

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, 2019.

Business Results

The Company recorded net profit of RO 134K for the period ended September 30, 2019 as against RO 2,772K for the corresponding period in previous year. Loans and advances stand at RO 163.58 million as against RO 181.56 million in the same period last year.

The financial results are summarized below:

Amount in RO '000			
PARTICULARS	YTD 30th September 2019	YTD 30th September 2018	% change
Net Investment in Finance Debtors	140,656	163,152	(14%)
Net Operating Income	6,146	7,353	(16%)
Operating Expenses	2,617	2,282	15%
Operating Profit	3,529	5,071	(30%)
Net Profit after tax	134	2,772	(95%)

Human Resources and Omanisation

The Omanisation ratio at 86.7% for the period ended September 30, 2019, 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 CAT program where the progress is satisfactory.

The Company is now an ACCA approved Employer for Trainee Development-Gold.

Business outlook for 2019

Tight liquidity on the back of rating downgrades has exerted severe upward pressure on the cost of funds. Longer payment cycles for most industries has also resulted in the working capital requirements going up and repayment discipline getting adversely effected. This is causing adverse impact on the NPL position. The Company has formed a task force to regularly review the NPL position and suggest remedial measures for NPLs reduction.

Acknowledgement

On behalf of the Board, I would like to express our most sincere thanks and gratitude to the builder of Modern Oman, 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 values relationship it has built with customers and bankers and look forward to a continued corporation in the many years to come.

The Board is looking forward for a more collaborate effort from management and staff to overcome the external challenges company is facing and to improve profitability.

On Behalf of the Board of Directors

Faisal Mohamed Al Yousef
Chairman
