

Directors' Report

On behalf of the Board of Directors, I take pleasure in placing before you the results of the Company for the nine month period ended 30 September 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 has relative economic stability, the global economy continued to remain at a higher level of volatility and risk. In addition, the recent decline in global oil prices (if sustained) could slow the economy over the next year or two.

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 and more volatility caused by the oil price decline.

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 160.66M as on 30 September 2014 (Rials 145.96M as on 31 December 2013). Overall, the Company's net profit was Rials 3.68M for the nine months ended 30 September 2014, an increase of 8.00% over last year's corresponding profit of Rials 3.41M.

Other Matters

Your Company remains committed to upgrading the skills of its employees through training and development. As of 30 September 2014 the Omanisation level stood at 83.2% 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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2014

	Note	Quarter ended 30 September 2014 Rials '000 Unaudited	Nine months ended 30 September 2014 Rials '000 Unaudited	Quarter ended 30 September 2013 Rials '000 Unaudited	Nine months ended 30 September 2013 Rials '000 Unaudited
Finance income		3,836	11,322	3,538	10,299
Interest expense		(1,050)	(3,047)	(1,029)	(2,857)
Net finance income		2,786	8,275	2,509	7,441
Other income	7	<u>147</u>	<u>486</u>	<u>124</u>	<u>440</u>
Net operating income		2,933	8,761	2,633	7,881
Expenses					
General and administrative expenses	8	(978)	(3,014)	(958)	(2,761)
Depreciation	14	<u>(79)</u>	<u>(234)</u>	<u>(72)</u>	<u>(214)</u>
Profit before impairment		1,876	5,513	1,603	4,906
Impairment of financing receivables - net	12(b)	(505)	(1,334)	(399)	(1,156)
Bad debts written (off) / back		<u>(25)</u>	<u>39</u>	<u>16</u>	<u>119</u>
Profit before taxation		1,346	4,218	1,220	3,869
Taxation	9	<u>(102)</u>	<u>(534)</u>	<u>(105)</u>	<u>(458)</u>
Profit for the period		1,244	3,684	1,115	3,411
Other comprehensive income					
Revaluation of land and buildings		<u>1</u>	<u>3</u>	<u>2</u>	<u>6</u>
Total comprehensive income for the period		<u>1,245</u>	<u>3,687</u>	<u>1,117</u>	<u>3,417</u>
Earnings per share (Rials)	10	<u>0.005</u>	<u>0.014</u>	<u>0.004</u>	<u>0.013</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 SEPTEMBER 2014

		30 September 2014	30 September 2013	31 December 2013
	Note	Rials '000 Unaudited	Rials '000 Unaudited	Rials '000 Audited
Assets				
Cash and bank balances		1,833	2,732	1,943
Statutory deposit	11	130	90	130
Net investment in financing activities	12	160,659	144,393	145,960
Advances and prepayments		1,722	1,766	1,627
Property pending sale	13	131	131	131
Property and equipments	14	<u>1,192</u>	<u>1,362</u>	<u>1,328</u>
Total assets		<u>165,667</u>	<u>150,474</u>	<u>151,119</u>
Equity				
Share capital	15	25,681	25,055	25,055
Revaluation reserve		652	656	655
Legal reserve		3,036	2,557	3,036
Retained earnings		<u>7,859</u>	<u>6,400</u>	<u>7,304</u>
Total equity		<u>37,228</u>	<u>34,668</u>	<u>36,050</u>
Liabilities				
Creditors and accruals	16	4,152	4,409	3,098
Staff terminal benefits		514	625	550
Tax liabilities	9	117	382	566
Bank borrowings	17	105,303	96,683	92,769
Fixed deposits	19	<u>18,353</u>	<u>13,707</u>	<u>18,086</u>
Total liabilities		<u>128,439</u>	<u>115,806</u>	<u>115,069</u>
Total equity and liabilities		<u>165,667</u>	<u>150,474</u>	<u>151,119</u>
Net assets per share		<u>0.145</u>	<u>0.138</u>	<u>0.140</u>

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 28 October 2014 and signed on their behalf by:

TAYA BIN JANDAL BIN ALI
CHAIRMAN

ROBERT PANCRAS
CHIEF EXECUTIVE OFFICER

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 CHANGES IN EQUITY FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2014

	Share capital Rials '000	Revaluation reserve Rials '000	Legal reserve Rials '000	Retained earnings Rials '000	Total Rials '000
1 January 2014	25,055	655	3,036	7,304	36,050
<i>Total comprehensive income for the period</i>					
Transfer to retained earnings	-	(3)	-	3	-
Profit for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,684</u>	<u>3,684</u>
	-	(3)	-	3,687	3,684
<i>Transaction with shareholders recorded directly in equity</i>					
Cash dividend paid	-	-	-	(2,506)	(2,506)
Stock dividend	<u>626</u>	<u>-</u>	<u>-</u>	<u>(626)</u>	<u>-</u>
30 September 2014 (Unaudited)	<u>25,681</u>	<u>652</u>	<u>3,036</u>	<u>7,859</u>	<u>37,228</u>
1 January 2013	25,055	662	2,557	5,489	33,763
<i>Total comprehensive income for the period</i>					
Transfer to retained earnings	-	(6)	-	6	-
Profit for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,411</u>	<u>3,411</u>
	-	(6)	-	3,417	3,411
<i>Transaction with shareholders recorded directly in equity</i>					
Cash dividend paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,506)</u>	<u>(2,506)</u>
30 September 2013 (Unaudited)	<u>25,055</u>	<u>656</u>	<u>2,557</u>	<u>6,400</u>	<u>34,668</u>
1 January 2013	25,055	662	2,557	5,489	33,763
<i>Total comprehensive income for the year</i>					
Profit for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,793</u>	<u>4,793</u>
	-	-	-	4,793	4,793
Transfer to retained earnings- net of tax	-	(7)	-	7	-
<i>Transaction with shareholders recorded directly in equity</i>					
Transfer to legal reserve	-	-	479	(479)	-
Cash dividend paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,506)</u>	<u>(2,506)</u>
31 December 2013 (Audited)	<u>25,055</u>	<u>655</u>	<u>3,036</u>	<u>7,304</u>	<u>36,050</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 CASH FLOWS FOR THE NINE MONTHS PERIOD ENDED 30 September 2014

	Nine months ended 30 September 2014 Rials '000 Unaudited	Nine months Ended 30 September 2013 Rials '000 Unaudited
Operating activities		
Profit before taxation	4,218	3,869
Adjustments for:		
Depreciation	234	214
Provision for end of service benefits	169	149
Impairment of lease receivables	1,295	1,038
Interest expense	<u>3,047</u>	<u>2,857</u>
Operating profit before working capital changes and payment of end of service benefits	8,963	8,127
End of service benefits paid	(205)	(42)
Changes in operating assets and liabilities		
Investment in financing activities	(15,994)	(18,745)
Advances and prepayments	(95)	74
Creditors and accruals	1,054	998
Interest paid	(2,686)	(2,651)
Income tax paid	<u>(983)</u>	<u>(266)</u>
Net cash used in operating activities	(9,946)	(12,505)
Cash flows from investing activities		
Purchase of property and equipment	(98)	(61)
Cash flows from financing activities		
Bank borrowings	11,246	14,130
Fixed deposits	267	1,434
Dividend paid	<u>(2,506)</u>	<u>(2,506)</u>
Net cash generated from financing activities	9,007	13,058
Net change in cash and cash equivalents	(1,037)	492
Cash and cash equivalents at the beginning of the period	<u>1,335</u>	<u>1,895</u>
Cash and cash equivalents at the end of the period (Note 18)	<u>298</u>	<u>2,387</u>

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

The review report is set forth on page 1.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS PERIOD ENDED 30 September 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 nine months period ended 30 September 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 30 September 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 October 2014 or later periods, but the Company has not early adopted them and the impact of these standards and interpretations is not considered material as at 30 September 2014:

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

Amendments to IAS 39, 'Financial instruments – Recognition and measurement' - 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

Amendment to IAS 16, 'Property, plant and equipment and IAS 38, 'Intangible assets' on depreciation and amortization – Annual periods being on or after 1 January 2016

IFRS 15 'Revenue from contracts with customers' – Annual periods being on or after 1 January 2017

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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 Other income

	Quarter ended 30 September 2014 Rials '000	Nine months ended 30 September 2014 Rials '000	Quarter ended 30 September 2013 Rials '000	Nine months ended 30 September 2013 Rials '000
Penal charges received	41	183	32	138
Income from pre-closed leases	47	135	41	140
Miscellaneous income	<u>59</u>	<u>168</u>	<u>51</u>	<u>162</u>
	<u>147</u>	<u>486</u>	<u>124</u>	<u>440</u>

8 General and administrative expenses

	Quarter ended 30 September 2014 Rials '000	Nine months ended 30 September 2014 Rials '000	Quarter ended 30 September 2013 Rials '000	Nine months ended 30 September 2013 Rials '000
Employee related expenses	728	2,258	715	2,044
Advertising and sales promotion	37	107	21	85
Directors' remuneration	35	104	33	101
Professional fees	30	88	25	92
Communication costs	27	72	23	67
Occupancy costs	14	39	11	32
Directors' sitting fees	10	28	9	27
Other office expenses	<u>97</u>	<u>318</u>	<u>121</u>	<u>313</u>
	<u>978</u>	<u>3,014</u>	<u>958</u>	<u>2,761</u>

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

9 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:

	Quarter ended 30 September 2014 Rials '000	Nine months ended 30 September 2014 Rials '000	Quarter ended 30 September 2013 Rials '000	Nine months ended 30 September 2013 Rials '000
Profit before taxation	<u>1,346</u>	<u>4,218</u>	<u>1,220</u>	<u>3,869</u>
Income tax expense computed at applicable tax rates	162	506	146	464
Items not deductible / (deductible) in determining taxable profits	<u>(60)</u>	<u>28</u>	<u>(41)</u>	<u>(6)</u>
Taxation expense	<u>102</u>	<u>534</u>	<u>105</u>	<u>458</u>

Tax liabilities

	30 September 2014 Rials '000	30 September 2013 Rials '000	31 December 2013 Rials '000
Provision for taxation	602	738	949
Deferred tax liability	89	91	91
Deferred tax asset	<u>(574)</u>	<u>(447)</u>	<u>(474)</u>
	<u>117</u>	<u>382</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 September 2014.

10 Earnings per share

The calculation of earnings per share is as follows:

	Quarter ended 30 September 2014 Rials '000	Nine months ended 30 September 2014 Rials '000	Quarter ended 30 September 2013 Rials '000	Nine months ended 30 September 2013 Rials '000
Profit for the period attributable to ordinary shareholders	<u>1,244</u>	<u>3,684</u>	<u>1,115</u>	<u>3,411</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>0.014</u>	<u>0.004</u>	<u>0.013</u>

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

11 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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2014 (continued)**

12 Net investment in financing activities

	30 September 2014 Rials '000	30 September 2013 Rials '000	31 December 2013 Rials '000
Gross investment in finance activities	200,023	180,237	181,909
Unearned finance income	<u>(28,599)</u>	<u>(26,879)</u>	<u>(26,605)</u>
	171,424	153,358	155,304
Provision for impairment	(9,751)	(8,032)	(8,388)
Unrecognised contractual income	<u>(1,014)</u>	<u>(933)</u>	<u>(956)</u>
	<u>160,659</u>	<u>144,393</u>	<u>145,960</u>

(a) Unearned finance income

	30 September 2014 Rials '000	30 September 2013 Rials '000	31 December 2013 Rials '000
Opening balance	26,605	24,159	24,159
Additions during the period/year	13,316	13,018	16,412
Recognised during the period/year	<u>(11,322)</u>	<u>(10,298)</u>	<u>(13,966)</u>
Closing balance	<u>28,599</u>	<u>26,879</u>	<u>26,605</u>

(b) Provision for impairment

	30 September 2014 Rials '000	30 September 2013 Rials '000	31 December 2013 Rials '000
Opening balance	8,388	6,878	6,878
Provided during the period/year	2,287	1,906	2,321
Released during the period/year	(919)	(750)	(801)
Write offs during the period/year	<u>(5)</u>	<u>(2)</u>	<u>(10)</u>
Closing balance	<u>9,751</u>	<u>8,032</u>	<u>8,388</u>

(c) Unrecognised contractual income

	30 September 2014 Rials '000	30 September 2013 Rials '000	31 December 2013 Rials '000
Opening balance	956	818	818
Unrecognised during the period/year	290	299	632
Recognised during the period/year	<u>(232)</u>	<u>(184)</u>	<u>(494)</u>
Closing balance	<u>1,014</u>	<u>933</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 September 2014, investment in financing activity where contractual income has not been recognised was Rials 10.8 million (30 September 2013 - Rials 10.7 million, 31 December 2013 - Rials 10.1 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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2014 (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
At 30 September 2014					
Cost or valuation					
At 1 January 2014	955	300	1,149	170	2,574
Additions	-	-	98	-	98
Deductions	-	-	-	(25)	(25)
At 30 September 2014	<u>955</u>	<u>300</u>	<u>1,247</u>	<u>145</u>	<u>2,647</u>
Accumulated depreciation					
At 1 January 2014	-	255	866	125	1,246
Charge for the period	-	32	166	36	234
Disposal	-	-	-	(25)	(25)
At 30 September 2014	-	<u>287</u>	<u>1,032</u>	<u>136</u>	<u>1,455</u>
Net book value					
At 30 September 2014	<u>955</u>	<u>13</u>	<u>215</u>	<u>9</u>	<u>1,192</u>
At 30 September 2013					
Cost or valuation					
At 1 January 2013	955	300	1,047	170	2,472
Additions	-	-	61	-	61
At 30 September 2013	<u>955</u>	<u>300</u>	<u>1,108</u>	<u>170</u>	<u>2,533</u>
Accumulated Depreciation					
At 1 January 2013	-	212	668	77	957
Charge for the period	-	32	146	36	214
At 30 September 2013	-	<u>244</u>	<u>814</u>	<u>113</u>	<u>1,171</u>
Net book value					
At 30 September 2013	<u>955</u>	<u>56</u>	<u>294</u>	<u>57</u>	<u>1,362</u>
At 31 December 2013					
Cost or valuation					
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>
Accumulated depreciation					
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>
Net book value					
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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2014 (continued)**

15 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).

16 Creditors and accruals

	30 September 2014 Rials '000	30 September 2013 Rials '000	31 December 2013 Rials '000
Creditors	3,325	3,430	2,114
Accruals and other liabilities	<u>827</u>	<u>979</u>	<u>984</u>
	<u>4,152</u>	<u>4,409</u>	<u>3,098</u>

17 Bank borrowings

	30 September 2014 Rials '000	30 September 2013 Rials '000	31 December 2013 Rials '000
Overdrafts	1,535	345	608
Short-term loans	76,790	73,348	69,917
Long-term loans	<u>26,978</u>	<u>22,990</u>	<u>22,244</u>
	<u>105,303</u>	<u>96,683</u>	<u>92,769</u>

18 Cash and cash equivalents

	30 September 2014 Rials '000	30 September 2013 Rials '000	31 December 2013 Rials '000
Cash and bank balance	1,833	2,732	1,943
Overdraft	<u>(1,535)</u>	<u>(345)</u>	<u>(608)</u>
	<u>298</u>	<u>2,387</u>	<u>1,335</u>

19 Fixed deposits

The Company has fixed deposits from corporate entities based in Oman amounting to Rials 18.4 million, (30 September 2013 - Rials 13.7 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 4.35% (30 September 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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2014 (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:

	Nine months ended 30 September 2014 Rials '000	Nine months ended 30 September 2013 Rials '000
General and administration overheads	2	3
<i>Payments to Directors</i>		
Sitting fees	27	28
Remuneration	104	101
<i>Period end balances</i>		
Net investment in finance lease	-	8
<i>Remuneration to key members of management during the period</i>		
Salaries and other benefits (Top 5 employees)	420	417
Advances and net investment in leases	37	47

21 Maturity analysis of significant assets and liabilities

At 30 September 2014	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	1,833	-	-	-	1,833
Statutory deposit	-	-	-	130	130
Net investment in financing activities	5,316	51,364	103,979	-	160,659
Advances and prepayments	-	1,722	-	-	1,722
Property pending sale	-	131	-	-	131
Property and equipments	-	-	-	1,192	1,192
Total assets	<u>7,149</u>	<u>53,217</u>	<u>103,979</u>	<u>1,322</u>	<u>165,667</u>
Equity					
Equity				37,228	37,228
Liabilities					
Bank borrowings and fixed deposits	31,477	54,986	37,193	-	123,656
Creditors and accruals	-	4,666	-	-	4,666
Tax liability	-	117	-	-	117
Total equity and liabilities	<u>31,477</u>	<u>59,769</u>	<u>37,193</u>	<u>37,228</u>	<u>165,667</u>
Liquidity gap	<u>(24,328)</u>	<u>(6,552)</u>	<u>66,786</u>	<u>(35,906)</u>	
Cumulative liquidity gap	<u>(24,328)</u>	<u>(30,880)</u>	<u>35,906</u>	<u>-</u>	

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

21 Maturity analysis of significant assets and liabilities (continued)

At 30 September 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
Assets					
Cash and bank balances	2,732	-	-	-	2,732
Statutory deposit	-	-	-	90	90
Net investment in financing activities	4,964	44,925	94,504	-	144,393
Advances and prepayments	-	1,766	-	-	1,766
Property pending sale	-	131	-	-	131
Property and equipments	-	-	-	<u>1,362</u>	<u>1,362</u>
Total assets	<u>7,696</u>	<u>46,822</u>	<u>94,504</u>	<u>1,452</u>	<u>150,474</u>
Equity					
Equity	-	-	-	34,668	34,668
Liabilities					
Bank borrowings and fixed deposits	18,656	63,124	28,610	-	110,390
Creditors and accruals	-	5,034	-	-	5,034
Tax liability	-	<u>382</u>	-	-	<u>382</u>
Total equity and liabilities	<u>18,656</u>	<u>68,540</u>	<u>28,610</u>	<u>34,668</u>	<u>150,474</u>
Liquidity gap	<u>(10,960)</u>	<u>(21,718)</u>	<u>65,894</u>	<u>(33,216)</u>	
Cumulative liquidity gap	<u>(10,960)</u>	<u>(32,678)</u>	<u>33,216</u>	<u>-</u>	

At 31 December 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
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	-	<u>536</u>	-	-	<u>536</u>
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>	<u>-</u>	