

DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors of Muscat Finance (SAOG), I am pleased to present the report for the period ended September 30, 2020.

Business Results

The Company recorded operating profit of RO 2,149K for the period ended Sept 30, 2020 against RO 3,529K operating profit for the corresponding period in the previous year. The company has declared a net loss of RO 3,021K for Sept 2020 mainly due to an adverse judgement issued by the Supreme Court in one of the legal cases.

The company has RO 12.4 Million of cases under executions. The company is in the process of reviewing its panel of lawyers with the aim of quicker recovery of these amounts.

Loans and advances stand at RO 123.93 million as against RO 140.66 million in the same period last year.

The financial results are summarized below:

Amount in RO '000			
PARTICULARS	YTD 30th September 2020	YTD 30th September 2019	% change
Net Investment in Finance Debtors	123,930	140,656	(12%)
Net Operating Income	4,498	6,146	(27%)
Operating Expenses	2,349	2,617	(10%)
Operating Profit	2,149	3,529	(39%)
Net Profit/(loss) after tax	(2,746)	134	(2154%)

Corporate Social Responsibility

The company contributed an amount of RO 60,000 (Sixty Thousand Only) towards the efforts for combating the outbreak of Covid19.

Human Resources and Omanisation

The Omanisation ratio at 87% for the period ended September 30, 2020, continues to be above the 80% requirement of the Central Bank of Oman.

The Company under its on-going initiative towards human resource development has sponsored a set of Omani employees for Certified Accounting Technician (CAT) program and had set a target of achieving a first batch by the end of 2020.

The Company is now an Associate Chartered Certified Accountants (ACCA) approved Employer for Trainee Development-Gold and is working closely with the ACCA regional office to nurture talented Omani Graduates to become qualified accountants.

The above two programs will help the company groom Omanis to handle senior roles in the company in the future.

The company has reinforced its Senior Management through the appointment of Mr. Pratik Punjabi as CFO and Mr. Kalyan Sinha as Head - Corporate Business in September 2020.

Re-engineering and Innovation committee has been tasked to relook at the organisation structure to come up with a lean and mean structure with better controls and better accountability with reduced processing time at each process.

IT

The company is in the process of upgrading its Enterprise Resource Planning software. This is expected to achieve a leapfrog in the way the company conducts its business.

Business outlook for 2020

Due to COVID 19 situation and reduction in Oil prices, the economic recovery is going to be a long drawn process. The collection has reduced partially due to lockdown and low business due to COVID 19. The outlook for 2020 is therefore challenging but your company will continue to be on the lookout for quality lending opportunities in this challenging operating environment.

A strong focus will continue on recovery of non-performing loans.

Acknowledgement

On behalf of the Board, I would like to offer our best wishes and unfaltering loyalty and obedience to His Majesty Sultan Haitham Bin Tariq as he takes forward the legacy of Late His Majesty Sultan Qaboos Bin Said, whose Leadership and Vision provide the foundation for the economic, political and social progress of the Sultanate of Oman. I would also like to thank His Majesty's Government, the Central Bank of Oman, the Capital Market Authority, Ministry of Commerce and Industry and other Regulatory Authorities for their continued support and guidance.

The Board would like to thank all our customers for their continued patronage and support, to our local and overseas bankers for their active co-operation, and to all the shareholders for the confidence reposed in its Board.

On Behalf of the Board of Directors

Faisal Mohamed Al Yousef
Chairman