

## ***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 2016.

### ***Economic environment***

The local economic environment has seen some sustained softening as a result of the low oil prices. While confidence in the local financial system remains comfortable, we have started experiencing tightening of liquidity and the resultant increase in borrowing rates. Slowdown in payments combined with tighter liquidity and the decline in new project investments will result in a more difficult economic environment going forward, particularly over the next year or two.

Over the medium term, while still having substantial reliance on oil revenues, the fundamental positive aspects of a young population, improving inflation, education and geographical location of Oman will enable growth of economy through non-oil segments. We expect continued growth during this transformation which will last several years.

### ***Operating performance***

The Company continues to adopt a conservative approach to credit approvals as a result of a perception of heightened credit risk over the last few years. Within this policy, our approach has been to target customers who satisfy our credit risk appetite. We anticipate moderate growth in our credit off take in the medium term and overall, our reading is that the economic climate is challenging with a need to balance growth against decreased margins and higher focus on collections.

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.

As a result of our business acquisition efforts, net investment in financing activities increased to Rials 192.78M as on 30 September 2016 (Rials 176.79M as on 30 September 2015). Overall, the Company's net profit was Rials 4.25M for the nine months ended 30 September 2016 which was similar to last year's corresponding profit of Rials 4.26M.

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 upgrading the skills of its employees through training and development. As of 30 September 2016 the Omanisation level stood at 82.1% 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

	Note	Quarter ended 30 September 2016 Rials '000	Nine months ended 30 September 2016 Rials '000	Quarter ended 30 September 2015 Rials '000	Nine months ended 30 September 2015 Rials '000
Finance income		4,313	12,675	3,993	11,720
Interest expense		(1,370)	(3,633)	(920)	(2,769)
<b>Net finance income</b>		<b>2,943</b>	<b>9,042</b>	<b>3,073</b>	<b>8,951</b>
Other income	8	247	782	200	640
<b>Net operating income</b>		<b>3,190</b>	<b>9,824</b>	<b>3,273</b>	<b>9,591</b>
<b>Expenses</b>					
General and administrative expenses	9	(1,123)	(3,430)	(1,112)	(3,316)
Depreciation	15	(43)	(121)	(33)	(93)
<b>Profit before impairment</b>		<b>2,024</b>	<b>6,273</b>	<b>2,128</b>	<b>6,182</b>
Impairment of financing receivables - net	13(b)	(617)	(1,610)	(448)	(1,345)
Bad debts written back		147	169	11	11
<b>Profit before taxation</b>		<b>1,554</b>	<b>4,832</b>	<b>1,691</b>	<b>4,848</b>
Taxation	10	(89)	(586)	(203)	(583)
<b>Profit for the period</b>		<b>1,465</b>	<b>4,246</b>	<b>1,488</b>	<b>4,265</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to profit or loss</b>					
Gain on revaluation of building – net of tax		-	-	-	264
Incremental depreciation – net of tax		7	20	6	15
Revaluation of land and buildings		7	20	6	279
<b>Total comprehensive income for the period</b>		<b>1,472</b>	<b>4,266</b>	<b>1,494</b>	<b>4,544</b>
<b>Earnings per share (Rials)</b>	11	<b>0.005</b>	<b>0.016</b>	<b>0.005</b>	<b>0.016</b>

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 2016

		<b>30 September 2016</b>	30 September 2015	31 December 2015
	<b>Note</b>	<b>Rials '000 Unaudited</b>	Rials '000 Unaudited	Rials '000 Audited
<b>Assets</b>				
Cash and bank balances		<b>3,345</b>	4,051	806
Statutory deposit	<i>12</i>	<b>210</b>	170	210
Net investment in financing activities	<i>13</i>	<b>192,777</b>	176,789	185,503
Deferred tax asset – net	<i>10</i>	<b>651</b>	591	623
Advances and prepayments		<b>1,976</b>	1,671	1,604
Property pending sale	<i>14</i>	<b>-</b>	96	84
Property and equipment	<i>15</i>	<b><u>1,516</u></b>	<u>1,447</u>	<u>1,481</u>
<b>Total assets</b>		<b><u>200,475</u></b>	<u>184,815</u>	<u>190,311</u>
<b>Equity and Liabilities</b>				
<b>Equity</b>				
Share capital	<i>16</i>	<b>27,113</b>	26,323	26,323
Revaluation reserve		<b>873</b>	900	893
Legal reserve		<b>4,158</b>	3,556	4,158
Retained earnings		<b><u>11,408</u></b>	<u>9,929</u>	<u>11,090</u>
<b>Total equity</b>		<b><u>43,552</u></b>	<u>40,708</u>	<u>42,464</u>
<b>Liabilities</b>				
Creditors and accruals	<i>17</i>	<b>5,809</b>	5,309	5,618
Staff terminal benefits		<b>628</b>	571	583
Current tax liability	<i>10</i>	<b>717</b>	651	907
Bank borrowings	<i>18</i>	<b>134,622</b>	120,377	126,877
Fixed deposits	<i>20</i>	<b><u>15,147</u></b>	<u>17,199</u>	<u>13,862</u>
<b>Total liabilities</b>		<b><u>156,923</u></b>	<u>144,107</u>	<u>147,847</u>
<b>Total equity and liabilities</b>		<b><u>200,475</u></b>	<u>184,815</u>	<u>190,311</u>
<b>Net assets per share</b>		<b><u>0.161</u></b>	<u>0.155</u>	<u>0.161</u>

This 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 23.10.2016 and signed on their behalf by:

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**TAYA BIN JANDAL BIN ALI**  
CHAIRMAN

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**ROBERT PANCRAS**  
CHIEF EXECUTIVE OFFICER

The notes and other explanatory information 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 CHANGES IN EQUITY FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016

	Share capital Rials '000	Revaluation reserve Rials '000	Legal reserve Rials '000	Retained earnings Rials '000	Total Rials '000
<b>1 January 2016</b>	<b>26,323</b>	<b>893</b>	<b>4,158</b>	<b>11,090</b>	<b>42,464</b>
<b>Comprehensive income:</b>					
Profit for the period	-	-	-	4,246	4,246
<b>Other comprehensive income:</b>					
Incremental depreciation – net of tax	-	(20)	-	20	-
<b>Transactions with owners:</b>					
Dividend paid	-	-	-	(3,158)	(3,158)
Stock dividend	790	-	-	(790)	-
<b>30 September 2016 (Unaudited)</b>	<b>27,113</b>	<b>873</b>	<b>4,158</b>	<b>11,408</b>	<b>43,552</b>
1 January 2015	25,681	651	3,556	8,859	38,747
<b>Comprehensive income:</b>					
Profit for the period	-	-	-	4,265	4,265
<b>Other comprehensive income:</b>					
Transfer to retained earnings – net of tax	-	(15)	-	15	-
Gain on revaluation of buildings - net of tax	-	264	-	-	264
<b>Transactions with owners:</b>					
Cash dividend paid	-	-	-	(2,568)	(2,568)
Stock dividend	642	-	-	(642)	-
<b>30 September 2015 (Unaudited)</b>	<b>26,323</b>	<b>900</b>	<b>3,556</b>	<b>9,929</b>	<b>40,708</b>
1 January 2015	25,681	651	3,556	8,859	38,747
<b>Comprehensive income:</b>					
Profit for the year	-	-	-	6,021	6,021
<b>Other comprehensive income:</b>					
Transfer to retained earnings - net of tax	-	(22)	-	22	-
Gain on revaluation of buildings - net of tax	-	264	-	-	264
<b>Transactions with owners:</b>					
Transfer to legal reserve	-	-	602	(602)	-
Stock dividend	642	-	-	(642)	-
Cash dividend paid	-	-	-	(2,568)	(2,568)
<b>31 December 2015 (Audited)</b>	<b>26,323</b>	<b>893</b>	<b>4,158</b>	<b>11,090</b>	<b>42,464</b>

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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 2016

	Nine months ended 30 September 2016 Rials '000	Nine months ended 30 September 2015 Rials '000
<b>Operating activities</b>		
Profit before taxation	4,832	4,848
<b>Adjustments for:</b>		
Depreciation	121	93
Provision for end of service benefits	101	113
Impairment of lease receivables – net	1,610	1,334
(Profit)/Loss on sale of property pending sale	(24)	10
Bad debts written off / (back)	(169)	-
Interest expense	3,633	2,769
<b>Operating cash flows before end of service benefits paid and changes in operating assets and liabilities</b>	<b>10,104</b>	9,167
End of service benefits paid	(56)	(84)
<b>Changes in operating assets and liabilities</b>		
Net investment in financing activities	(8,715)	(17,254)
Advances and prepayments	(372)	(23)
Creditors and accruals	191	704
Interest paid	(3,441)	(2,491)
Income tax paid	(804)	(880)
<b>Net cash used in operating activities</b>	<b>(3,093)</b>	(10,861)
<b>Cash flows from investing activities</b>		
Proceeds from sale of property pending sale	108	25
Purchase of property and equipment	(156)	(86)
<b>Net cash used in investing activities</b>	<b>(48)</b>	(61)
<b>Cash flows from financing activities</b>		
Bank borrowings (net)	7,115	19,355
Fixed deposits repaid (net)	1,175	(2,662)
Dividend paid	(3,158)	(2,568)
<b>Net cash generated from financing activities</b>	<b>5,132</b>	14,125
<b>Net change in cash and cash equivalents during the period</b>	<b>1,991</b>	3,203
Cash and cash equivalents at the beginning of the period	(247)	848
<b>Cash and cash equivalents at the end of the period (note 19)</b>	<b>1,744</b>	4,051

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.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016****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) as at and for the nine months period ended 30 September 2016 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 2015, which have been prepared in accordance with International Financial Reporting Standards ('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 2016*

For the period ended 30 September 2016, 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 2016.

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:*

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing this unaudited condensed interim financial information. None of these is expected to have a significant effect on the unaudited condensed interim financial information of the Company, except the following set out below:

- IFRS 9, 'Financial instruments' (effective on or after 1 January 2018).
- IFRS 15, 'Revenues from contracts with customers', effective on or after 1 January 2018.
- IFRS 16, Leases (effective on or after January 2019).

The Company is in the process of assessing the potential impact of these standards on the 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 2015.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016 (continued)**

**5 Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The 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 2015. 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 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 27 March 2016 approved a cash dividend of 12% amounting to Rials 3.16 million for the year ended 31 December 2015 (2014 - cash dividend of 10% amounting to Rials 2.57 million for FY-2014) which was paid on 3 April 2016 to Muscat Clearing & Depository Company for distribution to the shareholders and bonus shares of 3% amounting to 7,896,855 shares (2014 - 6,420,207 shares).

**8 Other income**

	<b>Quarter ended 30 September 2016 Rials '000</b>	<b>Nine months ended 30 September 2016 Rials '000</b>	<b>Quarter ended 30 September 2015 Rials '000</b>	<b>Nine months ended 30 September 2015 Rials '000</b>
Penal charges received	62	185	37	175
Income from pre-closed leases	49	173	50	151
Miscellaneous income	136	424	113	314
	<u>247</u>	<u>782</u>	<u>200</u>	<u>640</u>

**9 General and administrative expenses**

	<b>Quarter ended 30 September 2016 Rials '000</b>	<b>Nine months ended 30 September 2016 Rials '000</b>	<b>Quarter ended 30 September 2015 Rials '000</b>	<b>Nine months ended 30 September 2015 Rials '000</b>
Employee related expenses	882	2,647	871	2,551
Occupancy costs	18	51	15	45
Communication costs	31	87	24	80
Professional fees	34	117	48	132
Advertising and sales promotion	6	41	15	56
Directors' sitting fees	10	31	10	30
Directors' remuneration	41	124	37	122
Other office expenses	101	332	92	300
	<u>1,123</u>	<u>3,430</u>	<u>1,112</u>	<u>3,316</u>

**10 Taxation**

The Company has applied an income tax rate of 12% on the taxable profits, as the expected amendment in tax rates (increase to 15%) is still not issued (2015 - 12% on taxable profits in excess of Rials 30,000). The reconciliation between the tax expense and the profit before taxation is as follows:

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016 (continued)**

	<b>Quarter ended 30 September 2016 Rials '000</b>	<b>Nine months ended 30 September 2016 Rials '000</b>	<b>Quarter ended 30 September 2015 Rials '000</b>	<b>Nine months ended 30 September 2015 Rials '000</b>
Profit before taxation	<u>1,554</u>	<u>4,832</u>	1,691	4,848
Income tax expense computed at applicable tax rates	<b>186</b>	<b>576</b>	203	578
Others / (Reversal of tax rate difference)	<b>(97)</b>	<b>10</b>	-	5
Taxation expense	<u><b>89</b></u>	<u><b>586</b></u>	<u><b>203</b></u>	<u><b>583</b></u>

**Deferred Tax**

	<b>30 September 2016 Rials '000</b>	<b>30 September 2015 Rials '000</b>	<b>31 December 2015 Rials '000</b>
Deferred tax asset	<b>770</b>	714	745
Deferred tax liability	<u><b>(119)</b></u>	<u>(123)</u>	<u>(122)</u>
	<u><b>651</b></u>	<u><b>591</b></u>	<u><b>623</b></u>

Tax assessments up to year 2009 are complete and agreed with the taxation authority. Assessments of the Company for tax years 2010 to 2015 are subject to agreement with the Oman Taxation Authorities. The Directors of 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 2016.

**11 Earnings per share**

The calculation of earnings per share is as follows:

	<b>Quarter ended 30 September 2016 Rials '000</b>	<b>Nine months ended 30 September 2016 Rials '000</b>	<b>Quarter ended 30 September 2015 Rials '000</b>	<b>Nine months ended 30 September 2015 Rials '000</b>
Profit for the period attributable to ordinary shareholders	<u>1,465</u>	<u>4,246</u>	1,488	4,265
Number of shares ('000)	<u>271,125</u>	<u>271,125</u>	271,125	271,125
Earnings per share (Rials)	<u><b>0.005</b></u>	<u><b>0.016</b></u>	0.005	0.016

Net earnings per share as at and for the nine months period ended 30 September 2016 have been calculated using weighted average shares outstanding for the period. The weighted average shares outstanding for the nine months period ended 30 September 2016 are 271,125,365 shares (30 September 2015:263,228,510 shares). Earnings per share have been calculated using the closing number of shares as at 30 September 2016 as bonus shares were issued in 2016 for no consideration.

**12 Statutory deposit**

The Company is required to maintain a deposit of Rials 210,000 (September 2015 – Rials 170,000 and December 2015 - Rials 210,000) 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 (2015 – 1%).

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016 (continued)**

**13 Net investment in financing activities**

	<b>30 September 2016 Rials '000</b>	30 September 2015 Rials '000	31 December 2015 Rials '000
Gross investment in finance leases	230,934	212,430	219,549
Working capital finance	8,398	7,140	9,102
Unearned finance income	<b>(32,848)</b>	(30,271)	(31,320)
	<b>206,484</b>	189,299	197,331
Provision for impairment of lease receivable	<b>(12,495)</b>	(11,371)	(10,885)
Unrecognised contractual income	<b>(1,212)</b>	(1,139)	(943)
	<b>192,777</b>	176,789	185,503

(a) *Unearned finance income:*

	<b>30 September 2016 Rials '000</b>	30 September 2015 Rials '000	31 December 2015 Rials '000
Opening balance	31,320	28,377	28,377
Additions during the period/year	14,203	13,614	18,822
Recognised during the period/year	<b>(12,675)</b>	(11,720)	(15,879)
Closing balance	<b>32,848</b>	30,271	31,320

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

	<b>30 September 2016 Rials '000</b>	30 September 2015 Rials '000	31 December 2015 Rials '000
Opening balance	10,885	10,026	10,026
Provided during the period/year	2,314	2,084	2,523
Released during the period/year	(704)	(739)	(847)
Written off during the period/year	-	-	(817)
Closing balance	<b>12,495</b>	11,371	10,885

(c) *Unrecognised contractual income:*

	<b>30 September 2016 Rials '000</b>	30 September 2015 Rials '000	31 December 2015 Rials '000
Opening balance	943	1,006	1,006
Additions during the period/year	426	308	319
Recognised during the period/year	<b>(157)</b>	(175)	(382)
Closing balance	<b>1,212</b>	1,139	943

(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 2016, net investment in financing leases where contractual income has not been recognised was Rials 15.54 million (30 September 2015 - Rials 11.93 million, 31 December 2015 - Rials 9.95 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. These properties are shown at the lower of cost and net realisable value.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016 (continued)

15 Property and equipment

	Freehold land Rials '000	Buildings Rials '000	Furniture, fixtures and equipment Rials '000	Motor vehicles Rials '000	Total Rials '000
<b>At 30 September 2016</b>					
<b>Cost or valuation</b>					
At 1 January 2016	955	600	1,419	145	3,119
Additions	-	-	156	-	156
<b>At 30 September 2016</b>	<b>955</b>	<b>600</b>	<b>1,575</b>	<b>145</b>	<b>3,275</b>
<b>Accumulated depreciation</b>					
At 1 January 2016	-	323	1,171	144	1,638
Charge for the period	-	22	99	-	121
<b>At 30 September 2016</b>	<b>-</b>	<b>345</b>	<b>1,270</b>	<b>144</b>	<b>1,759</b>
<b>Net book value</b>					
<b>At 30 September 2016</b>	<b>955</b>	<b>255</b>	<b>305</b>	<b>1</b>	<b>1,516</b>
<b>At 30 September 2015</b>					
<b>Cost or valuation</b>					
At 1 January 2015	955	300	1,271	145	2,671
Additions	-	-	-	-	-
Gain on revaluation	-	300	86	-	386
<b>At 30 September 2015</b>	<b>955</b>	<b>600</b>	<b>1,357</b>	<b>145</b>	<b>3,057</b>
<b>Accumulated depreciation</b>					
At 1 January 2015	-	298	1,075	144	1,517
Charge for the period	-	18	75	-	93
<b>At 30 September 2015</b>	<b>-</b>	<b>316</b>	<b>1,150</b>	<b>144</b>	<b>1,610</b>
<b>Net book value</b>					
<b>At 30 September 2015</b>	<b>955</b>	<b>284</b>	<b>207</b>	<b>1</b>	<b>1,447</b>
<b>At 31 December 2015</b>					
<b>Cost or valuation</b>					
At 1 January 2015	955	300	1,271	145	2,671
Additions	-	-	154	-	154
Disposals	-	-	(6)	-	(6)
Revaluation	-	300	-	-	300
<b>At 31 December 2015</b>	<b>955</b>	<b>600</b>	<b>1,419</b>	<b>145</b>	<b>3,119</b>
<b>Accumulated depreciation</b>					
At 1 January 2015	-	298	1,075	144	1,517
Charge for the year	-	25	102	-	127
Disposals	-	-	(6)	-	(6)
<b>At 31 December 2015</b>	<b>-</b>	<b>323</b>	<b>1,171</b>	<b>144</b>	<b>1,638</b>
<b>Net book value</b>					
<b>At 31 December 2015</b>	<b>955</b>	<b>277</b>	<b>248</b>	<b>1</b>	<b>1,481</b>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016 (continued)**

**16 Share capital**

The authorised share capital of the Company comprises 300,000,000 ordinary shares of baizas 100 each (30 September and 31 December 2015 - 300,000,000 ordinary shares of baizas 100 each). The Company's issued and fully paid-up share capital amounts to 271,125,365 ordinary shares of baizas 100 each (30 September and 31 December 2015 - 263,228,510 ordinary shares of baizas 100 each).

**17 Creditors and accruals**

	<b>30 September 2016 Rials '000</b>	30 September 2015 Rials '000	31 December 2015 Rials '000
Creditors	<b>4,524</b>	4,198	4,205
Accruals and other liabilities	<b>1,285</b>	1,111	1,413
	<b>5,809</b>	5,309	5,618

**18 Bank borrowings**

	<b>30 September 2016 Rials '000</b>	30 September 2015 Rials '000	31 December 2015 Rials '000
Overdrafts	<b>1,601</b>	-	1,053
Short-term loans	<b>46,446</b>	47,848	46,104
Current portion of long-term loans	<b>46,344</b>	28,867	25,809
Long-term loans	<b>40,231</b>	43,662	53,911
	<b>134,622</b>	120,377	126,877

- (a) During the year, interest was charged on the above borrowings at rates ranging between 2.65% and 5.5% per annum (September 2015-2.1% and 6.5% 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) The Company has obtained forward cover from a commercial bank to purchase US Dollars 23 million amounting to Rials 8.87 million. (September 2015 - Rials 10.2 million (USD 26.4 million)).

**19 Cash and cash equivalents**

	<b>30 September 2016 Rials '000</b>	30 September 2015 Rials '000	31 December 2015 Rials '000
Cash and bank balances	<b>3,345</b>	4,051	806
Bank overdrafts	<b>(1,601)</b>	-	(1,053)
	<b>1,744</b>	4,051	(247)

**20 Fixed deposits**

The Company has fixed deposits from corporate entities based in Oman amounting to Rials 15.1 million, (30 September 2015 - Rials 17.2 million and 31 December 2015 - Rials 13.9 million) with tenures ranging from 1 to 5 years, as per guidelines issued by the Central Bank of Oman. These deposits carry interest rates between 2.4 % to 5.2% (30 September 2015 – 2.1% to 4.25% and 31 December 2015 – 2.1% and 4.25%) 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 2016 (continued)**

**21 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 2016 Rials '000	Nine months ended 30 September 2015 Rials '000
General and administration overheads	2	2
Sales incentive paid	123	158
<b>Payments to directors (note 9)</b>		
Sitting fees	31	30
Remuneration	124	122
	155	152
<b>Remuneration to key members of management during the period</b>		
Salaries and other benefits (top 5 employees)	554	486

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

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
<b>Assets</b>					
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
Advances and prepayments	-	1,976	-	-	1,976
Tax asset	-	-	-	651	651
Property and equipment	-	-	-	1,516	1,516
<b>Total assets</b>	<b>9,177</b>	<b>71,563</b>	<b>117,358</b>	<b>2,377</b>	<b>200,475</b>
<b>Equity</b>					
Equity	-	-	-	43,552	43,552
<b>Liabilities</b>					
Bank borrowings and fixed deposits	26,012	79,891	43,866	-	149,769
Creditors and accruals	5,809	-	-	-	5,809
Tax liabilities	-	-	-	717	717
Staff terminal benefits	-	-	-	628	628
<b>Total equity and liabilities</b>	<b>31,821</b>	<b>79,891</b>	<b>43,866</b>	<b>44,897</b>	<b>200,475</b>
<b>Liquidity gap</b>	<b>(22,644)</b>	<b>(8,328)</b>	<b>73,492</b>	<b>(42,520)</b>	
<b>Cumulative liquidity gap</b>	<b>(22,644)</b>	<b>(30,972)</b>	<b>42,520</b>	<b>-</b>	

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016 (continued)**

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

At 30 September 2015	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
<b>Assets</b>					
Cash and bank balances	4,051	-	-	-	4,051
Statutory deposit	-	-	-	170	170
Net investment in financing activities	5,516	55,676	115,597	-	176,789
Tax Asset - Net	-	-	-	591	591
Advances and prepayments	-	1,671	-	-	1,671
Property pending sale	-	96	-	-	96
Property and equipment	-	-	-	1,447	1,447
<b>Total assets</b>	<b>9,567</b>	<b>57,443</b>	<b>115,597</b>	<b>2,208</b>	<b>184,815</b>
<b>Equity</b>					
Equity	-	-	-	40,408	40,408
<b>Liabilities</b>					
Bank borrowings and fixed deposits	26,984	63,939	46,653	-	137,576
Creditors and accruals	-	5,309	-	-	5,309
Staff terminal benefits	-	-	-	571	571
Tax liability	-	651	-	-	651
<b>Total equity and liabilities</b>	<b>26,984</b>	<b>69,899</b>	<b>46,653</b>	<b>41,279</b>	<b>184,815</b>
Liquidity gap	(17,417)	(12,456)	68,944	(39,071)	
Cumulative liquidity gap	(17,417)	(29,873)	39,071		

At 31 December 2015	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
<b>Assets</b>					
Cash and bank balances	806	-	-	-	806
Statutory deposit	-	-	-	210	210
Net investment in financing activities	5,430	67,877	112,196	-	185,503
Advances and prepayments	-	1,604	-	-	1,604
Tax Asset - Net	-	-	-	623	623
Property pending sale	-	84	-	-	84
Property and equipment	-	-	-	1,481	1,481
<b>Total assets</b>	<b>6,236</b>	<b>69,565</b>	<b>112,196</b>	<b>2,314</b>	<b>190,311</b>
<b>Equity and Liabilities</b>					
Equity	-	-	-	42,464	42,464
<b>Liabilities</b>					
Bank borrowings and fixed deposit	29,433	54,484	56,822	-	140,739
Creditors and accruals	5,618	-	-	-	5,618
Staff terminal benefits	-	261	-	322	583
Tax liabilities	-	907	-	-	907
<b>Total equity and liabilities</b>	<b>35,051</b>	<b>55,652</b>	<b>56,822</b>	<b>42,163</b>	<b>190,311</b>
Liquidity gap	(28,815)	13,913	55,374	(40,472)	
Cumulative liquidity gap	(28,815)	(14,902)	40,472	-	