

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 2017.

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. We anticipate a cautious outlook to our credit off take in the medium term and overall, our reading is that the economic climate will continue to remain challenging.

Your company continues to follow a prudent provisioning policy based on its assessment of the risks inherent to its portfolio and is in full compliance with provisioning norms prescribed by the Central Bank of Oman and the International Financial Reporting Standards. The company added credit provisions of Rials 1,699K at the end of Q3-2017 (Rials 1,610K in end of Q3-2016).

Net investment in financing activities was at Rials 190.97M as on 30 September 2017 (Rials 192.53M as on 31 December 2016). Overall, the Company's net profit was Rials 3.82M for the nine months ended 30 September 2017, a decrease of 10.15% over last year's corresponding profit of Rials 4.25M.

While the low global and regional growth forecast for the medium term combined with the sustained drop in oil prices is expected to create stress on the liquidity and funding costs, the company is well positioned to deal with the changing business environment as a result of its strong financial position, well established processes, well trained personnel and long experience in this business

Other Matters

Your Company remains committed to improve the skills of all its employees through training and development. We continue to progress on Omanisation and as of 30 September 2017 the Omanisation level stood at 82.72%, 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 to assume higher responsibilities.

Taya Jandal Ali
Chairman

NATIONAL FINANCE COMPANY SAOG

UNAUDITED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHNSIVE INCOME FOR THE

		Quarter ended 30 September 2017 Rials '000	Nine months ended 30 September 2017 Rials '000	Quarter ended 30 September 2016 Rials '000	Nine months ended 30 September 2016 Rials '000
Income from financing activities		4,247	12,733	4,313	12,675
Finance cost		(1,436)	(4,280)	(1,370)	(3,633)
Net finance income		2,811	8,453	2,943	9,042
Other income	8	267	944	247	782
Total income		3,078	9,397	3,190	9,824
Operating expenses					
General and administrative expenses	9	(1,151)	(3,532)	(1,123)	(3,430)
Depreciation	15	(72)	(214)	(43)	(121)
Profit before impairment and tax		1,855	5,651	2,024	6,273
Net Impairment loss on lease receivables	13(b)	(672)	(1,699)	(617)	(1,610)
Bad debts written back – net		5	324	147	169
Profit before tax		1,188	4,276	1,554	4,832
Income tax expense	10	(182)	(461)	(89)	(586)
Profit after tax		1,006	3,815	1,465	4,246
Other comprehensive income					
Items that will never be reclassified to profit or loss					
Movement in revaluation reserve – net of tax		7	20	7	20
Total comprehensive income for the period		1,013	3,835	1,472	4,266
Earnings per share (Rial)	11	0.004	0.014	0.005	0.016

The notes on pages 6 to 13 form an integral part of this unaudited condensed 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 2017	30 September 2016	31 December 2016
	Note	Rials '000 Unaudited	Rials '000 Unaudited	Rials '000 Audited
Assets				
Cash and bank balances	19	3,091	3,345	2,347
Statutory deposit	12	250	210	250
Net investment in financing activities	13	190,971	192,777	192,529
Deferred tax	10	965	770	770
Advances and prepayments		1,365	1,976	1,569
Property and equipment	14	<u>1,685</u>	<u>1,516</u>	<u>1,755</u>
Total assets		<u>198,327</u>	<u>200,594</u>	<u>199,220</u>
Equity and Liabilities				
Equity				
Share capital	15	27,926	27,113	27,113
Revaluation reserve		847	873	867
Legal reserve		4,793	4,158	4,793
Retained earnings		<u>12,109</u>	<u>11,408</u>	<u>12,882</u>
Total equity		<u>45,675</u>	<u>43,552</u>	<u>45,655</u>
Liabilities				
Creditors and accruals	16	5,870	5,809	4,348
Staff terminal benefits		618	628	620
Tax liabilities	10	907	836	1,113
Bank borrowings	17	126,682	134,622	131,626
Fixed deposits	18	<u>18,575</u>	<u>15,147</u>	<u>15,858</u>
Total liabilities		<u>152,652</u>	<u>157,042</u>	<u>153,565</u>
Total equity and liabilities		<u>198,327</u>	<u>200,594</u>	<u>199,220</u>
Net assets per share		<u>0.164</u>	<u>0.161</u>	<u>0.163</u>

The unaudited condensed interim financial information from pages 2 to 13 was approved and authorised for issue in accordance with a resolution of the Board of Directors on 24 October 2017 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 this unaudited condensed interim financial information.

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NATIONAL FINANCE COMPANY SAOG

UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2017

	Share capital Rials '000	Revaluation reserve Rials '000	Legal reserve Rials '000	Retained earnings Rials '000	Total Rials '000
1 January 2017	27,113	867	4,793	12,882	45,655
<i>Total comprehensive income:</i>					
Profit for the period	-	-	-	3,815	3,815
<i>Other comprehensive income</i>					
Incremental depreciation – net of tax		(20)		20	-
Total Comprehensive income		(20)	-	3,835	3,815
<i>Transactions with owners:</i>					
Stock dividend	813	-	-	(813)	-
Dividend declared	-	-	-	(3,795)	(3,795)
Total transactions with owners	813	-	-	(4,608)	(3,795)
30 September 2017 (Unaudited)	27,926	847	4,793	12,109	45,675
1 January 2016	26,323	893	4,158	11,090	42,464
<i>Total comprehensive income:</i>					
Profit for the period	-	-	-	4,246	4,246
<i>Other comprehensive income:</i>					
Incremental depreciation – net of tax	-	(20)	-	20	-
Total Comprehensive income	-	(20)	-	4,266	4,246
<i>Transactions with owners:</i>					
Dividend declared	-	-	-	(3,158)	(3,158)
Stock dividend	790	-	-	(790)	-
Total transactions with owners	790	-	-	(3,948)	(3,158)
30 September 2016 (Unaudited)	27,113	873	4,158	11,408	43,552
1 January 2016	26,323	893	4,158	11,090	42,464
<i>Total comprehensive income:</i>					
Profit for the year	-	-	-	6,349	6,349
<i>Other comprehensive income</i>					
Incremental depreciation – net of tax	-	(26)	-	26	-
Total Comprehensive income	-	(26)	-	6,375	6,349
<i>Transactions with owners:</i>					
Stock dividend	790	-	-	(790)	-
Dividend declared	-	-	-	(3,158)	(3,158)
Total transactions with owners	790	-	-	(3,948)	(3,158)
Transfer to legal reserve (note 17)	-	-	635	(635)	-
31 December 2016 (Audited)	27,113	867	4,793	12,882	45,655

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

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

	Note	30 September 2017 Rials '000	30 September 2016 Rials '000
Cash flows from operating activities			
Profit before tax		4,276	4,832
Adjustments for:			
Depreciation		214	121
End of service benefits		62	101
Impairment of lease receivables		1,699	1,610
Profit on sale of property pending sale		-	(24)
Bad debts written (back) - net		(324)	(169)
Finance cost	18	4,280	3,633
		10,207	10,104
End of service benefits paid		(64)	(56)
Changes in:			
Net investment in financing activities		183	(8,715)
Advances and prepayments		204	(372)
Creditors and accruals		1,522	191
Interest paid		(3,912)	(3,441)
Income tax paid		(863)	(804)
Net cash from / (used in) operating activities		7,277	(3,093)
Cash flows from investing activities			
Proceeds from sale of property pending sale		-	108
Purchase of property and equipment		(144)	(156)
Net cash used in investing activities		(144)	(48)
Cash flows from financing activities			
Proceeds / (repayments) from/of bank borrowings	19	(7,501)	7,115
Proceeds / (repayments) from/of fixed deposits	19	2,336	1,175
Dividend paid		(3,795)	(3,158)
Net cash (used in) / from financing activities		(8,960)	5,132
Net change in cash and cash equivalents during the period			
		(1,827)	1,991
Cash and cash equivalents at the beginning of the period		2,347	(247)
Cash and cash equivalents at the end of the period	19	520	1,744

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Review report is set forth on page 1.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2017****1.1 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 listing on the Muscat Securities Market. The principal activity of the Company is leasing business. The Company derives all of its income from financing operations, factoring and working capital funding within the Sultanate of Oman.

1.2 Status of merger with Oman Orix Leasing Company SAOG (“OOLC”)

Pursuant to the disclosure dated April 16, 2017, National Finance Co. SAOG (“National Finance”) would like to disclose that the Company’s Board of Directors met on Thursday, 11th May 2017 and agreed to offer a Cash Buyout to the Shareholders of Oman Orix Leasing Company SAOG (“OOLC”). National Finance’s proposed Cash Offer equates to a Price of 1.20x the ending Book Value of OOLC, as at 31st March 2017 “the Cut-Off Date”. National Finance will be prepared to make Price Adjustments related to movements in OOLC’s financials between the Cut-Off Date and the actual Transaction Date. In this regard, an Offer Letter has been sent to OOLC for their due consideration. Please be informed that National Finance has received in-principle approval from the Central Bank of Oman subject to shareholders’ approval and final approval from the regulatory authorities.

2 Summary of significant accounting policies

This unaudited condensed interim financial information (interim financial information) as at and for the nine months period ended 30 September 2017 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 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 2016, which have been prepared in accordance with International Financial Reporting Standards (‘IFRSs’).

This unaudited condensed interim financial information does not include all the information required for full annual financial statements, and should be read in conjunction with the most recent full audited financial statements of the Company as at and for the year ended 31 December 2016.

3 Significant accounting policies*(a) Statement of compliance*

This interim financial information has been prepared in accordance with International Financial Reporting Standards (‘IFRS’) as issued by International Accounting Standards Board (‘IASB’), the requirements of the Commercial Companies Law of 1974, as amended and the relevant disclosure requirements of the Capital Market Authority (‘CMA’) and applicable regulations of the Central Bank of Oman.

(b) Basis of preparation

This interim financial information has been prepared on the historical cost basis except for land and buildings that are shown at revalued amount.

(c) Standards, amendments and interpretation effective in 2017

For the period ended 30 September 2017, 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 2017.

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.

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

3 Significant accounting policies (continued)

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

Certain new accounting standards and interpretations have been published that are mandatory for the Company's accounting periods beginning on or after 1 January 2017 and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

IFRS 9, 'Financial instruments' (effective from 1 January 2018)

In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard. Following the changes approved by the IASB in July 2014, the Company's management is in the process of assessing the impact of application of changes in IFRS 9 'Financial instruments' on the financial statements of the Company.

Other standards and interpretations that have been issued but are not yet mandatory, have not been early adopted by the Company and are not expected to have a material impact on the Company's financial statements.

4 Accounting estimates

The preparation of condensed 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 this condensed 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 as at and for the year ended 31 December 2016.

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 condensed interim financial information does 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 2016. There have been no changes in the risk management policies since that date.

6 Operating segment information

The Company has only one reportable segment namely, leasing activities, all of which are carried out in the Sultanate of 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 29 March 2017 approved a cash dividend of 14% amounting to Rials 3.8 million for the year ended 31 December 2016 (2016 - cash dividend of 12% amounting to Rials 3.16 million for FY-2015) which was paid on 3 April 2017 to Muscat Clearing & Depository Company for distribution to the shareholders and bonus shares of 3% amounting to 8,133,761 shares (2015 – 7,896,855 shares).

8 Other income

	Quarter ended 30 September 2017 Rials '000	Nine months ended 30 September 2017 Rials '000	Quarter ended 30 September 2016 Rials '000	Nine months ended 30 September 2016 Rials '000
Penal charges received	56	299	62	185
Income from pre-closed leases	50	151	49	173
Miscellaneous income	161	494	136	424
	267	944	247	782

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

9 General and administrative expenses

	Quarter ended 30 September 2017 Rials '000	Nine months ended 30 September 2017 Rials '000	Quarter ended 30 September 2016 Rials '000	Nine months ended 30 September 2016 Rials '000
Employee related expenses	887	2,708	882	2,647
Occupancy costs	31	81	18	51
Communication costs	34	115	31	87
Professional fees	52	139	34	117
Advertising and sales promotion	4	25	6	41
Directors' sitting fees	8	33	10	31
Directors' remuneration	40	116	41	124
Other office expenses	95	315	101	332
	1,151	3,532	1,123	3,430

10 Taxation

The Company has applied an income tax rate of 15% on the taxable profits, (2016 - 12% on 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 2017 Rials '000	Nine months ended 30 September 2017 Rials '000	Quarter ended 30 September 2016 Rials '000	Nine months ended 30 September 2016 Rials '000
Profit before taxation	1,188	4,276	1,554	4,832
Income tax expense computed at applicable tax rates	178	641	186	580
Deferred tax	-	(195)	(1)	(25)
Others	4	15	(96)	31
Taxation expense	182	461	89	586
		30 September 2017 Rials '000	30 September 2016 Rials '000	31 December 2016 Rials '000
Deferred tax asset		965	770	770
Tax liabilities :-				
Deferred tax liability		114	119	118
Tax Provision		793	717	995
		907	836	1,113

Tax assessments up to year 2012 are complete and agreed with the taxation authority. Assessments of the Company for tax years 2013 to 2016 are subject to agreement with the Oman Taxation Authorities. The Directors are of the opinion that the additional taxes assessed in respect of open tax assessments, if any, would not be material to the Company's financial position as at 30 September 2017.

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

11 Earnings per share

	Quarter ended 30 September 2017 Rials '000	Nine months ended 30 September 2017 Rials '000	Quarter ended 30 September 2016 Rials '000	Nine months ended 30 September 2016 Rials '000
Profit for the period attributable to ordinary shareholders	1,006	3,815	1,465	4,246
Number of shares ('000)	279,259	279,259	279,259	279,259
Earnings per share (Rials)	0.004	0.014	0.005	0.015

Net earnings per share as at and for the nine months period ended 30 September 2017 have been calculated using weighted average shares outstanding for the period. The weighted average shares outstanding for the nine months period ended 30 September 2017 are 279,259,126 shares (30 September 2016: 271,125,365 shares). Earnings per share have been calculated using the closing number of shares as at 30 September 2017 as bonus shares were issued in 2017 for no consideration.

12 Statutory deposit

The Company is required to maintain a deposit of Rials 250,000 (September 2016 – Rials 210,000 and December 2016 - Rials 250,000) 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% per annum (2016 – 1%).

13 Net investment in financing activities

	30 September 2017 Rials '000	30 September 2016 Rials '000	31 December 2016 Rials '000
Gross investment in finance leases	227,026	230,934	227,944
Working capital finance	12,174	8,398	9,305
Unearned finance income	(34,177)	(32,848)	(32,708)
	205,023	206,484	204,541
Provision for impairment of lease receivable	(12,787)	(12,495)	(11,088)
Unrecognised contractual income	(1,265)	(1,212)	(924)
	190,971	192,777	192,529

(a) *Unearned finance income:*

	30 September 2017 Rials '000	30 September 2016 Rials '000	31 December 2016 Rials '000
Opening balance	32,708	31,320	31,320
Additions during the period/year	14,202	14,203	18,599
Recognised during the period/year	(12,733)	(12,675)	(17,211)
Closing balance	34,177	32,848	32,708

(b) *Provision for impairment of lease receivable:*

	30 September 2017 Rials '000	30 September 2016 Rials '000	31 December 2016 Rials '000
Opening balance	11,088	10,885	10,885
Provided during the period/year	2,443	2,314	2,235
Released during the period/year	(744)	(704)	(726)
Written off during the period/year	-	-	(1,306)
Closing balance	12,787	12,495	11,088

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

(c) *Unrecognised contractual income:*

	30 September 2017 Rials '000	30 September 2016 Rials '000	31 December 2016 Rials '000
Opening balance	924	943	943
Additions during the period/year	507	426	403
Recognised during the period/year	<u>(166)</u>	<u>(157)</u>	<u>(422)</u>
Closing balance	<u>1,265</u>	<u>1,212</u>	<u>924</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 2017, net investment in financing leases where contractual income has not been recognised was Rials 18.55 million (30 September 2016 - Rials 15.54 million, 31 December 2016 - Rials 11.24 million).

14 Property and equipment

	Freehold land Rials '000	Buildings Rials '000	Furniture, fixtures and equipment Rials '000	Motor vehicles Rials '000	Total Rials '000
At 30 September 2017					
Cost or valuation					
At 1 January 2017	955	600	1,659	203	3,417
Additions	-	-	144	-	144
At 30 September 2017	<u>955</u>	<u>600</u>	<u>1,803</u>	<u>203</u>	<u>3,561</u>
Accumulated depreciation					
At 1 January 2017	-	353	1,309	-	1,662
Charge for the period	-	23	140	51	214
At 30 September 2017	<u>-</u>	<u>376</u>	<u>1,449</u>	<u>51</u>	<u>1,876</u>
Net book value					
At 30 September 2017	<u>955</u>	<u>224</u>	<u>354</u>	<u>152</u>	<u>1,685</u>
At 30 September 2016					
Cost or valuation					
At 1 January 2016	955	600	1,419	145	3,119
Additions	-	-	156	-	156
At 30 June 2016	<u>955</u>	<u>600</u>	<u>1,575</u>	<u>145</u>	<u>3,275</u>
Accumulated depreciation					
At 1 January 2016	-	323	1,171	144	1,638
Charge for the period	-	22	99	-	121
At 30 September 2016	<u>-</u>	<u>345</u>	<u>1,270</u>	<u>144</u>	<u>1,759</u>
Net book value					
At 30 September 2016	<u>955</u>	<u>255</u>	<u>305</u>	<u>1</u>	<u>1,516</u>
At 31 December 2016					
Cost or valuation					
At 1 January 2016	955	600	1,419	145	3,119
Additions	-	-	240	203	443
Disposals	-	-	-	(145)	(145)
At 31 December 2016	<u>955</u>	<u>600</u>	<u>1,659</u>	<u>203</u>	<u>3,417</u>
Accumulated depreciation					
At 1 January 2016	-	323	1,171	144	1,638
Charge for the year	-	30	138	-	168
Disposals	-	-	-	(144)	(144)
At 31 December 2016	<u>-</u>	<u>353</u>	<u>1,309</u>	<u>-</u>	<u>1,662</u>
Net book value					
At 31 December 2016	<u>955</u>	<u>247</u>	<u>350</u>	<u>203</u>	<u>1,755</u>

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

15 Share capital

The authorised share capital of the Company comprises 300,000,000 ordinary shares of baizas 100 each (30 September 2016 and 31 December 2016 - 300,000,000 ordinary shares of baizas 100 each). The Company's issued and fully paid-up share capital amounts to 279,259,126 ordinary shares of baizas 100 each (30 September 2016 and 31 December 2016 - 271,125,365 ordinary shares of baizas 100 each).

16 Creditors and accruals

	30 September 2017 Rials '000	30 September 2016 Rials '000	31 December 2016 Rials '000
Creditors	4,842	4,524	2,976
Accruals and other liabilities	1,028	1,285	1,372
	5,870	5,809	4,348

17 Bank borrowings

	30 September 2017 Rials '000	30 September 2016 Rials '000	31 December 2016 Rials '000
Overdrafts	2,571	1,601	-
Short-term loans	49,908	46,446	46,342
Current portion of long-term loans	58,676	46,344	65,392
Long-term loans	15,527	40,231	19,892
	126,682	134,622	131,626

- (a) During the period, interest was charged on the above borrowings at rates ranging between 3.3% and 5.5% per annum (September 2016-2.65% and 5.5% per annum).
- (b) At the reporting date, all outstanding borrowings were secured by a first priority pari-passu floating charge on the assets of the Company, including but not limited to the Company's receivables from its customers.
- (c) Company has entered into a foreign currency forward contract in the amount of RO 4 M [USD 10.37 M] (September -2016 – RO 8.87 M [USD 23 M], Dec-2016 - RO 10.3 M [USD 26.8 M]) with a local financial institution to hedge its USD payments. As at 30 September 2017, the aggregate fair value of foreign currency forward contract is RO 4 M [USD 10.37 M] (September -2016 – RO 8.87 M [USD 23 M], Dec-2016 - RO 10.3 M [USD 26.8 M]) to repay US Dollar term loans.

18 Fixed deposits

The Company has fixed deposits from corporate entities based in Oman amounting to Rials 18.6 million, (30 September 2016 - Rials 15.1 million and 31 December 2016 - Rials 15.9 million) with tenures ranging from 6 months to 5 years, as per guidelines issued by the Central Bank of Oman. These deposits carry interest rates between 2.7 % to 5.2% (30 September 2016 – 2.4% to 5.2% and 31 December 2016 – 2.7% and 5.2%) per annum. The carrying amount includes interest accrued till the end of the reporting period.

19 Cash and cash equivalents

	30 September 2017 Rials '000	30 June 2016 Rials '000	31 December 2016 Rials '000
Cash and bank balances	3,091	3,345	2,347
Bank overdrafts	(2,571)	(1,601)	-
	520	1,744	2,347

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

Cash and cash equivalents (continued)

	RO'000s	
Change in cash flows from financing activities (Principal)		
Particulars	Cash flow from Bank Borrowings	Cash flow from Fixed Deposits
Opening Balance	131,284	15,601
Additions during the period	54,894	9,189
Repayments during the period	(62,395)	(6,853)
Closing Balance	123,783	17,937
Change in cash flows	(7,501)	2,336

20 Related parties

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

	Nine Months Ended 30 September 2017 Rials '000	Nine Months ended 30 September 2016 Rials '000
General and administration overheads	2	2
Sales incentive paid	114	123
Payments to directors (note 9)		
Sitting fees	33	31
Remuneration	116	124
	149	155
Remuneration to key members of management during the period		
Salaries and other benefits (top 5 employees)	601	554

21 Maturity analysis of significant assets and liabilities

At 30 September 2017	Up to 1 month Rials '000	> 1 month to 1 year Rials '000	> 1 year Rials '000	Non-fixed maturity Rials '000	Total Rials '000
Assets					
Cash and bank balances	3,091	-	-	-	3,091
Statutory deposit	-	-	-	250	250
Net investment in financing activities	6,098	76,354	108,519	-	190,971
Advances and prepayments	-	1,365	-	-	1,365
Deferred tax asset	-	-	-	965	965
Property and equipment	-	-	-	1,685	1,685
Total assets	9,189	77,719	108,519	2,900	198,327
Equity					
Equity	-	-	-	45,675	45,675
Liabilities					
Bank borrowings and fixed deposits	21,140	98,883	25,234	-	145,257
Creditors and accruals	5,870	-	-	-	5,870
Tax liabilities	-	907	-	-	907
Staff terminal benefits	-	-	-	618	618
Total equity and liabilities	27,010	99,790	25,234	46,293	198,327
Liquidity gap	(17,821)	(22,071)	83,285	(43,393)	
Cumulative liquidity gap	(17,821)	(39,892)	43,393	-	

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

21 Maturity analysis of significant assets and liabilities (continued)

At 30 September 2016	Up to 1 month Rials '000	> 1 month to 1 year Rials '000	> 1 year Rials '000	Non-fixed maturity Rials '000	Total Rials '000
Assets					
Cash and bank balances	3,345	-	-	-	3,345
Statutory deposit	-	-	-	210	210
Net investment in financing activities	5,832	69,587	117,358	-	192,777
Deferred tax	-	-	-	770	770
Advances and prepayments	-	1,976	-	-	1,976
Property and equipment	-	-	-	1,516	1,516
Total assets	9,177	71,563	117,358	2,496	200,594
Equity					
Equity	-	-	-	43,552	43,552
Liabilities					
Bank borrowings and fixed deposits	26,012	79,891	43,866	-	149,769
Creditors and accruals	5,809	-	-	-	5,809
Staff terminal benefits	-	836	-	-	836
Tax liability	-	-	-	628	628
Total equity and liabilities	31,821	80,727	43,866	44,180	200,594
Liquidity gap	(22,644)	(9,164)	73,492	(41,684)	
Cumulative liquidity gap	(22,644)	(31,808)	41,684		

At 31 December 2016	Up to 1 month Rials '000	> 1 month to 1 year Rials '000	> 1 year Rials '000	Non-fixed maturity Rials '000	Total Rials '000
Assets					
Cash and bank balances	2,347	-	-	-	2,347
Statutory deposit	-	-	-	250	250
Net investment in financing activities	5,719	60,748	126,062	-	192,529
Advances and prepayments	-	1,569	-	-	1,569
Tax Asset - Net	-	-	-	770	770
Property pending sale	-	-	-	-	-
Property and equipment	-	-	-	1,755	1,755
Total assets	8,066	62,317	126,062	2,775	199,220
Equity and Liabilities					
Equity	-	-	-	45,655	45,655
Liabilities					
Bank borrowings and fixed deposit	11,174	109,731	26,579	-	147,484
Creditors and accruals	-	4,348	-	-	4,348
Staff terminal benefits	-	255	-	365	620
Tax liabilities	-	995	-	118	1,113
Total equity and liabilities	11,174	115,329	26,579	46,138	199,220
Liquidity gap	(3,108)	(53,012)	99,483	(43,363)	
Cumulative liquidity gap	(3,108)	(56,120)	43,363	-	