

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 June 30, 2019.

Business Results

The Company recorded net profit of RO 338K for the period ended June 30, 2019 as against RO 1802K for the corresponding period in previous year. Loans and advances stand at RO 166.27 million as against RO 175.29 million in the same period last year.

The financial results are summarized below:

Amount in RO '000			
PARTICULARS	YTD 30th June 2019	YTD 30th June 2018	% change
Net Investment in Finance Debtors	144,968	157,602	(8%)
Net Operating Income	4,155	4,988	(17%)
Operating Expenses	1,749	1,638	7%
Operating Profit	2,406	3,350	(28%)
Net Profit after tax	338	1,802	(81%)

Human Resources and Omanisation

The Omanisation ratio at 84.9% for the period ended June 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 ACCA program where the progress is satisfactory.

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 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.

The Board would like to appreciate and thank the management and the staff for all their good work and efforts.

On Behalf of the Board of Directors

Faisal Mohamed Al Yousef
Chairman
