

NATIONAL FINANCE COMPANY SAOG

Notes

(forming part of the financial statements)

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. The Company derives all of its income from leasing operations within the Sultanate of Oman.

2 Summary of significant accounting policies

The principal accounting policies are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

2.1 Basis of preparation

These financial statements are prepared on the historical cost basis, as modified by the revaluation of land and buildings; and in accordance with International Financial Reporting Standards (IFRS), and comply with the disclosure requirements set out in the “Rules and Guidelines on Disclosure by issuers of Securities and Insider Trading” issued by the Capital Market Authority (CMA) of the Sultanate of Oman.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

The financial statements have been presented in Rial Omani, which is the Company’s functional currency.

Standards, amendments and interpretations effective in 2008 but not relevant for the Company’s operations

IAS 23 (Amendment), Borrowing costs (effective from 1 January 2009);
IFRIC 14, IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction (effective from 1 January 2008).
IFRIC 12, Service Concession Arrangements (effective 1 January 2008); and
IFRIC 13, Customer loyalty programmes (effective from 1 July 2008).

Standards, amendments and interpretations issued that are not yet effective (and which have not yet been adopted) that are relevant for the Company's operations

IFRS 8, Operating segments (effective 1 January 2009) [introduces the “management approach” to segment reporting];
IAS 1 (Amendment), Presentation of financial statements (effective from 1 January 2009) [requires statement of comprehensive income].

2.2 Leases and lease income

Assets owned by the Company but subject to a finance lease, are included in the financial statements as net investment in finance leases. The present value of the future minimum lease payments plus initial direct costs, discounted using the interest rate implicit in the lease, is recognised as a receivable and the difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Initial direct costs include amounts such as commissions, legal fees and internal costs that are directly attributable to negotiating and arranging a lease. Income from finance leases represents gross earnings on finance leases allocated to the period of the lease using the net investment method, which reflects a constant periodic rate of return, unless collect ability is in doubt.

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2 Summary of significant accounting policies *(continued)*

2.3 Impairment of financial assets

Assets carried at amortised cost

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Company about the following loss events:

- (i) Significant financial difficulty of the borrower;
- (ii) A breach of contract, such as a default or delinquency in interest or principal payments;
- (iii) The Company granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the Company would not otherwise consider;
- (iv) It becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (v) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including adverse changes in the payment status of borrowers in the group; or national or local economic conditions that correlate with defaults on the assets in the group.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

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2 Summary of significant accounting policies *(continued)***2.3 Impairment of financial assets *(continued)***

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Company's grading process that considers asset type, industry, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows for a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows associated with the assets and the Company's historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data, including peer statistics, to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows for groups of assets should reflect, and be directionally consistent with, changes in related observable data from period to period (for example, payment status or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Company and, if required, revised in order to reflect in loss estimates any changes in actual loss experience.

When a receivable is known to be uncollectible, all the necessary legal procedures have been completed, and the final loss has been determined, the receivable is written off against the related provision for loan impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

2.4 Property and equipment

Land and buildings are shown at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of valuation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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2 Summary of significant accounting policies (continued)

2.4 Property and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as separate assets, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the income statement during the financial period in which they are incurred.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of property and equipment. Land is not depreciated. The estimated useful lives are as follows:

	Years
Buildings	10
Furniture, fixtures and equipment	4
Motor vehicles	3

Freehold land and capital work-in-progress are not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Where the carrying amount of an asset is greater than its estimated recoverable amount it is written down immediately to its recoverable amount.

Gains and losses on disposals of property and equipment are determined by reference to their carrying amounts and are recognised in the income statement.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

2.6 Borrowings

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds, net of transaction costs, and the redemption value is recognised in the income statement over the repayment period of the borrowings using the effective interest rate method.

2.7 Assets held for sale

Assets held for sale represent repossessed collateral and are initially recognised at cost, being the fair value of the consideration given, and subsequently measured at the lower of cost and net realisable value. Write-downs to adjust the cost to net realisable value are recognised in the income statement in the period in which they arise.

2.8 Creditors and accruals

Liabilities are recognised for amounts to be paid in future for goods or services received, whether billed by the supplier or not.

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2 Summary of significant accounting policies *(continued)*

2.9 Employee terminal benefits

Provision for non-Omani employee terminal benefits, an unfunded defined benefit retirement plan, is made in accordance with Omani Labor Laws and is based on the liability that would arise if the employment of all such employees were terminated at the balance sheet date. The Company's obligation in respect of non-Omani terminal benefits is the amount of benefits that such employees have earned in return for their service in the current and prior periods. Employees' entitlements to annual leave are recognized when they accrue to employees and an accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Contributions to a defined contribution retirement plan and occupational hazard insurance for Omani employees in accordance with the Omani Social Insurance Law of 1991 are recognized as an expense in the income statement as incurred.

2.10 Foreign currency transactions

(a) Functional and presentation currency

Items included in the Company's financial statements are measured using Rial Omani which is the currency of the Sultanate of Oman, being the economic environment in which the Company operates (the functional currency). The financial statements are prepared in Rial Omani, rounded to the nearest thousand.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.11 Taxation

Income tax on the result for the year comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is calculated using the liability method, providing for temporary differences between the carrying amounts for financial reporting purposes and the tax bases. The amount of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

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2 Summary of significant accounting policies *(continued)*

2.11 Taxation *(continued)*

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.12 Dividend distribution

The Company's dividend distribution policy encompasses the following factors:

- (a) provide shareholders a reasonable return commensurate with the size of their investment in the Company; and
- (b) build reserves to achieve a strong capital base.

After due consideration of the above factors the Company's management proposes the amount of dividend to the Executive Committee of the Board for their further recommendation to the Board and shareholders at the Annual General Meeting subject to the approval of the Central Bank of Oman.

Dividends are recognised as liability in the period declared.

2.13 Directors' remuneration

The Directors' remuneration is governed as set out by the Commercial Companies Law and the rules prescribed by the Capital Market Authority.

The Annual General Meeting shall approve the remuneration and the sitting fees for the Board of Directors and its sub-committees provided that such fees shall not exceed 5% of the annual net profit after transfers to the legal reserve and the optional reserve, and after distribution of dividends to the shareholders. Such fees shall not exceed RO 200,000 in one year. The sitting fees for each Director shall not exceed RO 10,000 in one year.

2.14 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

3 Financial risk management

The Company believes that sound risk management practices are imperative in ensuring that strong results can be delivered to stakeholders. The Company aims to ensure that its risk management structure provides the infrastructure for it to be able to implement best practices according to the size of its operations.

The Company aims to follow a strategy of minimising risk in order to reduce its vulnerability to adverse market conditions and this is reflected in the risk appetite set by the Board of Directors and implemented by Management. The low assumption of risk is mainly achieved through diversification of the asset portfolio.

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3 Financial risk management *(continued)*

Risk management functions are carried out by the Management Committee. The Company has independent policies and procedures which address credit risk, liquidity risk and interest rate risk, which arise from the Company's business.

3.1 Credit risk

As the Company's core business is lease financing, credit risk forms the major risk to which the Company is exposed. Credit risk is the risk that a counterparty will cause financial loss to the Company by failing to discharge an obligation. The Company does not consider credit risk with respect to balances placed with banks to be significant in view of (a) the materiality of such amounts; and (b) these counterparties are reputable financial institutions in the Sultanate of Oman with good credit standing.

The Company employs a range of policies and practices to manage, limit and control concentration of credit risk to individual counter parties, groups and industries with respect to its lease receivables.

The level of credit risk in relation to each individual counterparty and its associates is structured by placing a maximum ceiling on exposure levels for each grade. Such risks are monitored on a regular basis and review reports are placed before the Board of Directors.

3.1.1 Credit risk measurement

The Company's credit policy aims to ensure that the target portfolio credit loss will be less than 1% of the portfolio for the current size and structure of the portfolio and the macro economic situation. The Board of Directors reviews this loss norm annually along with the management.

In case of the portfolio of exposure to small and medium size enterprises (SMEs), the credit risk for individual counterparties are assessed at inception of the lease through a grading methodology tailored to various categories of counterparties. These have been developed internally and the customers are rated on certain predefined financial and non-financial parameters. The grading takes into account factors including the customers experience in similar business, management quality, net worth, availability of audited financials, key performance indicators and ratios, trade references, the industry in which the customer operates and its vulnerability to economic downturn, as well as the customer's past track record with the Company (in case of existing clients). The grading parameters are reviewed annually and amended as considered appropriate in line with the Company's assessment of market risk trends.

Credit risk in the case of the retail portfolio is assessed at the inception of the lease on the basis of the net disposable income of the counterparty, stability of employment in case of salaried clients and income levels from business /other sources for other categories of customers.

3.1.2 Credit risk control and mitigation policies

The Company's portfolio comprises leases of vehicles and equipment wherein the lending is collateralised by the assets financed. The Company holds collaterals in respect of lease receivable exposures in the form of joint title to the vehicles and equipment financed. The values against these collaterals are written down on a yearly basis based on the estimated useful life of these assets and considering guidelines issued by the Central Bank of Oman. In addition to these collaterals, the Company also holds additional security in the form of property collaterals for certain leases in order to strengthen its risk position.

In order to minimise credit loss, wherever deemed necessary, additional credit enhancements such as charges on immoveable and moveable assets, personal guarantees of the major shareholders, corporate guarantee of the parent company in case of group exposures, key man life insurance and assignment of contract proceeds are obtained.

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3 Financial risk management *(continued)*

3.1.2 Credit risk control and mitigation policies *(continued)*

The Company's credit policy identifies certain categories of customers as "negative customers" and they are not considered for financial assistance. These include known defaulters, customers with poor market standing and other categories based upon statistics published by the Central Bank of Oman.

The repayments are primarily through post dated cheques. Dishonoured cheques are monitored closely and follow up is ensured.

The Company has clear policies in place to identify early warning signals and to initiate appropriate and timely remedial actions. Some of the early warning indicators are listed below:

- frequent dishonour of cheques
- inability to reach the customer over phone or in person
- lack of response to written communications
- utilised limits in excess of authorised limits as disclosed by BCSB data
- inability to obtain current financials
- adverse market feedback

3.1.3 Impairment and provisioning policies

The Company's lease receivable impairment policy is as set out in note 2.3. Under this policy the portfolio exposures are individually and/or collectively grouped under 4 grades, i.e. A, B, C and D; with A being the portion of the portfolio that has the highest asset quality and D being the category of the portfolio that has the lowest asset quality.

The Company's policy requires the review of individual finance lease exposures that are above RO 10,000 at least quarterly. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at the balance sheet date on a case by case basis and are applied to all individually significant accounts.

Collectively assessed impairment allowances are provided for (i) portfolios of homogenous leases which individually are below RO 10,000; and (ii) losses that historical experience suggests are incurred but have not yet been identified, by using available historical experience, Management judgment and peer statistics.

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3 Financial risk management (continued)

3.1.4 Maximum exposure to credit risk before collateral held or other credit enhancements

	31 December 2008 RO'000	31 December 2007 RO'000
Exposure		
Bank balances	231	341
Statutory deposit	50	50
Net investment in finance leases	76,899	50,028
Working capital finance	-	-
Advances	1,054	821
Credit risk exposure relating to off balance sheet items		
Bank guarantee	-	33
Letter of credit	-	7
Approved lease commitments at 31 December	4,985	3,770
Total exposure	83,219	55,050

The above table represents a worse case scenario of credit risk exposure of the Company at 31 December 2008 and 2007 without taking into account of any collateral held.

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Company resulting from both its net investment in finance leases and advances based on the following:

- 91% of the lease portfolio is categorised in the A category (2007 - 89%); and
- 22% of the advances represents amount paid to various car dealers against approved lease commitments (2007 - 42%).

3.1.5 Finance lease receivables

As at the year end the details of gross exposure (net of unearned lease income) are set out below:

	31 December 2008 RO'000	31 December 2007 RO'000
Neither past due nor impaired	65,361	43,541
Past due not impaired	11,726	6,042
Impaired	6,318	6,377

(a) Finance lease receivables neither past due nor impaired

78% of the portfolio at 31 December 2008 represent this category as per the Company's grading set out above (2007 - 78%).

(b) Finance lease receivable past due but not impaired

	31 December 2008 RO'000	31 December 2007 RO'000
Past due up to 30 days	8,446	1,935
Past due 30 to 60 days	3,045	3,163
Past due 60 to 90 days	235	944
Total	11,726	6,042
Fair value of Collaterals	12,411	6,352

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3 Financial risk management (continued)

3.1.5 Finance lease receivables (continued)

(b) Finance lease receivable past due but not impaired (continued)

The Company evaluates its collateral value by applying a fixed annual reduction in the value of equipment and vehicles held as collateral. Value of property held as collateral is obtained from external valuations held. The lower of 50% of appraised values and forced sale value is considered.

(c) Finance lease receivables individually impaired

	31 December 2008 RO'000	31 December 2007 RO'000
Past due individually impaired	4,020	3,837
Fair value of Collaterals	813	577

3.1.6 Repossessed collaterals

The Company does not hold any repossessed collateral at 31 December 2008 and 31 December 2007 other than land and buildings shown as property pending sale as set out in note 13.

3.1.7 Concentration of risks

(a) Customer concentration of net investment in finance leases and working capital finance by type of customer

	31 December 2008 RO'000	31 December 2007 RO'000
Individuals	41,938	32,916
Corporate	<u>34,961</u>	<u>17,113</u>
	<u>76,899</u>	<u>50,029</u>

(b) Geographical concentration

All the Company's financial assets and liabilities are concentrated within the Sultanate of Oman, except for loans from a foreign bank from a GCC state, to the extent of RO 3.54 million (2007 – RO 2.2 million) denominated in US Dollars.

(c) Economic sector concentration of net investment in finance leases and working capital finance

	31 December 2008 RO'000	31 December 2007 RO'000
Trading, contracting and services	34,284	16,631
Manufacturing	677	482
Individuals	<u>41,938</u>	<u>32,916</u>
	<u>76,899</u>	<u>50,029</u>

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3 Financial risk management *(continued)*

3.2 Market risk

3.2.1 Cash flow and fair value interest rate risk

Interest rate risk arises from the possibility of changes in interest rates and mismatches or gaps in the amount of assets and liabilities that mature or re-price in a given period.

As the Company has significant interest-bearing financial assets and liabilities, the Company's income and operating cash flows are substantially dependent on changes in market interest rates. The Company's finance lease receivables carry fixed interest rates. The Company's bank borrowings carry variable interest rates which expose the Company to cash flow interest rate risk. Additionally, the Company accepts fixed deposits from corporate entities at fixed interest rates.

The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios the Company calculates the impact on its profit or loss of a 1% interest rate increase. The simulation is presented to the Asset and Liability Committee (ALCO) on a monthly basis.

Based on the simulation performed at the year end, the impact on the Company's profit after tax of a 1% increase in interest rates would be a maximum reduction of RO 396,000 (2007 - RO 204,000).

The Company does not hedge against its cash flow interest rate risk.

3.2.2 Foreign currency risk

Foreign currency risk is the risk arising from future commercial transactions or recognised financial assets or liabilities being denominated in a currency that is not the Company's functional currency. The majority of the Company's transactions are denominated in the functional currency. The Company's foreign currency transactions are restricted to certain long-term borrowings amounting to RO 3.54 million (2007 – RO 2.02 million) which are denominated in US Dollar. The functional currency is effectively fixed to the US Dollar and accordingly foreign exchange risk is considered minimal. The Company has the option to enter into forward exchange contracts, where necessary, to hedge any significant risks arising from foreign currency transactions.

3.3 Liquidity risk

Liquidity risk is defined as the current and prospective risk to earnings or capital arising from the Company's inability to meet its obligations on the due dates and to replace funds when they are withdrawn or facilities expire.

3.3.1 Liquidity risk management process

The Company's liquidity is managed by the Finance Department on a day to day basis. The Company has an approved liquidity risk policy and contingency funding plan. The liquidity position is currently monitored by the ALCO on a monthly basis including (i) day to day funding to ensure that daily requirements are met; (ii) monitoring liquidity gaps and ratios as per the documented liquidity risk policy guidelines; and (iii) monitoring, reviewing and reporting liquidity position in line with the Company's contingency funding plan. Availability of funds is ensured to honour all our credit commitments.

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3 Financial risk management (continued)

3.3.2 Funding approach

Sources of funding are regularly reviewed by the ALCO to maintain diversification through measures such as using both long-term and short-term borrowings, increasing the number of lenders, developing additional products like corporate deposits and seeking fixed interest rates for longer tenure. Ongoing discussions with bankers, depositors and potential depositors indicate that sufficient liquidity will be in place for the foreseeable future to enable the Company to meet its financial obligations as they fall due.

3.3.3 Cash flows

The table below exhibits the cash flows payable by the Company under financial liabilities by remaining contractual maturity. The amounts show gross undiscounted cash flows.

At 31 December 2008	Up to 1 month RO'000	> 1 month to 1 year RO'000	> 1 year to 5 years RO'000	Non-fixed maturity RO'000	Total RO'000
Bank borrowings	5,627	47,692	5,102	-	58,421
Creditors and accruals	3,565	-	-	-	3,565
Provision for income tax	-	556	-	-	556
Total liabilities	9,191	48,248	5,102	-	62,542
Total assets	3,368	22,382	52,590	1,998	80,359

At 31 December 2007	Up to 1 month RO'000	> 1 month to 1 year RO'000	> 1 year to 5 years RO'000	Non-fixed maturity RO'000	Total RO'000
Bank borrowings	9,556	16,534	13,014	-	39,104
Creditors and accruals	2,797	-	-	-	2,797
Provision for income tax	-	547	-	-	547
Total liabilities	12,353	17,081	13,014	-	42,448
Total assets	7,489	18,809	28,932	1,915	57,145

3.3.4 Off balance sheet items

	31 December 2008 RO'000	31 December 2007 RO'000
Approved lease commitments at 31 December (Note 26)	4,985	3,770
Operating leases commitments (Note 26)	61	99
Bank guarantee (Note 27)	-	33
Letter of credit (Note 27)	-	7
Total exposure	5,046	3,909

The Company expects the majority of the approved lease commitments to be exercised by the customers and disbursed by the Company within 3 months (2007 - 3 months) of the balance sheet date.

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3 Financial risk management (continued)**3.4 Fair values**

The carrying amounts, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair values of long-term bank borrowings is considered to approximate to their carrying amounts as these either carry variable interest rates in line with current market rates or interest rates linked to LIBOR. The fair value of fixed deposits is not considered to be materially different from their carrying amount in view of the duration of these deposits which does not exceed 2 years.

None of the Company's financial instruments are carried in the balance sheet at fair value: the Company's financial assets and financial liabilities are carried in the balance sheet at amortised cost.

3.5 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The Company also has the objective with respect to capital of meeting the requirements of the Central Bank of Oman, the Regulatory Authority. As per the Regulatory Authority guidelines, the Company was required to increase its issued share capital to RO 10 million before 31st July 2009. The Company had a rights share issue during the year 2008 and, accordingly, increased its paid up share capital to RO 11.465 million. The Company is further required to increase its issued share capital to RO 20 million before 31 December 2012.

The Company has established a foreign currency reserve in accordance with the requirements of the Central Bank of Oman. Additionally, in accordance with Article 106 of the Commercial Companies Law of Oman of 1974, annual appropriations of 10% of the profit for the year are made to the legal reserve until the accumulated balance of the reserve is equal to at least one third of the Company's paid-up share capital.

The Company monitors its gearing ratio in order to maintain it within the limits prescribed by the Regulatory Authority.

4 Critical accounting estimates and judgments

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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4 Critical accounting estimates and judgments (continued)

Impairment losses on lease receivables

The Company reviews its lease receivable portfolio to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of lease receivables before the decrease can be identified with an individual receivable in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics, peer statistics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

5 Segment analysis

The Company is engaged in leasing activities, all of which are carried out in Oman. Although the Company has individual and corporate customers, all of the lease portfolio is managed internally as one business segment. All the Company's funding and costs are common and are not shared between these two portfolios.

6 Other income

	2008 RO'000	2007 RO'000
Penal charges received	184	125
Income from pre-closed leases	295	272
Front-end fees	3	6
Miscellaneous income	<u>116</u>	<u>73</u>
	<u>598</u>	<u>476</u>

7 General and administrative expenses

	2008 RO'000	2007 RO'000
Employee related expenses	1,409	1,209
Occupancy costs	28	21
Communication costs	60	52
Professional fees and subscriptions	79	72
Advertising and sales promotion	210	159
Directors' sitting fees	19	14
Directors' remuneration	50	31
Other office expenses	<u>255</u>	<u>214</u>
	<u>2,110</u>	<u>1,772</u>

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General and administrative expenses (continued)

Total employee related expenses included under general and administrative expenses comprise:

	2008 RO'000	2007 RO'000
Salaries and Allowances	1,124	972
Other benefits	147	121
Social security costs	34	24
Staff terminal benefits	74	55
Other incentives	30	37
	<u>1,409</u>	<u>1,209</u>

8 Income tax

Components of taxation for the year

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 RO 30,000. The reconciliation between the tax expense and the profit before taxation is as follows:

(a) Reconciliation of income tax

	31 December 2008 RO'000	31 December 2007 RO'000
Profit before taxation	2,274	1,716
Current tax		
- current year	313	191
Deferred tax asset		
- current year	(81)	19
Deferred tax liability		
- current year	47	(1)
Taxation charge for the year	<u>279</u>	<u>209</u>

(b) Status of tax assessments

Tax assessment up to year 2003 are complete. The Company has filed objection against the assessment orders for tax year 2004 and 2005 with taxation authorities. Assessment for tax years 2006 and 2007 are subject to agreement with the Oman Taxation Authorities. The Directors are of the opinion that the additional taxes assessed, if any, would not be material to the Company's financial position as at 31 December 2008.

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Notes

(forming part of the financial statements)

9 Earnings per share and net assets per share

The calculation of earnings per share is as follows:

	31 December 2008 RO'000	31 December 2007 RO'000
Profit for the year attributable to the ordinary shareholders	<u>1,995</u>	<u>1,437</u>
Net assets	<u>17,610</u>	<u>12,724</u>
Weighted average number of shares (refer note 16)	<u>92,470</u>	<u>90,563</u>
Earnings per share (RO)	<u>0.022</u>	<u>0.016</u>
Net assets per share (RO)	<u>0.154</u>	<u>1.405</u>

Earnings per share are calculated by dividing the net profit for the year by the weighted average number of shares outstanding during the year. Net assets per share are calculated by dividing net assets by the number of shares in issue at 31 December 2008 of 114,645,171 shares (31 December 2007: 9,056,250 shares). Weighted average number of shares have been restated to take effect of the share split during 2008 (refer note 16).

No figure for diluted earnings per share has been presented as the Company has not issued any instruments which would have an impact on earnings per share when exercised.

10 Cash and bank balances

	31 December 2008 RO'000	31 December 2007 RO'000
Bank current accounts	231	341
Cash in hand	<u>10</u>	<u>8</u>
	<u>241</u>	<u>349</u>

11 Statutory deposit

The company is required to maintain a deposit of RO 50,000 (2007 – RO 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 2 % per annum (2007 – 2.5%).

12 Net investment in finance leases

	31 December 2008 RO'000	31 December 2007 RO'000
Gross investment in finance leases	98,429	65,499
Unearned lease income	<u>(15,024)</u>	<u>(9,538)</u>
	83,405	55,961
Provision for impairment of lease receivable	<u>(5,789)</u>	<u>(5,176)</u>
Unrecognised contractual income	<u>(717)</u>	<u>(756)</u>
Net investment in finance leases	<u>76,899</u>	<u>50,029</u>

NATIONAL FINANCE COMPANY SAOG

Notes

(forming part of the financial statements)

12 Net investment in finance leases (continued)

- (a) 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 December 2008, the Company's impairment provision represent 103% of non-performing assets (2007 – 93%).

- (b) As at 31 December 2008, net investment in rescheduled finance leases was as below:

	31 December 2008 RO'000	31 December 2007 RO'000
Net investment in rescheduled finance leases	1,212	470

- (c) Lease repayments due more than one year from the balance sheet date amount to RO 52.60 million (2007 - RO 28.8 million).

- (d) Unearned lease income

	2008 RO'000	2007 RO'000
1 January	9,538	6,061
Additions during the year	12,725	7,965
Recognised during the year	(7,239)	(4,488)
31 December	<u>15,024</u>	<u>9,538</u>

- (e) Provision for impairment of lease receivables

	2008 RO'000	2007 RO'000
1 January	5,176	5,391
Provided during the year	1,392	1,228
Released during the year	(715)	(1,352)
Write offs during the year	(64)	(91)
31 December	<u>5,789</u>	<u>5,176</u>

- (f) Unrecognised contractual income

	2008 RO'000	2007 RO'000
1 January	756	832
Unrecognised during the year	75	139
Recognised during the year	(114)	(215)
31 December	<u>717</u>	<u>756</u>

NATIONAL FINANCE COMPANY SAOG

Notes

(forming part of the financial statements)

13 Property pending sale

Property pending sale represents land and buildings acquired by the Company in part settlement of amounts due by a borrower following the conclusion of all credit recovery procedures available to the Company. The property-pending sale is shown at the lower of cost and net realisable value.

14 Deferred tax

(a) Deferred tax asset

Deferred tax asset arises in respect of provision for impairment of lease receivables. The deferred tax asset recognised in the balance sheet and the movements during the year are as follows:

	2008 RO'000	2007 RO'000
1 January	624	643
Recognised in the income statement	<u>81</u>	<u>(19)</u>
31 December	<u>705</u>	<u>624</u>

(b) Deferred tax liability

Deferred tax liability arises in respect of unamortised initial direct costs and revaluation of land and buildings. The deferred tax liability recognised in the balance sheet and the movements during the year are as follows:

	2008 RO'000	2007 RO'000
1 January	164	54
Recognised in the income statement	46	(1)
Recognised in equity	(3)	111
	<hr/>	<hr/>
31 December	<u>207</u>	<u>164</u>

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Notes

(forming part of the financial statements)

15 Property and equipment

	Freehold land RO'000	Buildings RO'000	Furniture, fixtures and equipment RO'000	Motor vehicles RO'000	Total RO'000
Cost or valuation					
1 January 2008	800	395	402	14	1,611
Additions	-	-	79	-	79
Released on disposals	-	-	-	-	-
31 December 2008	<u>800</u>	<u>395</u>	<u>481</u>	<u>14</u>	<u>1,690</u>
Depreciation					
1 January 2008	-	-	341	11	352
Charge for the year	-	56	37	3	96
Released on disposals	-	-	-	-	-
31 December 2008	<u>-</u>	<u>56</u>	<u>378</u>	<u>14</u>	<u>448</u>
Net book value					
31 December 2008	<u>800</u>	<u>339</u>	<u>103</u>	<u>-</u>	<u>1,242</u>

	Freehold land RO'000	Buildings RO'000	Furniture, fixtures and equipment RO'000	Motor vehicles RO'000	Total RO'000
Cost or valuation					
1 January 2007	60	398	372	14	844
Revaluation surplus	740	184	-	-	924
Additions	-	-	32	-	32
Released on disposals	-	-	(2)	-	(2)
31 December 2007	<u>800</u>	<u>582</u>	<u>402</u>	<u>14</u>	<u>1,798</u>
Depreciation					
1 January 2007	-	148	314	7	469
Charge for the year	-	39	29	4	72
Released on disposals	-	-	(2)	-	(2)
31 December 2007	<u>-</u>	<u>187</u>	<u>341</u>	<u>11</u>	<u>539</u>
Net book value					
31 December 2007	<u>800</u>	<u>395</u>	<u>61</u>	<u>3</u>	<u>1,259</u>

NATIONAL FINANCE COMPANY SAOG

Notes

(forming part of the financial statements)

16 Share capital

The authorised share capital of the Company comprises 300,000,000 ordinary shares of Baizas 100 each (2007: 10,000,000 ordinary share of RO 1 each). The Company's issued and fully paid-up share capital amounts to 114,645,171 ordinary shares of Baizas 100 each (2007: 9,056,250 ordinary shares of RO 1 each). During 2008, each of the Company's shares of RO 1 each were split into ten shares of Baizas 100 each.

Shareholders who own 10% or more of the Company's share capital are:

	2008		2007	
	Number of shares held	%	Number of shares held	%
Al Hilal Investment Co. LLC	45,155,153	39.39	3,197,732	35.31
Oman International Development and Investment Company SAOG	27,214,501	23.74	1,927,237	21.28

17 Legal reserve

In accordance with Article 106 of the Commercial Companies Law of Oman of 1974, annual appropriations of 10% of the profit for the year are made to the legal reserve until the accumulated balance of the reserve is equal to at least one third of the Company's share capital. This reserve is not available for distribution.

18 Foreign currency reserve

The foreign currency reserve has been created as per the directives of the Central Bank of Oman for un-hedged long-term foreign currency loans. This reserve is not available for distribution.

19 Restatement

Income from finance leases represents gross earnings on finance leases allocated to the period of the lease using the net investment method, which reflects a constant periodic rate of return, unless collectibility is in doubt. Previously, the Company was recognizing finance lease income for the following month at the end of the preceding month. With effect from 1 January 2008, the Company has changed this accounting policy to comply with the requirements of IFRSs and only recognizes finance lease income as earned.

The corresponding figures presented in these financial statements for comparative purposes have been restated to account for this change in accounting policy as follows:

	Before Restatement		After Restatement	
	2007		2007	
	RO'000		RO'000	
Finance income	4,558		4,488	
Profit for the year	1,507		1,437	
	<u>Before restatement</u>		<u>After restatement</u>	
	As at	As at	As at	As at
	31 December 2007	1 January 2007	31 December 2007	1 January 2007
	RO'000		RO'000	
Net Investment				
in finance leases	49,839	32,669	50,029	32,777
Retained earnings	1,846	2,663	1,576	2,463
Advances & prepayments	1,281	816	821	508

NATIONAL FINANCE COMPANY SAOG**Notes***(forming part of the financial statements)***20 Creditors and accruals**

	2008	2007
	RO'000	RO'000
Creditors	2,574	2,150
Accruals and other liabilities	808	<u>519</u>
	<u>3,382</u>	<u>2,669</u>

21 Staff terminal benefits

The movement in staff terminal benefits during the year is as follows:

	2008	2007
	RO'000	RO'000
1 January	128	98
Provision during the year	101	70
Payments during the year	(45)	<u>(40)</u>
31 December	<u>184</u>	<u>128</u>

22 Bank borrowings

	31 December	31 December
	2008	2007
	RO'000	RO'000
Overdrafts	331	1,407
Short-term loans	34,359	15,344
Long-term loans	<u>13,525</u>	<u>14,514</u>
	<u>48,215</u>	<u>31,265</u>

- (a) During the year interest was charged on the above borrowings at rates ranging between 4.25% and 7.4% per annum (2007 – 5.25% and 7.40% per annum).
- (b) At the balance sheet date all outstanding borrowings were secured by a first priority pari-passu floating charge on the trade name and tangible and intangible assets of the Company, including but not limited to the Company's receivables from its customers.
- (c) During 2008 and 2007 the Company has complied with the various loan covenants with respect to its bank borrowings.

23 Fixed deposits

During the year ended 31 December 2008, the Company raised fixed deposits from corporate entities based in Oman for a total amount of RO 4.4 million, with tenors ranging from 1 to 2 years, as per guidelines issued by the Central Bank of Oman. These deposits carry interest rates between 4.9% and 6.0% per annum. The carrying amount includes interest accrued till the end of the year.

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Notes

(forming part of the financial statements)

24 Cash and cash equivalents

	2008 RO'000	2007 RO'000
Cash and bank balances	241	349
Bank overdraft	(331)	(1,407)
	<u>(90)</u>	<u>(1,058)</u>

25 Dividends

The Board of Directors at the forthcoming Annual General Meeting will propose a cash dividend of 10% amounting to RO 1,146,452 and stock dividend of 10% amounting of RO 1,146,452 for 2008 (2007 – Cash dividend : RO 452,810). These financial statements do not reflect these dividends, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending 31 December 2009.

26 Commitments

	2008 RO'000	2007 RO'000
Approved lease commitments	4,985	3,770
	=====	=====

Approved lease commitments will be paid within 30 days from the date of lease creation.

At 31 December 2008 the Company had operating lease commitments of RO 60,500 (2007 - RO 99,000) due as follows:

	2008 RO'000	2007 RO'000
Due within one year	36	37
Due after one year but within five years	<u>25</u>	<u>62</u>
	<u>61</u>	<u>99</u>
	=====	=====

The Company has entered into a 3 year operating lease contract for vehicles used by the Company's staff for performing official visits to dealers, client locations etc. The commitment represents rentals to be paid for these vehicles for the total lease period. The Company has the right to terminate the contract with 2 months notice after 12 months and 1 month notice after 24 months.

27 Contingencies

In its ordinary course of business the Company has arranged for the following in favour of its customers from banks in Oman.

	2008 RO'000	2007 RO'000
Bank Guarantee	-	33
	=====	=====
Letter of Credit	-	7
	=====	=====

NATIONAL FINANCE COMPANY SAOG

Notes

(forming part of the financial statements)

28 Related party transactions

During the year, 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 year ended 31 December 2008 were as follows:

	2008 RO' 000	2007 RO' 000
General and administrative expenses	2	3
Lease rentals paid for vehicles taken on operating lease	36	34
Sales incentive paid	120	68
<i>Payments to Directors</i>		
Sitting fees	19	15
<i>Other payment to Directors</i>		
Proposed remuneration	50	31
<i>Year end balances arising on the above</i>		
- net investment in finance lease (Sweets of Oman)	246	-
- Directors	50	31
<i>Remuneration & period end balances to key members of Management during the period</i>		
- salaries and other benefits	307	253
- net investment in finance lease	32	56

During 2008, the Company paid to related parties an amount of RO 78,000 as sales incentive for financial year 2007.

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Notes

(forming part of the financial statements)

29 Maturity analysis of significant assets and liabilities

At 31 December 2008	Up to 1 month RO'000	> 1 month to 1 year RO'000	> 1 year to 5 years RO'000	Non-fixed maturity RO'000	Total RO'000
Assets					
Cash and bank balances	241	-	-	-	241
Statutory deposit	-	-	-	50	50
Net investment in finance leases	2,073	22,215	52,611	-	76,899
Advances and prepayments	1,054	-	-	-	1,054
Property pending sale	-	167	-	-	167
Deferred tax asset	-	-	-	705	705
Property and equipment	-	-	-	1,243	1,243
Total assets	<u>3,368</u>	<u>22,382</u>	<u>52,611</u>	<u>1,998</u>	<u>80,359</u>
Equity					
Equity	-	-	-	17,610	17,610
Liabilities					
Bank borrowings and fixed deposit	5,627	38,268	14,525	-	58,420
Creditors and accruals	3,566	-	-	-	3,566
Provision for income tax	-	556	-	-	556
Deferred tax liability	-	-	-	207	207
Total equity and liabilities	<u>9,193</u>	<u>38,824</u>	<u>14,525</u>	<u>17,817</u>	<u>80,359</u>
Liquidity gap	<u>(5,825)</u>	<u>(16,442)</u>	<u>38,086</u>	<u>(15,819)</u>	
Cumulative liquidity gap	<u>(5,825)</u>	<u>(22,267)</u>	<u>15,819</u>		
At 31 December 2007	Up to 1 month RO'000	> 1 month to 1 year RO'000	> 1 year to 5 years RO'000	Non-fixed maturity RO'000	Total RO'000
Assets					
Cash and bank balances	349	-	-	-	349
Statutory deposit	-	-	-	50	50
Net investment in finance leases	6,661	14,393	28,785	-	49,839
Advances and prepayments	1,281	-	-	-	1,281
Property pending sale	-	167	-	-	167
Deferred tax asset	-	-	-	624	624
Property and equipment	-	-	-	1,259	1,259
Total assets	<u>8,291</u>	<u>14,560</u>	<u>28,785</u>	<u>1,933</u>	<u>53,569</u>
Equity					
Equity	-	-	-	12,994	12,994
Liabilities					
Bank borrowings and fixed deposit	9,524	15,509	12,034	-	37,067
Creditors and accruals	2,797	-	-	-	2,797
Provision for income tax	-	547	-	-	547
Deferred tax liability	-	-	-	164	164
Total equity and liabilities	<u>12,321</u>	<u>16,056</u>	<u>12,034</u>	<u>13,158</u>	<u>53,569</u>
Liquidity gap	<u>(4,030)</u>	<u>(1,496)</u>	<u>16,751</u>	<u>(11,225)</u>	
Cumulative liquidity gap	<u>(4,030)</u>	<u>(5,526)</u>	<u>11,225</u>	<u>-</u>	

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Notes

(forming part of the financial statements)

30 Effective interest rate analysis of financial assets and financial liabilities

At 31 December 2008	0% - less than 5%	5% - less than 10%	10% - less than 15%	15% and above	Total
	RO'000	RO'000	RO'000	RO'000	RO'000
Assets					
Cash and bank balances	241	-	-	-	241
Statutory deposit	50	-	-	-	50
Net investment in finance leases	1,708	20,970	54,008	213	76,899
Advances and prepayments	1,054	-	-	-	1,054
Deferred tax asset	705	-	-	-	705
	<u>3,758</u>	<u>20,970</u>	<u>54,008</u>	<u>213</u>	<u>78,949</u>
Total					
Liabilities					
Bank borrowings	2,000	56,420	-	-	58,420
Creditors and accruals	3,566	-	-	-	3,566
Provision for income tax	556	-	-	-	556
Deferred tax liability	207	-	-	-	207
	<u>6,329</u>	<u>56,420</u>	<u>-</u>	<u>-</u>	<u>62,749</u>
Total					

At 31 December 2007	0% - less than 5%	5% - less than 10%	10% - less than 15%	15% and above	Total
	RO'000	RO'000	RO'000	RO'000	RO'000
Assets					
Cash and bank balances	349	-	-	-	349
Statutory deposit	50	-	-	-	50
Net investment in finance leases	319	9,749	39,666	105	49,839
Advances and prepayments	1,280	-	-	-	1,280
Deferred tax asset	624	-	-	-	624
Total	<u>2,622</u>	<u>9,749</u>	<u>39,666</u>	<u>105</u>	<u>52,142</u>
Liabilities					
Bank borrowings	-	37,067	-	-	37,067
Creditors and accruals	2,797	-	-	-	2,797
Provision for income tax	547	-	-	-	547
Deferred tax liability	164	-	-	-	164
Total	<u>3,508</u>	<u>37,067</u>	<u>-</u>	<u>-</u>	<u>40,575</u>

NATIONAL FINANCE COMPANY SAOG

Notes

(forming part of the financial statements)

30 Effective interest rate analysis of financial assets and financial liabilities (continued)

Interest rate sensitivity analysis

The Company's interest rate sensitivity position, based on the contractual repricing or maturity dates is set out below:

At 31 December 2008	Effective interest rate %	Up to 1 month RO'000	> 1 month to 1 year RO'000	> 1 year to 5 years RO'000	Non-fixed maturity RO'000	Non-interest bearing RO'000	Total RO'000
Assets							
Cash and bank balances		-	-	-	-	241	241
Statutory deposit	2.0%	-	-	-	50	-	50
Net investment in finance leases	0% to 18%	2,073	22,215	52,611	-	-	76,899
Advances and prepayments		-	-	-	-	1,054	1,054
Property pending sale		-	-	-	-	167	167
Deferred tax asset		-	-	-	-	705	705
Property and equipment		-	-	-	-	1,243	1,243
Total assets		<u>2,073</u>	<u>22,215</u>	<u>52,611</u>	<u>50</u>	<u>3,410</u>	<u>80,359</u>
Equity							
Equity		-	-	-	-	17,610	17,610
Liabilities							
Bank borrowings and fixed deposit	4.8% to 8%	5,627	38,268	14,526	-	-	58,421
Creditors and accruals		-	-	-	-	3,565	3,565
Provision for income tax		-	-	-	-	556	556
Deferred tax liability		-	-	-	-	207	207
Total equity and liabilities		<u>5,627</u>	<u>38,268</u>	<u>14,526</u>	<u>=</u>	<u>21,938</u>	<u>80,359</u>
Interest rate sensitivity gap		<u>(3,554)</u>	<u>(16,053)</u>	<u>38,085</u>	<u>50</u>	<u>(18,528)</u>	
Cumulative interest rate sensitivity gap		<u>(3,554)</u>	<u>(19,607)</u>	<u>18,478</u>	<u>18,528</u>		

At 31 December 2007	Effective interest rate %	Up to 1 month RO'000	> 1 month to 1 year RO'000	> 1 year to 5 years RO'000	Non-fixed maturity RO'000	Non-interest bearing RO'000	Total RO'000
Assets							
Cash and bank balances		-	-	-	-	349	349
Statutory deposit	2.5%	-	-	-	50	-	50
Net investment in finance leases	0 to 17%	6,661	14,393	28,785	-	-	49,839
Advances and prepayments		-	-	-	-	1,281	1,281
Property pending sale		-	-	-	-	167	167
Deferred tax asset		-	-	-	-	624	624
Property and equipment		-	-	-	-	1,259	1,259
Total assets		<u>6,661</u>	<u>14,393</u>	<u>28,785</u>	<u>50</u>	<u>3,680</u>	<u>53,569</u>
Equity							
Equity		-	-	-	12,994	-	12,994
Liabilities							
Bank borrowings and fixed deposit	5% to 10%	9,524	15,509	12,034	-	-	37,067
Creditors and accruals		-	-	-	-	2,797	2,797
Provision for income tax		-	-	-	-	547	547
Deferred tax liability		-	-	-	-	164	164
Total equity and liabilities		<u>9,524</u>	<u>15,509</u>	<u>12,034</u>	<u>12,994</u>	<u>3,508</u>	<u>53,569</u>
Interest rate sensitivity gap		<u>(2,863)</u>	<u>(1,116)</u>	<u>16,751</u>	<u>(12,944)</u>	<u>172</u>	
Cumulative interest rate sensitivity gap		<u>(2,863)</u>	<u>(3,979)</u>	<u>12,772</u>	<u>(172)</u>		

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Notes

(forming part of the financial statements)

32 Comparative figures

Certain corresponding figures for the previous year presented for comparative purposes have been restated (see note 19).