Oman Investment and Finance Company SAOG

CHAIRMAN'S REPORT

We are pleased to present the unaudited financial results for the six months period ended 30th September 2008. The net profit for the period is RO. 1,181,607 which is marginally lower than that of the previous year by 1%.

The last quarter witnessed a global financial crisis of an unprecedented nature, not seen since the great depression of 1930s. Many large Banks and Investment Companies, Insurance Companies and mortgage lenders have collapsed in the United States of America. This contagion has spread worldwide and the Stock markets have seen significant erosion in values. This has also severely dented the business, investor and consumer confidence. Oman has been no exception, with the MSM index falling by more than 50%. This has adversely affected our Investment Portfolios and the profits for the period would have been much higher but for this issue.

The Operating income was marginally lower by 0.3%. Income from the telecom business grew by 18% aided by a higher commission rate, albeit with lower recourse conditions, and a significant jump in billing related to Internet, ADSL and MPLS services. The commission for Utility business was however lower by 22.1% reflecting the new contractual terms with Muscat Electricity Distribution Company relating to Electricity billing that does not include factoring.

The Company is vigorously pursuing the sale of Hayyak prepaid cards and starter kits and the Company has realized a net contribution of RO. 170,716 from this activity during the period.

A full fledged branch has been opened in Muttrah High Street, thereby adding another branch to the vast network of branches of the Company.

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The Board of Directors wishes to express their sincere gratitude to His Majesty Sultan Qaboos Bin Said and the Government of the Sultanate of Oman. The Company would further like to place on record its appreciation of the support received from Oman Telecommunications Co. SAOC, Ministry of Housing, Electricity and Water, Muscat Electricity Distribution Co. SAOC and Oman Wastewater Services Co.

Mohamed Abdullah Al Khonji
Chairman – Board of Directors.