

## ***Directors' Report***

On behalf of the Board of Directors, I take pleasure in placing before you the results of the Company for the three month period ended 31 March 2016.

### ***Economic environment***

The local economic environment has seen some softening as a result of the continued decline in 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. Tighter liquidity combined with a decline in new project investments will result in a more difficult economic environment going forward.

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. The company added credit provisions of Rials 537K in Q1, 2016 (Rials 428K in Q1 2015).

As a result of our business acquisition efforts, net investment in financing activities increased to Rials 189.61Mas on 31 March 2016 (Rials 185.50M as on 31 December 2015). Overall, the Company's net profit was Rials 1.43M for the three months ended 31 March 2016, an increase of 4.0% over last year's corresponding profit of Rials 1.38M.

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 31 March 2016 the Omanisation level stood at 83% 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 THREE MONTHS PERIOD ENDED 31 MARCH 2016

	Note	Three months ended 31 March 2016 Rials '000 Unaudited	Three months ended 31 March 2015 Rials '000 Unaudited
Finance income		4,182	3,840
Interest expense		<u>(1,051)</u>	<u>(929)</u>
<b>Net finance income</b>		<b>3,131</b>	<b>2,911</b>
Other income	8	<u>288</u>	<u>213</u>
<b>Net operating income</b>		<b>3,419</b>	<b>3,124</b>
<b>Expenses</b>			
General and administrative expenses	9	<u>(1,156)</u>	<u>(1,104)</u>
Depreciation	15	<u>(38)</u>	<u>(27)</u>
<b>Profit before impairment</b>		<b>2,225</b>	<b>1,993</b>
Impairment of financing receivables - net	13 (b)	<u>(552)</u>	<u>(431)</u>
Bad debts written back		<u>15</u>	<u>3</u>
<b>Profit before taxation</b>		<b>1,688</b>	<b>1,565</b>
Taxation	10	<u>(256)</u>	<u>(188)</u>
<b>Profit for the period</b>		<b><u>1,432</u></b>	<b><u>1,377</u></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
Depreciation transfer – net of tax		<u>6</u>	<u>2</u>
		<u>6</u>	<u>266</u>
<b>Total comprehensive income for the period</b>		<b><u>1,438</u></b>	<b><u>1,643</u></b>
<b>Earnings per share</b>	11	<b><u>0.005</u></b>	<b><u>0.005</u></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 31 MARCH 2016

	Note	31 March 2016 Rials '000 Unaudited	31 March 2015 Rials '000 Unaudited	31 December 2015 Rials '000 Audited
<b>Assets</b>				
Cash and bank balances		4,791	965	806
Statutory deposit	12	210	170	210
Net investment in financing activities	13	189,612	163,098	185,503
Deferred tax asset – net	10	631	537	623
Advances and prepayments		1,805	1,716	1,604
Property pending sale	14	-	96	84
Property and equipment	15	1,455	1,454	1,481
<b>Total assets</b>		<b>198,504</b>	<b>168,036</b>	<b>190,311</b>
<b>Equity and Liabilities</b>				
<b>Equity</b>				
Share capital	16	27,113	26,323	26,323
Revaluation reserve		887	913	893
Legal reserve		4,158	3,556	4,158
Retained earnings		8,580	7,028	11,090
<b>Total equity</b>		<b>40,738</b>	<b>37,820</b>	<b>42,464</b>
<b>Liabilities</b>				
Creditors and accruals	17	9,382	7,243	5,618
Staff terminal benefits		593	572	583
Current tax liability	10	427	206	907
Bank borrowings	18	133,661	100,666	126,877
Fixed deposits	20	13,703	21,529	13,862
<b>Total liabilities</b>		<b>157,766</b>	<b>130,216</b>	<b>147,847</b>
<b>Total equity and liabilities</b>		<b>198,504</b>	<b>168,036</b>	<b>190,311</b>
<b>Net assets per share</b>		<b>0.150</b>	0.144	0.161

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 25.04.2016 and signed on their behalf by:

**TAYA BIN JANDAL BIN ALI**  
CHAIRMAN

**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.

## NATIONAL FINANCE COMPANY SAOG

### UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 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	-	-	-	1,432	1,432
<b>Other comprehensive income:</b>					
Incremental depreciation – net of tax	-	(6)	-	6	-
<b>Transactions with owners:</b>					
Proposed Cash dividend	-	-	-	(3,158)	(3,158)
Stock dividend	790	-	-	(790)	-
<b>31 March 2016 (Unaudited)</b>	<b>27,113</b>	<b>887</b>	<b>4,158</b>	<b>8,580</b>	<b>40,738</b>
1 January 2015	25,681	651	3,556	8,859	38,747
<b>Comprehensive income:</b>					
Profit for the period	-	-	-	1,377	1,377
<b>Other comprehensive income:</b>					
Transfer to retained earnings – net of tax	-	(2)	-	2	-
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>31 March 2015 (Unaudited)</b>	<b>26,323</b>	<b>913</b>	<b>3,556</b>	<b>7,028</b>	<b>37,820</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>

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 CASH FLOWS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016

	Three Months ended 31 March 2016 Rials '000	Three Months ended 31 March 2015 Rials '000
<b>Operating activities</b>		
Profit before taxation	1,688	1,565
<b>Adjustments for:</b>		
Depreciation	38	27
Provision for end of service benefits	41	44
Impairment of lease receivables – net	552	431
Profit on sale of property pending sale	(24)	-
Bad Debts written off / (back)	(15)	10
Interest expense	1,051	929
<b>Operating cash flows before end of service benefits paid and changes in operating assets and liabilities</b>	<b>3,331</b>	<b>3,006</b>
End of service benefits paid	(31)	(14)
<b>Changes in operating assets and liabilities</b>		
Net investment in financing activities	(4,646)	(2,660)
Advances and prepayments	(201)	(68)
Creditors and accruals	606	70
Interest paid	(921)	(721)
Income tax paid	(744)	(876)
<b>Net cash used in operating activities</b>	<b>(2,606)</b>	<b>(1,263)</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property pending sale	108	25
Purchase of property and equipment	(12)	(27)
<b>Net cash from investing activities</b>	<b>96</b>	<b>(2)</b>
<b>Cash flows from financing activities</b>		
Bank borrowings	7,798	(496)
Fixed deposits repaid	(250)	1,613
<b>Net cash generated from financing activities</b>	<b>7,548</b>	<b>1,117</b>
<b>Net change in cash and cash equivalents during the period</b>	<b>5,038</b>	<b>(148)</b>
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>4,791</b>	<b>700</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.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 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 three months period ended 31 March 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 31 March 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), addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39; and
- IFRS 15, 'Revenues from contracts with customers', effective for annual periods beginning on or after 1 January 2018.
- IFRS 16, Leases specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after 1 January 2019.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016 (continued)**

**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 for the year ended 31 December 2015.

**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>Three months ended 31 March 2016 Rials '000 Unaudited</b>	<b>Three months ended 31 March 2015 Rials '000 Unaudited</b>
Penal charges received	63	74
Income from pre-closed leases	65	50
Miscellaneous income	<u>160</u>	<u>89</u>
	<u><b>288</b></u>	<u><b>213</b></u>

**9 General and administrative expenses**

	<b>Three months ended 31 March 2016 Rials '000 Unaudited</b>	<b>Three months ended 31 March 2015 Rials '000 Unaudited</b>
Employee related expenses	893	841
Occupancy costs	16	15
Communication costs	29	24
Professional fees	40	63
Advertising and sales promotion	18	20
Directors' sitting fees	10	10
Directors' remuneration	41	37
Other office expenses	<u>109</u>	<u>94</u>
	<u><b>1,156</b></u>	<u><b>1,104</b></u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016 (continued)**

**10 Taxation**

The Company has applied an income tax rate of 15% on the taxable profits even though the proposed amendment in the rates is pending Government approval.. (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:

	<b>Three months ended 31 March 2016 Rials '000 Unaudited</b>	<b>Three months ended 31 March 2015 Rials '000 Unaudited</b>
Profit before taxation	<u>1,688</u>	<u>1,565</u>
Income tax expense computed at the applicable tax rate	253	184
Others	<u>3</u>	<u>4</u>
<b>Taxation expense</b>	<u><b>256</b></u>	<u><b>188</b></u>

**Tax liabilities**

	<b>31 March 2016 Rials '000</b>	<b>31 March 2015 Rials '000</b>	<b>31 December 2015 Rials '000</b>
Deferred tax asset	752	662	745
Deferred tax liability	<u>(121)</u>	<u>(125)</u>	<u>(122)</u>
	<u><b>631</b></u>	<u><b>537</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 2014 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 31 March 2016.

**11 Earnings per share**

The calculation of earnings per share is as follows:

	<b>Three months ended 31 March 2016 Rials '000 Unaudited</b>	<b>Three months ended 31 March 2015 Rials '000 Unaudited</b>
Profit for the period attributable to ordinary shareholders	<u>1,432</u>	<u>1,377</u>
Number of shares ('000)	<u>271,125</u>	<u>271,125</u>
Earnings per share (Rial)	<u><b>0.005</b></u>	<u><b>0.005</b></u>

Net assets per share and earnings per share at and for the three months period ended 31 March 2016 have been calculated using weighted average shares outstanding for the period. The weighted average shares outstanding for the three months period ended 31 March 2016 are 271,125,365 shares (31 March 2015 were 263,228,510 shares).

**12 Statutory deposit**

The Company is required to maintain a deposit of Rials 210,000 (March 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 THREE MONTHS PERIOD ENDED 31 MARCH 2016 (continued)**

**13 Net investment in financing activities**

	<b>31 March 2016 Rials '000</b>	31 March 2015 Rials '000	31 December 2015 Rials '000
Gross investment in finance leases	226,674	197,612	219,549
Working capital finance	7,520	5,615	9,102
Unearned finance income	<b>(32,142)</b>	(28,650)	(31,320)
	<b>202,052</b>	174,577	197,331
Provision for impairment of lease receivable	<b>(11,437)</b>	(10,457)	(10,885)
Unrecognised contractual income	<b>(1,003)</b>	(1,022)	(943)
	<b>189,612</b>	163,098	185,503

(a) *Unearned finance income:*

	<b>31 March 2016 Rials '000</b>	31 March 2015 Rials '000	31 December 2015 Rials '000
Opening balance	31,320	28,377	28,377
Additions during the period/year	5,004	4,113	18,822
Recognised during the period/year	<b>(4,182)</b>	(3,840)	(15,879)
Closing balance	<b>32,142</b>	28,650	31,320

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

	<b>31 March 2016 Rials '000</b>	31 March 2015 Rials '000	31 December 2015 Rials '000
Opening balance	10,885	10,026	10,026
Provided during the period/year	871	856	2,523
Released during the period/year	<b>(319)</b>	(425)	(847)
Written off during the period/year	-	-	(817)
Closing balance	<b>11,437</b>	10,457	10,885

(c) *Unrecognised contractual income:*

	<b>31 March 2016 Rials '000</b>	31 March 2015 Rials '000	31 December 2015 Rials '000
Opening balance	943	1,006	1,006
Additions during the period/year	147	139	319
Recognised during the period/year	<b>(87)</b>	(123)	(382)
Closing balance	<b>1,003</b>	1,022	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 31 March 2016, net investment in financing leases where contractual income has not been recognised was Rials 11.07 million (31 March 2015 - Rials 10.7 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 THREE MONTHS PERIOD ENDED 31 MARCH 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 31 March 2016</b>					
<b>Cost or valuation</b>					
At 1 January 2016	955	600	1,419	145	3,119
Additions	-	-	12	-	12
<b>At 31 March 2016</b>	<b>955</b>	<b>600</b>	<b>1,431</b>	<b>145</b>	<b>3,131</b>
<b>Accumulated depreciation</b>					
At 1 January 2016	-	323	1,171	144	1,638
Charge for the period	-	8	30	-	38
<b>At 31 March 2016</b>	<b>-</b>	<b>331</b>	<b>1,201</b>	<b>144</b>	<b>1,676</b>
<b>Net book value</b>					
<b>At 31 March 2016</b>	<b>955</b>	<b>269</b>	<b>230</b>	<b>1</b>	<b>1,455</b>
<b>At 31 March 2015</b>					
Cost or valuation					
At 1 January 2015	955	300	1,271	145	2,671
Additions	-	-	27	-	27
Gain on revaluation	-	300	-	-	300
<b>At 31 March 2015</b>	<b>955</b>	<b>600</b>	<b>1,298</b>	<b>145</b>	<b>2,998</b>
<b>Accumulated depreciation</b>					
At 1 January 2015	-	298	1,075	144	1,517
Charge for the period	-	3	24	-	27
<b>At 31 March 2015</b>	<b>-</b>	<b>301</b>	<b>1,099</b>	<b>144</b>	<b>1,544</b>
<b>Net book value</b>					
<b>At 31 March 2015</b>	<b>955</b>	<b>299</b>	<b>199</b>	<b>1</b>	<b>1,454</b>
<b>At 31 December 2015</b>					
Cost or valuation					
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 THREE MONTHS PERIOD ENDED 31 MARCH 2016 (continued)**

**16 Share capital**

The authorised share capital of the Company comprises 300,000,000 ordinary shares of baizas 100 each (31 March 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 (31 March and 31 December 2015 - 263,228,510 ordinary shares of baizas 100 each).

**17 Creditors and accruals**

	<b>31 March 2016 Rials '000</b>	31 March 2015 Rials '000	31 December 2015 Rials '000
Creditors	<b>8,367</b>	6,598	4,205
Accruals and other liabilities	<b>1,015</b>	645	1,413
	<b>9,382</b>	7,243	5,618

**18 Bank borrowings**

	<b>31 March 2016 Rials '000</b>	31 March 2015 Rials '000	31 December 2015 Rials '000
Overdrafts	-	265	1,053
Short-term loans	<b>49,133</b>	50,117	46,104
Current portion of long-term loans	<b>30,321</b>	29,864	25,809
Long-term loans	<b>54,207</b>	20,420	53,911
	<b>133,661</b>	100,666	126,877

**19 Cash and cash equivalents**

	<b>31 March 2016 Rials '000</b>	31 March 2015 Rials '000	31 December 2015 Rials '000
Cash and bank balances	<b>4,791</b>	965	806
Bank overdrafts	-	(265)	(1,053)
	<b>4,791</b>	<b>700</b>	<b>(247)</b>

**20 Fixed deposits**

The Company has fixed deposits from corporate entities based in Oman amounting to Rials 13.7 million, (31 March 2015 - Rials 21.5 million and 31 December 2015 - Rials 13.9 million) with tenures ranging from 1 to 3 years, as per guidelines issued by the Central Bank of Oman. These deposits carry interest rates between 2.1 % to 4.25% (31 March 2015 – 2.75% to 4.35% 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 THREE MONTHS PERIOD ENDED 31 MARCH 2016 (continued)**

**21 Related parties**

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

	<b>Three Months ended 31 March 2016 Rials '000</b>	<b>Three Months ended 31 March 2015 Rials '000</b>
General and administration overheads	1	1
Sales Incentive paid	61	95
<b>Payments to directors (note 9)</b>		
Sitting fees	10	10
Remuneration	41	37
	51	47
<b>Period end balances</b>		
Net investment in financing activities	13	20
<b>Remuneration to key members of management during the period</b>		
Salaries and other benefits (top 5 employees)	337	288
Advances and net investment in leases	36	37

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

<b>At 31 March 2016</b>	<b>Up to 1 month Rials '000</b>	<b>&gt; 1 month to 1 year Rials '000</b>	<b>&gt; 1 year to 5 years Rials '000</b>	<b>Non-fixed maturity Rials '000</b>	<b>Total Rials '000</b>
<b>Assets</b>					
Cash and bank balances	4,791	-	-	-	4,791
Statutory deposit	-	-	-	210	210
Net investment in financing activities	5,801	65,228	118,583	-	189,612
Advances and prepayments	-	1,805	-	-	1,805
Property pending sale	-	-	-	-	-
Tax asset – net	-	-	-	631	631
Property and equipment	-	-	-	1,455	1,455
<b>Total assets</b>	<b>10,592</b>	<b>67,033</b>	<b>118,583</b>	<b>2,296</b>	<b>198,504</b>
<b>Equity</b>					
Equity	-	-	-	40,738	40,738
<b>Liabilities</b>					
Bank borrowings and fixed deposits	23,825	66,777	56,762	-	147,364
Creditors and accruals	9,382	-	-	-	9,382
Tax Liabilities	-	-	-	427	427
Staff terminal benefits	-	-	-	593	593
<b>Total equity and liabilities</b>	<b>33,207</b>	<b>66,777</b>	<b>56,762</b>	<b>41,758</b>	<b>198,504</b>
<b>Liquidity gap</b>	<b>(22,615)</b>	<b>256</b>	<b>61,821</b>	<b>(39,462)</b>	
<b>Cumulative liquidity gap</b>	<b>(22,615)</b>	<b>(22,359)</b>	<b>39,462</b>		

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016 (continued)**

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

At 31 March 2015	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	965	-	-	-	965
Statutory deposit	-	-	-	170	170
Net investment in financing activities	5,239	52,241	105,618	-	163,098
Tax Asset - Net	-	-	-	537	537
Advances and prepayments	-	1,716	-	-	1,716
Property pending sale	-	96	-	-	96
Property and equipment	-	-	-	1,454	1,454
<b>Total assets</b>	<b>6,204</b>	<b>54,053</b>	<b>105,618</b>	<b>2,161</b>	<b>168,036</b>
<b>Equity</b>					
Equity	-	-	-	37,820	37,820
<b>Liabilities</b>					
Bank borrowings and fixed deposits	27,063	66,661	28,471	-	122,195
Creditors and accruals	7,243	572	-	-	7,815
Tax liability	-	-	-	206	206
<b>Total equity and liabilities</b>	<b>34,306</b>	<b>67,233</b>	<b>28,471</b>	<b>38,026</b>	<b>168,036</b>
Liquidity gap	(28,102)	(13,180)	77,147	(35,865)	
Cumulative liquidity gap	(28,102)	(41,282)	35,865	-	

At 31 December 2015	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	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	-	