

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 Mar 31, 2020.

Business Results

The Company recorded net profit of RO 439K for the period ended Mar 31, 2020 against RO 370K net profit for the corresponding period in the previous year. However, there was an adverse judgement issued by the Supreme Court in one of the legal cases.

While the company has submitted its review petition in Supreme Court against the judgment, the Company's Management and Board of Directors have decided to fully absorb the loss related to this adverse judgment in the financial statement of Mar 2020. As a result, the company has declared a net loss of RO 1,380K for March 2020.

Loans and advances stand at RO 138.39 million as against RO 151.91 million in the same period last year.

The financial results are summarized below:

Amount in RO '000			
PARTICULARS	YTD 31st Mar 2020	YTD 31st Mar 2019	% change
Net Investment in Finance Debtors	138,388	151,913	(9%)
Net Operating Income	3,017	3,442	(12%)
Operating Expenses	853	858	(1%)
Operating Profit	955	1,386	(31%)
Expenses on loss of Litigation (including provision)	(2,021)	-	
Net Profit after tax	(1,380)	370	(473%)

Human Resources and Omanisation

The Omanisation ratio at 87.9% for the period ended Mar 31, 2020, continues to be above the 80% requirement of the Central Bank of Oman.

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 outlook for 2020 is therefore challenging but your company would 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
