

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, 2018.

Business Results

The Company recorded net profit of RO 1,802K for the period ended June 30, 2018 as against RO 2,202K for the corresponding period in previous year. Loans and advances stand at RO 175.28 million as against RO 158.79 million in the same period last year.

The financial results are summarized below:

Amount in RO '000			
PARTICULARS	YTD 30th June 2018	YTD 30th June 2017	% change
Net Investment in Finance Debtors	158,015	143,187	10%
Net Operating Income	4,988	4,811	4%
Operating Expenses	1,638	1,761	(7%)
Operating Profit	3,350	3,050	10%
Net Profit after tax	1,802	2,201	(18%)

Human Resources and Omanisation

The Omanisation ratio at 82.61% for the period ended June 30, 2018, continues to be above the 80% requirement of the Central Bank of Oman.

Business outlook for 2018

Oil prices are expected to remain higher in 2018 as compared to 2017. This will undoubtedly have a positive impact on the Omani economy, liquidity situation, business sentiment and new investments. The Company will benefit from this overall positive sentiment in terms of new business and recoveries.

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.

Most importantly, The Board would also like to congratulate His Majesty Sultan Qaboos Bin Said and the people of the Sultanate of Oman on the occasion of the blessed Renaissance Day, 23rd July, and praying for even more success and prosperity.

On Behalf of the Board of Directors

Faisal Mohamed Al Yousef
Chairman
