

DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors of Muscat Finance (SAOG), I am pleased to present the report for the quarter ended March 31, 2017.

Business Results

The Company recorded net profit of RO 983K for the quarter ended March 31, 2017 as against RO 1.21 million for the corresponding quarter in previous year. We continued to maintain a prudent approach to asset growth and the net loans and advances shrunk to RO 144 million.

The financial results are summarized below:

Amount in RO '000			
PARTICULARS	YTD 31st March 2017	YTD 31st March 2016	% change
Net Investment in Finance Debtors	144,918	157,273	(8%)
Net Operating Income	2,364	2,666	(11%)
Operating Expenses	937	820	14%
Operating Profit	1,427	1,846	(23%)
Net Profit after tax	983	1,211	(19%)

Board Election

A new Board was elected on 28th March 2017. Mr. Chandrahasan Thozhukkat is the new member elected to the Board, and he replaces Mr. Juma Abdullah Khalfan Al Khamisi. The Board places on record its appreciation of the services rendered by Mr. Juma Abdullah Khalfan Al Khamisi for his valuable contribution to the Company.

Human Resources and Omanisation

The company continues to invest in and developing its staff. A few of our staff were enrolled in the ACCA programme and their progress has been satisfactory. The Omanisation ratio at 81.48% for the quarter continues to be above the 80% requirement of the Central Bank of Oman.

Business outlook for 2017

The cost of funds continues to rise and put pressure on margins. The arrears in loan receivables are increasing due to the challenging market conditions. We continue to monitor both these critical issues carefully.

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.

Finally, 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
