

## ***Directors' Report***

On behalf of the Board of Directors, I take pleasure in placing before you the results of the Company for the nine months period ended 30 September 2012.

### ***Economic environment***

The local economic environment was positive during the period. The many infrastructure projects which are in the implementation phase will result in growth in business confidence and consumer consumption through employment generation in the short to medium term. Overall, our reading of the economic climate is cautiously positive for our business.

### ***Operating performance***

Net investment in finance activities as on 30 September 2012 was Rials 119.84M as compared to Rials 107.52M as on 31 December 2011.

Overall, the Company's net profit was Rials 2.92M for the nine months ended 30 September 2012 as compared to Rials 2.48M for the same period in 2011.

### ***Future outlook***

The business was as expected during the first nine months of the year. The market has grown with additional job creation and significant investment in infrastructure. At the same time, the market has also become more competitive. We continue to deal with the increased challenges of competition with an emphasis on customer service.

The well-defined policies and procedures, strong channels of communication, customer relationships and experienced and result oriented management and staff will enable the company to deal with the challenges of a rapidly changing global and local economy. We expect that the banking system will retain sufficient liquidity.

### ***Other Matters***

The company continued its training efforts for its personnel. As of 30 September 2012 the Omanisation level stood at 78.6% 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 Bin Jandal Bin Ali**  
**Chairman**

October 21, 2012

## NATIONAL FINANCE COMPANY SAOG

### UNAUDITED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2012

		Quarter ended 30 September 2012	Nine months ended 30 September 2012	Quarter ended 30 September 2011	Nine months ended 30 September 2011
	Note	Rials '000	Rials '000	Rials '000	Rials '000
Finance income		3,017	8,752	2,652	7,382
Interest expense		<u>(822)</u>	<u>(2,404)</u>	<u>(829)</u>	<u>(2,353)</u>
<b>Net finance income</b>		<b>2,195</b>	<b>6,348</b>	<b>1,823</b>	<b>5,029</b>
Other income	10	<u>112</u>	<u>473</u>	<u>192</u>	<u>605</u>
<b>Net operating income</b>		<b>2,307</b>	<b>6,821</b>	<b>2,015</b>	<b>5,634</b>
<b>Expenses</b>					
General and administrative expenses	11	<u>(756)</u>	<u>(2,304)</u>	<u>(736)</u>	<u>(2,011)</u>
Depreciation	17	<u>(71)</u>	<u>(216)</u>	<u>(30)</u>	<u>(87)</u>
<b>Profit before impairment</b>		<b>1,480</b>	<b>4,301</b>	<b>1,249</b>	<b>3,536</b>
Impairment of financing receivables - net	15(b)	<u>(387)</u>	<u>(1,007)</u>	<u>(187)</u>	<u>(790)</u>
Bad debts written back		<u>13</u>	<u>76</u>	<u>16</u>	<u>91</u>
<b>Profit before taxation</b>		<b>1,106</b>	<b>3,370</b>	<b>1,078</b>	<b>2,837</b>
Taxation	12	<u>(132)</u>	<u>(447)</u>	<u>(135)</u>	<u>(357)</u>
<b>Profit for the period</b>		<b>974</b>	<b>2,923</b>	<b>943</b>	<b>2,480</b>
<b>Other comprehensive income</b>					
Revaluation of land and buildings		4	13	7	20
Foreign currency reserve transferred		-	-	-	153
<b>Other comprehensive income for the period</b>		<u>4</u>	<u>13</u>	<u>7</u>	<u>173</u>
<b>Total comprehensive income for the period</b>		<b><u>978</u></b>	<b><u>2,936</u></b>	<b><u>950</u></b>	<b><u>2,653</u></b>
<b>Earnings per share (Rials)</b>	13	<b><u>0.004</u></b>	<b><u>0.012</u></b>	<b><u>0.005</u></b>	<b><u>0.014</u></b>

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.

## NATIONAL FINANCE COMPANY SAOG

### UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012

	Note	30 September 2012 Rials '000 Unaudited	30 September 2011 Rials '000 Unaudited	31 December 2011 Rials '000 Audited
<b>Assets</b>				
Cash and bank balances		1,596	1,185	1,238
Statutory deposit	14	50	50	50
Net investment in financing activities	15	119,841	103,001	107,520
Advances and prepayments		1,152	1,009	1,131
Property pending sale	16	131	159	131
Property and equipments	17	<u>1,406</u>	<u>1,147</u>	<u>1,219</u>
<b>Total assets</b>		<b><u>124,176</u></b>	<b><u>106,551</u></b>	<b><u>111,289</u></b>
<b>Equity</b>				
Share capital	18	25,055	17,555	17,555
Revaluation reserve		666	714	679
Legal reserve		2,146	1,791	2,146
Retained earnings		<u>4,706</u>	<u>2,778</u>	<u>3,524</u>
<b>Total equity</b>		<b><u>32,573</u></b>	<b><u>22,838</u></b>	<b><u>23,904</u></b>
<b>Liabilities</b>				
Creditors and accruals	19	4,127	5,664	4,736
Staff terminal benefits		526	384	422
Tax liabilities	12	365	324	445
Bank borrowings	20	73,322	64,540	68,504
Fixed deposits	21	<u>13,263</u>	<u>12,801</u>	<u>13,278</u>
<b>Total liabilities</b>		<b><u>91,603</u></b>	<b><u>83,713</u></b>	<b><u>87,385</u></b>
<b>Total equity and liabilities</b>		<b><u>124,176</u></b>	<b><u>106,551</u></b>	<b><u>111,289</u></b>
<b>Net assets per share</b>	13	<b><u>0.130</u></b>	<b><u>0.130</u></b>	<b><u>0.136</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 21 October 2012 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 NINE MONTH PERIOD ENDED 30 SEPTEMBER 2012

	Share capital Rials '000	Revaluation reserve Rials '000	Legal reserve Rials '000	Foreign currency reserve Rials '000	Retained earnings Rials '000	Total Rials '000
<b>1 January 2012</b>	<b>17,555</b>	<b>679</b>	<b>2,146</b>	<b>-</b>	<b>3,524</b>	<b>23,904</b>
<i>Total comprehensive income for the period</i>						
Profit for the period	-	-	-	-	2,923	2,923
Transfer to retained earnings	-	(13)	-	-	13	-
	-	(13)	-	-	<u>2,936</u>	<u>2,923</u>
<i>Transaction with shareholders recorded directly in equity</i>						
Issue of right shares	7,500	-	-	-	-	7,500
Cash dividend paid	-	-	-	-	(1,754)	(1,754)
<b>30 September 2012 (Unaudited)</b>	<b><u>25,055</u></b>	<b><u>666</u></b>	<b><u>2,146</u></b>	<b><u>-</u></b>	<b><u>4,706</u></b>	<b><u>32,573</u></b>
1 January 2011	15,133	734	1,791	153	3,304	21,115
<i>Total comprehensive income for the period</i>						
Profit for the period	-	-	-	-	2,480	2,480
Transfer to retained earnings	-	(20)	-	(153)	173	-
	-	(20)	-	(153)	<u>2,653</u>	<u>2,480</u>
<i>Transaction with shareholders recorded directly in equity</i>						
Issue of bonus shares	2,422	-	-	-	(2,422)	-
Cash dividend paid	-	-	-	-	(757)	(757)
<b>30 September 2011 (Unaudited)</b>	<b><u>17,555</u></b>	<b><u>714</u></b>	<b><u>1,791</u></b>	<b><u>-</u></b>	<b><u>2,778</u></b>	<b><u>22,838</u></b>
1 January 2011	15,133	734	1,791	153	3,304	21,115
<i>Total comprehensive income for the year</i>						
Profit for the year	-	-	-	-	3,546	3,546
Transfer to retained earnings	-	(55)	-	(153)	208	-
Transfer to legal reserve	-	-	355	-	(355)	-
	-	(55)	<u>355</u>	(153)	<u>3,399</u>	<u>3,546</u>
<i>Transaction with shareholders recorded directly in equity</i>						
Issue of bonus shares	2,422	-	-	-	(2,422)	-
Cash dividend paid	-	-	-	-	(757)	(757)
<b>31 December 2011 (Audited)</b>	<b><u>17,555</u></b>	<b><u>679</u></b>	<b><u>2,146</u></b>	<b><u>-</u></b>	<b><u>3,524</u></b>	<b><u>23,904</u></b>

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.

## NATIONAL FINANCE COMPANY SAOG

### UNAUDITED CONDENSED INTERIM STATEMENT OF CASH FLOW FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2012

	30 September 2012 Rials '000	30 September 2011 Rials '000
<b>Operating activities</b>		
<b>Profit before taxation</b>	3,370	2,837
Adjustments for:		
Depreciation	216	87
Provision for end of service benefits	141	108
Impairment of lease receivables	931	699
Interest expense	<u>2,404</u>	<u>2,353</u>
<b>Operating profit before working capital changes and payment of end of service benefits</b>	7,062	6,084
End of service benefits paid	(37)	(27)
<b>Changes in operating assets and liabilities</b>		
Investment in financing activities	(13,252)	(23,147)
Advances and prepayments	(21)	(133)
Creditors and accruals	(591)	1,042
Interest paid	(2,422)	(2,310)
Income tax paid	<u>(527)</u>	<u>(260)</u>
<b>Net cash used in operating activities</b>	<u>(9,788)</u>	<u>(18,751)</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(403)	(35)
Purchase of property pending for sale	-	(118)
<b>Net cash used in investing activities</b>	<u>(403)</u>	<u>(153)</u>
<b>Cash flows from financing activities</b>		
Bank borrowings	4,818	21,720
Fixed deposits	(15)	(2,679)
Dividend paid	(1,754)	(757)
Issue of share capital	<u>7,500</u>	-
<b>Net cash generated from financing activities</b>	<u>10,549</u>	<u>18,284</u>
<b>Net change in cash and cash equivalents</b>	358	(620)
Cash and cash equivalents at the beginning of the period	<u>1,238</u>	<u>1,805</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>1,596</u>	<u>1,185</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 2012****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 ended 30 September 2012 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 2011, 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.

Exceptional items are disclosed and described separately in the interim financial information where it is necessary to do so to provide further understanding of the financial position of the company (note 7).

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 2012**

For the period ended 30 September 2012, 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 2012.

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.

**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 2011.

**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 2011. There have been no changes in the risk management policies since year end.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2012 (continued)**
**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 Exceptional items**

During the period, the Company has issued 75 million right shares at par for Rials 7.5 million (2011 - nil).

**8 Income taxes**

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 31 December 2012 is 12% (the estimated tax rate for the nine months period ended 30 September 2012 was 12%).

**9 Dividends**

The shareholders in the Annual General Meeting held on 24 March 2012 approved a cash dividend of 7% amounting to Rials 1.754 million for the year ended 31 December 2011 (2011 - stock dividend of 16% amounting to Rials 2.422 million and cash dividend of 5% amounting to Rials 0.757 million).

**10 Other income**

	Quarter ended 30 September 2012 Rials '000	Nine months ended 30 September 2012 Rials '000	Quarter ended 30 September 2011 Rials '000	Nine months ended 30 September 2011 Rials '000
Penal charges	31	179	28	100
Income from pre-closed leases	42	168	105	309
Miscellaneous income	<u>39</u>	<u>126</u>	<u>59</u>	<u>196</u>
	<u>112</u>	<u>473</u>	<u>192</u>	<u>605</u>

**11 General and administrative expenses**

	Quarter ended 30 September 2012 Rials '000	Nine months ended 30 September 2012 Rials '000	Quarter ended 30 September 2011 Rials '000	Nine months ended 30 September 2011 Rials '000
Employee related expenses	560	1,669	534	1,479
Occupancy costs	10	32	12	34
Communication costs	21	64	20	50
Professional fees	17	74	19	45
Advertising and sales promotion	13	87	50	115
Directors' sitting fees	12	21	4	13
Directors' remuneration	31	94	18	56
Other office expenses	<u>92</u>	<u>263</u>	<u>79</u>	<u>219</u>
	<u>756</u>	<u>2,304</u>	<u>736</u>	<u>2,011</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2012 (continued)**
**12 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 2012 Rials '000	Nine months ended 30 September 2012 Rials '000	Quarter ended 30 September 2011 Rials '000	Nine months ended 30 September 2011 Rials '000
Profit before taxation	1,106	3,370	1,078	2,837
<i>Current tax</i>				
- current period	132	447	155	451
<i>Deferred tax asset</i>				
- current period	<u>-</u>	<u>-</u>	(20)	(94)
<b>Charge for the period</b>	<b><u>132</u></b>	<b><u>447</u></b>	<b><u>135</u></b>	<b><u>357</u></b>

**Tax liabilities**

	30 September 2012 Rials '000	30 September 2011 Rials '000	31 December 2011 Rials '000
Provision for taxation	549	782	937
Deferred tax liability	174	180	176
Deferred tax asset	(358)	(638)	(668)
	<b><u>365</u></b>	<b><u>324</u></b>	<b><u>445</u></b>

**13 Earnings per share**

The calculation of earnings per share is as follows:

	Quarter ended 30 September 2012 Rials '000	Nine months ended 30 September 2012 Rials '000	Quarter ended 30 September 2011 Rials '000	Nine months ended 30 September 2011 Rials '000
Profit for the period attributable to ordinary shareholders	<u>974</u>	<u>2,923</u>	<u>943</u>	<u>2,480</u>
Number of shares ('000)	<u>250,555</u>	<u>250,555</u>	<u>175,545</u>	<u>175,545</u>
Earnings per share (Rial)	<b><u>0.004</u></b>	<b><u>0.012</u></b>	<b><u>0.005</u></b>	<b><u>0.014</u></b>

Net assets per share and earnings per share at and for the nine months period ended 30 September 2012 have been calculated using weighted average shares outstanding for the period. The weighted average shares outstanding for the nine months period ended 30 September 2012 were 250,544,686 shares and these include 75,000,000 rights shares issued for baisas 100 per share during February 2012.

**14 Statutory deposit**

The Company is required to maintain a deposit of Rials 50,000 (2011 - Rials 50,000) 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 (2011 - 2%).



**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2012 (continued)**

**15 Net investment in financing activities**

	<b>30 September 2012 Rials '000</b>	30 September 2011 Rials '000	31 December 2011 Rials '000
Gross investment in finance leases	149,364	127,060	132,579
Working capital finance	504	830	989
Unearned finance income	<u>(22,759)</u>	<u>(19,056)</u>	<u>(19,942)</u>
	127,109	108,834	113,626
Provision for impairment	(6,488)	(5,235)	(5,485)
Unrecognised contractual income	<u>(780)</u>	<u>(598)</u>	<u>(621)</u>
	<u><b>119,841</b></u>	<u><b>103,001</b></u>	<u><b>107,520</b></u>

(a) Unearned finance income

	<b>30 September 2012 Rials '000</b>	30 September 2011 Rials '000	31 December 2011 Rials '000
Opening balance	19,942	14,274	14,274
Additions during the period/year	11,569	12,164	15,929
Recognised during the period/year	<u>(8,752)</u>	<u>(7,382)</u>	<u>(10,261)</u>
Closing balance	<u><b>22,759</b></u>	<u><b>19,056</b></u>	<u><b>19,942</b></u>

(b) Provision for impairment

	<b>30 September 2012 Rials '000</b>	30 September 2011 Rials '000	31 December 2011 Rials '000
Opening balance	5,485	4,449	4,449
Provided during the period/year	1,432	1,176	1,478
Released during the period/year	(425)	(386)	(434)
Write offs during the period/year	<u>(4)</u>	<u>(4)</u>	<u>(8)</u>
Closing balance	<u><b>6,488</b></u>	<u><b>5,235</b></u>	<u><b>5,485</b></u>

(c) Unrecognised contractual income

	<b>30 September 2012 Rials '000</b>	30 September 2011 Rials '000	31 December 2011 Rials '000
Opening balance	621	504	504
Unrecognised during the period/year	261	187	226
Recognised during the period/year	<u>(102)</u>	<u>(93)</u>	<u>(109)</u>
Closing balance	<u><b>780</b></u>	<u><b>598</b></u>	<u><b>621</b></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 2012, investment in leases where contractual income has not been recognised was Rials 9.1 million (30 September 2011 - Rials 6.3 million, 31 December 2011 - Rials 6.5 million).

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2012 (continued)**
**16 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.

**17 Property and equipments**

	Freehold land Rials '000	Buildings Rials '000	Furniture, fixtures and equipment Rials '000	Computer software Rials '000	Motor vehicles Rials '000	Total Rials '000
<b>At 30 September 2012</b>						
<b>Cost or valuation</b>						
At 1 January 2012	800	300	638	-	170	1,908
Additions	<u>-</u>	<u>-</u>	<u>40</u>	<u>363</u>	<u>-</u>	<u>403</u>
At 30 September 2012	<u>800</u>	<u>300</u>	<u>678</u>	<u>363</u>	<u>170</u>	<u>2,311</u>
<b>Accumulated depreciation</b>						
At 1 January 2012	-	169	497	-	23	689
Charge for the period	<u>-</u>	<u>35</u>	<u>38</u>	<u>101</u>	<u>42</u>	<u>216</u>
At 30 September 2012	<u>-</u>	<u>204</u>	<u>535</u>	<u>101</u>	<u>65</u>	<u>905</u>
<b>Net book value</b>						
At 30 September 2012	<u>800</u>	<u>96</u>	<u>143</u>	<u>262</u>	<u>105</u>	<u>1,406</u>
<b>At 30 September 2011</b>						
<b>Cost or valuation</b>						
At 1 January 2011	800	395	512	-	25	1,732
Additions	<u>-</u>	<u>-</u>	<u>118</u>	<u>-</u>	<u>-</u>	<u>118</u>
At 30 September 2011	<u>800</u>	<u>395</u>	<u>630</u>	<u>-</u>	<u>25</u>	<u>1,850</u>
<b>Accumulated Depreciation</b>						
At 1 January 2011	-	169	437	-	10	616
Charge for the period	<u>-</u>	<u>42</u>	<u>39</u>	<u>-</u>	<u>6</u>	<u>87</u>
At 30 September 2011	<u>-</u>	<u>211</u>	<u>476</u>	<u>-</u>	<u>16</u>	<u>703</u>
<b>Net book value</b>						
At 30 September 2011	<u>800</u>	<u>184</u>	<u>154</u>	<u>-</u>	<u>9</u>	<u>1,147</u>
<b>At 31 December 2011</b>						
<b>Cost or valuation</b>						
At 1 January 2011	800	395	512	-	25	1,732
Additions	-	-	126	-	145	271
Released on disposals	<u>-</u>	<u>(95)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(95)</u>
At 31 December 2011	<u>800</u>	<u>300</u>	<u>638</u>	<u>-</u>	<u>170</u>	<u>1,908</u>
<b>Accumulated depreciation</b>						
At 1 January 2011	-	169	437	-	10	616
Charge for the year	-	54	60	-	13	127
Released on disposals	<u>-</u>	<u>(54)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(54)</u>
At 31 December 2011	<u>-</u>	<u>169</u>	<u>497</u>	<u>-</u>	<u>23</u>	<u>689</u>
<b>Net book value</b>						
At 31 December 2011	<u>800</u>	<u>131</u>	<u>141</u>	<u>-</u>	<u>147</u>	<u>1,219</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2012 (continued)**

**18 Share capital**

The authorised share capital of the Company comprises 300,000,000 ordinary shares of baizas 100 each (2011 - 300,000,000 ordinary share of Baizas 100 each). In February 2012 the issued and paid up capital was increased to Rials 25,054,469 by rights issue of 75,000,000 shares at par. Accordingly, the Company's issued and fully paid-up share capital amounts to 250,544,686 ordinary shares of baizas 100 each (2011 - 175,544,686 ordinary shares of baizas 100 each).

**19 Creditors and accruals**

	<b>30 September 2012 Rials '000</b>	30 September 2011 Rials '000	31 December 2011 Rials '000
Creditors	<b>2,891</b>	4,806	3,862
Accruals and other liabilities	<b><u>1,236</u></b>	<u>858</u>	<u>874</u>
	<b><u>4,127</u></b>	<u>5,664</u>	<u>4,736</u>

**20 Bank borrowings**

	<b>30 September 2012 Rials '000</b>	30 September 2011 Rials '000	31 December 2011 Rials '000
Short-term loans	<b>51,851</b>	48,144	48,980
Long-term loans	<b><u>21,471</u></b>	<u>16,396</u>	<u>19,524</u>
	<b><u>73,322</u></b>	<u>64,540</u>	<u>68,504</u>

**21 Fixed deposits**

The Company has fixed deposits from corporate entities based in Oman amounting to Rials 13.3 million, (30 September 2011 - Rials 12.8 million and 31 December 2011 - Rials 13.3 million) with tenures ranging from 1 to 2 years, as per guidelines issued by the Central Bank of Oman. These deposits carry interest rates between 3.5% to 5.25% (30 September 2011 - 4.25% to 6.25% and 31 December 2011 - 3.75% to 6.25%) 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 2012 (continued)**

**22 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 2012 Rials '000	Nine months ended 30 September 2011 Rials '000
General and administration overheads	4	3
Lease rentals paid for vehicles taken on operating lease	-	25
<i>Payments to Directors</i>		
Sitting fees	20	12
Proposed remuneration	93	56
Directors' remuneration for previous year paid in current period	100	57
<i>Period end balances</i>		
Net investment in finance lease	34	80
<i>Remuneration to key members of management during the period</i>		
Salaries and other benefits (Top 5)	395	338
Advances and net investment in leases	26	39

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

At 30 September 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
<b>Assets</b>					
Cash and bank balances	1,596	-	-	-	1,596
Statutory deposit	-	-	-	50	50
Net investment in financing activities	3,749	38,392	77,700	-	119,841
Advances and prepayments	-	1,152	-	-	1,152
Property pending sale	-	131	-	-	131
Property and equipments	-	-	-	1,406	1,406
<b>Total assets</b>	<u>5,345</u>	<u>39,675</u>	<u>77,700</u>	<u>1,456</u>	<u>124,176</u>
<b>Equity</b>					
Equity	-	-	-	32,573	32,573
<b>Liabilities</b>					
Bank borrowings and fixed deposits	13,992	45,354	27,239	-	86,585
Creditors and accruals	-	4,127	-	-	4,127
Staff terminal benefits	-	-	-	526	526
Tax liability	-	365	-	-	365
<b>Total equity and liabilities</b>	<u>13,992</u>	<u>49,846</u>	<u>27,239</u>	<u>33,099</u>	<u>124,176</u>
<b>Liquidity gap</b>	<u>(8,647)</u>	<u>(10,171)</u>	<u>50,461</u>	<u>(31,643)</u>	
<b>Cumulative liquidity gap</b>	<u>(8,647)</u>	<u>(18,818)</u>	<u>31,643</u>		

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2012 (continued)**
**23 Maturity analysis of significant assets and liabilities (continued)**

At 30 September 2011	Up to 1 month	> 1 month to 1 year	> 1 year to 5 years	Non-fixed maturity	Total
Assets	Rials '000	Rials '000	Rials '000	Rials '000	Rials '000
Cash and bank balances	1,185	-	-	-	1,185
Statutory deposit	-	-	-	50	50
Net investment in financing activities	3,310	34,106	65,585	-	103,001
Advances and prepayments	1,009	-	-	-	1,009
Property pending sale	-	159	-	-	159
Property and equipments	-	-	-	1,147	1,147
<b>Total assets</b>	<b><u>5,504</u></b>	<b><u>34,265</u></b>	<b><u>65,585</u></b>	<b><u>1,197</u></b>	<b><u>106,551</u></b>
Equity					
Equity	-	-	-	22,838	22,838
Liabilities					
Bank borrowings and fixed deposits	11,577	43,644	22,120	-	77,341
Creditors and accruals	-	5,664	-	-	5,664
Staff terminal benefits	-	-	-	384	384
Tax liability	-	324	-	-	324
<b>Total equity and liabilities</b>	<b><u>11,577</u></b>	<b><u>49,632</u></b>	<b><u>22,120</u></b>	<b><u>23,222</u></b>	<b><u>106,551</u></b>
Liquidity gap	(6,073)	(15,367)	43,465	(22,025)	
Cumulative liquidity gap	(6,073)	(21,440)	22,025		

At 31 December 2011	Up to 1 month	> 1 month to 1 year	> 1 year to 5 years	Non-fixed maturity	Total
Assets	Rials '000	Rials '000	Rials '000	Rials '000	Rials '000
Cash and bank balances	1,238	-	-	-	1,238
Statutory deposit	-	-	-	50	50
Net investment in financing activities	3,250	34,705	69,565	-	107,520
Advances and prepayments	-	1,131	-	-	1,131
Property pending sale	-	131	-	-	131
Property and equipments	-	-	-	1,219	1,219
<b>Total assets</b>	<b><u>4,488</u></b>	<b><u>35,967</u></b>	<b><u>69,565</u></b>	<b><u>1,269</u></b>	<b><u>111,289</u></b>
Equity					
Equity	-	-	-	23,904	23,904
Liabilities					
Bank borrowings and fixed deposits	18,100	40,074	23,608	-	81,782
Creditors and accruals	-	4,736	-	-	4,736
Staff terminal benefits	-	-	-	422	422
Tax liability	-	445	-	-	445
<b>Total equity and liabilities</b>	<b><u>18,100</u></b>	<b><u>45,255</u></b>	<b><u>23,608</u></b>	<b><u>24,326</u></b>	<b><u>111,289</u></b>
Liquidity gap	(13,612)	(9,288)	45,957	(23,057)	
Cumulative liquidity gap	(13,612)	(22,900)	23,057		

**24 Corresponding figures**

Certain corresponding figures presented in these interim financial information for comparative purposes have been reclassified in order to conform with the presentation for the current period.

The review report is set forth on page 1.