

	<b>30 June 2014 Rials '000</b>	30 June 2013 Rials '000	31 December 2013 Rials '000
Creditors	<b>3,993</b>	3,554	2,114
Accruals and other liabilities	<b><u>624</u></b>	<u>789</u>	<u>984</u>
	<b><u>4,617</u></b>	<u>4,343</u>	<u>3,098</u>

**18 Bank borrowings**

	<b>30 June 2014 Rials '000</b>	<b>30 June 2013 Rials '000</b>	31 December 2013 Rials '000
Overdrafts	<b>733</b>	<b>362</b>	608
Short-term loans	<b>77,041</b>	<b>67,359</b>	69,917
Long-term loans	<b><u>26,447</u></b>	<u>21,315</u>	<u>22,244</u>
	<b><u>104,221</u></b>	<u>89,036</u>	<u>92,769</u>

**19 Cash and cash equivalents**

	<b>30 June 2014 Rials '000</b>	30 June 2013 Rials '000	31 December 2013 Rials '000
Cash and bank balance	<b>3,883</b>	1,028	1,943
Overdraft	<b><u>(733)</u></b>	<u>(362)</u>	<u>(608)</u>
	<b><u>3,150</u></b>	<u>666</u>	<u>1,335</u>

**20 Fixed deposits**

The Company has fixed deposits from corporate entities based in Oman amounting to Rials 17.2 million, (30 June 2013 - Rials 15.4 million and 31 December 2013 - Rials 18.1 million) with tenures ranging from 1 to 2 years, as per guidelines issued by the Central Bank of Oman. These deposits carry interest rates between 3% to 4.5% (30 June 2013 - 3% to 5.15% and 31 December 2013 - 3.00% to 4.5%) 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 2014 (continued)**

**21 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:

	<b>Three months ended 30 June 2014</b>	<b>Three months ended 30 June 2013</b>
General and administration overheads	<b>1</b>	2
<i>Payments to Directors</i>		
Sitting fees	<b>18</b>	18
Remuneration	<b>69</b>	68
<i>Period end balances</i>		
Net investment in finance lease	-	10
<i>Remuneration to key members of management during the period</i>		
Salaries and other benefits (Top 5 employees)	<b>339</b>	334
Advances and net investment in leases	<b>38</b>	56

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

<b>At 30 June 2014</b>	<b>Up to 1 month Rials '000</b>	<b>&gt; 1 month to 1 year Rials '000</b>	<b>&gt; 1 year to 5 years Rials '000</b>	<b>Non-fixed maturity Rials '000</b>	<b>Total Rials '000</b>
<b>Assets</b>					
Cash and bank balances	3,883	-	-	-	3,883
Statutory deposit	-	-	-	130	130
Net investment in financing activities	5,370	50,402	99,668	-	155,440
Advances and prepayments	-	1,782	-	-	1,782
Property pending sale	-	131	-	-	131
Property and equipments	-	-	-	1,248	1,248
<b>Total assets</b>	<b><u>9,253</u></b>	<b><u>52,315</u></b>	<b><u>99,668</u></b>	<b><u>1,378</u></b>	<b><u>162,614</u></b>
<b>Equity</b>					
Equity				35,984	35,984
<b>Liabilities</b>					
Bank borrowings and fixed deposits	18,499	70,291	32,646	-	121,436
Creditors and accruals	4,617	-	-	561	5,178
Tax liability	-	16	-	-	16
<b>Total equity and liabilities</b>	<b><u>23,116</u></b>	<b><u>70,307</u></b>	<b><u>32,646</u></b>	<b><u>36,545</u></b>	<b><u>162,614</u></b>
<b>Liquidity gap</b>	<b><u>(13,863)</u></b>	<b><u>(17,992)</u></b>	<b><u>67,022</u></b>	<b><u>(35,167)</u></b>	
<b>Cumulative liquidity gap</b>	<b><u>(13,863)</u></b>	<b><u>(31,855)</u></b>	<b><u>35,167</u></b>	<b><u>-</u></b>	

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014 (continued)**

**Maturity analysis of significant assets and liabilities**

At 30 June 2013	Up to 1 month	> 1 month to 1 year	> 1 year to 5 years	Non-fixed maturity	Total
	Rials '000	Rials '000	Rials '000	Rials '000	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	-	-	-	1,399	1,399
<b>Total assets</b>	<b><u>5,270</u></b>	<b><u>44,889</u></b>	<b><u>91,541</u></b>	<b><u>1,489</u></b>	<b><u>143,189</u></b>
<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
Staff terminal benefits	-	-	-	564	564
Tax liability	-	277	-	-	277
<b>Total equity and liabilities</b>	<b><u>21,604</u></b>	<b><u>63,208</u></b>	<b><u>24,825</u></b>	<b><u>33,552</u></b>	<b><u>143,189</u></b>
Liquidity gap	(16,334)	(18,319)	66,716	(32,063)	=
Cumulative liquidity gap	(16,334)	(34,653)	32,063	=	

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

At 31 December 2013	Up to 1 month	> 1 month to 1 year	> 1 year to 5 years	Non-fixed maturity	Total
	Rials '000	Rials '000	Rials '000	Rials '000	Rials '000
<b>Assets</b>					
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	-	-	-	1,515	1,515
<b>Total assets</b>	<b><u>5,704</u></b>	<b><u>42,223</u></b>	<b><u>82,642</u></b>	<b><u>1,605</u></b>	<b><u>132,174</u></b>
<b>Equity and Liabilities</b>					
Equity	-	-	-	33,763	33,763
<b>Liabilities</b>					
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
<b>Total equity and liabilities</b>	<b><u>16,436</u></b>	<b><u>47,080</u></b>	<b><u>34,378</u></b>	<b><u>34,280</u></b>	<b><u>132,174</u></b>
Liquidity gap	(10,732)	(4,857)	48,264	(32,675)	
Cumulative liquidity gap	(10,732)	(15,589)	32,675	=	