



Muscat Finance SAOG
P.O. Box 108, PC 112, Ruwi
Sultanate of Oman
Tel: +968 246 25 300 Fax: +968 246 25 310

Issue through Private Placement of 5,000,000 Unsecured Non-
Convertible Subordinated Bonds
at an issue price of R.O. 1.000 per Bond
(Comprising of R.O. 1.000 as nominal value only)

PRIVATE PLACEMENT

Issuer Credit Rating:

Capital Intelligence: Long Term: omBBB; Short Term: omA3; Outlook: Stable

Offer Period:

Issue Opens on 13th July 2016 and Closes on 18th July 2016

Issue Manager & Financial Advisor:



P.O. Box 2010, PC 112, Ruwi, Sultanate of Oman
Tel: 24754301 Fax: 24125125

Registrar & Trustee:

Muscat Clearing and Depository Co. SAOC
P.O. Box 952, Ruwi, PC 112, Sultanate of Oman
Tel: 24822222 Fax: 24817491

Collecting Bank:

Oman Arab Bank SAOC

This Prospectus has been prepared in accordance with the requirements as prescribed by the Capital Market Authority (the "CMA"). This is an unofficial English translation of the original Prospectus prepared in Arabic and approved by the CMA in accordance with Administrative Decision no. Kh/43/2016 dated 4th July 2016. The Capital Market Authority neither assumes responsibility for the accuracy and adequacy of the statements and information contained in this Prospectus nor will it have any liability for any damage or loss resulting from the reliance upon or use of any part of the same by any person.



IMPORTANT NOTICE TO INVESTORS

All investors are requested to read the following notice carefully.

This Prospectus does not constitute an offer to sell or an invitation by or on behalf of the Company to subscribe to for the securities offered in any jurisdiction outside of Oman where such distribution is, or may be, unlawful.

The prospectus and the private placement is intended only for certain select investors as identified by the Company and is not an offer to the public. Select investors include, but are not limited to pension funds, investment companies, portfolio management entities as well as high net worth individuals.

As the securities are being offered on private placement basis, the prospectus is not intended for public circulation or distribution.

The aim of this Prospectus is to present material information that may assist investors to make an appropriate decision as to whether or not to invest in the securities offered.

Prospective investors should not treat the contents of this prospectus as investment, tax or legal advice and must make their own investigation and evaluation of the opportunity to invest in the 'Bonds' and should consult with their own advisors with respect to the evaluation of the risks of the investment and its suitability for their individual financial circumstances and risk preferences.

The Prospectus includes all material information and does not contain any misleading information or omit any material information.

The Directors of the Company are responsible for the integrity and adequacy of the information contained herein and confirm that to their knowledge appropriate due diligence has been conducted in the preparation of this Prospectus and further confirm that no material information has been omitted, the omission of which would otherwise render this Prospectus misleading.

All investors should examine and carefully review this Prospectus in order to decide whether it would be appropriate to invest in the securities offered by taking into consideration all the information contained in this Prospectus in its proper context. Investors should not consider this Prospectus as a recommendation by the Company's Directors, the Issue Manager or the Legal Advisor to buy the securities offered. Every investor shall bear the responsibility of obtaining independent professional advice on the investment in the securities offered and shall conduct independent evaluation of the information and assumptions contained herein using appropriate analysis or projections.

No person has been authorized to make any statement or provide information in relation to the Company or the securities offered other than the persons whose names are indicated in this Prospectus to do so. Where any person makes any statement or provides information it should not be taken as authorized by the Company, the Issue Manager or the Legal Advisor.

ADDITIONAL POINTS TO BE NOTED

Scope of information: The information contained in this Prospectus is intended to provide a Prospective Applicant with adequate information relating to the investment opportunity and background information on the Company. However, this Prospectus does not necessarily contain all the information that a prospective Applicant may consider material. The content of this Prospectus



is not to be construed as legal, business or tax advice. Each prospective Applicant should consult his own lawyer, financial advisor or tax advisor for legal, financial or tax advice in relation to any subscription, purchase or proposed subscription or purchase of the Securities offered.

Investor due diligence: Prior to making any decision as to whether to subscribe for the securities offered, prospective Applicants should read this Prospectus in its entirety. In making an investment decision, prospective Applicants must rely upon their own examination of the terms of this Prospectus and the risks involved in making an investment.

Price risk: All investments carry market risks to varying degrees. The value of any security can fall as well as rise depending on the market conditions. Potential investors should read the chapter related to “Risk Factors and Mitigants” of this Prospectus.

Restrictions on distribution of this Prospectus: The distribution of this Prospectus and the Securities offered may, in certain jurisdictions, be restricted by law or may be subject to prior regulatory approvals. This Prospectus does not constitute an offer to sell or an invitation by or on behalf of the Company to subscribe to any of the Securities offered in any jurisdiction outside of Oman where such offer or invitation would be unlawful. This Prospectus may not be distributed in any jurisdiction where such distribution is, or may be, unlawful. The Company, the Issue Manager, the Legal Advisors and the Collecting Banks require persons into whose possession this Prospectus comes, to inform themselves of and observe, all such restrictions. None of the Company, the Issue Manager, the Legal Advisors or the Collecting Bank accept any legal responsibility for any violation of any such restrictions on the sale, offer to sell or solicitation to subscribe for Securities offered by any person, whether or not a prospective Applicant, in any jurisdiction outside Oman where such sale, offer to sell or solicitation to subscribe would be unlawful.

Restrictions on use of information contained in this Prospectus: The information contained in this Prospectus may not be published, duplicated, copied or disclosed in whole or in part or otherwise used for any purpose other than in connection with the Placement, without the prior written approval of the Company and the Issue Manager.

Disclaimer of implied warranties: Except as required under applicable law and regulations, no representation or warranty, express or implied, is given by the Company, the Issue Manager, the Legal Advisor or the Collecting Banks, or any of their respective directors, managers, accountants, lawyers, employees or any other person as to the completeness of the contents of this Prospectus; or of the projections included within; or of any other document or information supplied at any time in connection with the Placement; or that any such document has remained unchanged after the issue thereof.

FORWARD LOOKING STATEMENTS

This Prospectus contains statements that constitute statements relating to intentions, future acts and events. Such statements are generally classified as forward looking statements and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events and circumstances to differ from the way implicitly portrayed by this Prospectus. The use of any of the words “anticipate”, “continue”, “estimate”, “schedule”, “intend”, “expect”, “may”, “will”, “project”, “propose”, “should”, “believe” “will continue”, “will pursue” and similar expressions are intended to identify forward-looking statements. These forward-looking statements are not historical facts but reflect current expectations regarding future results or events and are based on various estimates, factors and assumptions. The Company believes the expectations



reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct.

Moreover, forward- looking statements involve inherent risks and uncertainties and speak only as at the date they are made and should not be relied upon as representing the Company's estimates as of any subsequent date.

The Company cautions investors that a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements. These factors include, but are not limited to, the following:

- Level of demand for the Company's products and services;
- The competitive environment;
- Regulatory, legal and fiscal developments;
- Fluctuations in foreign exchange rates, equity prices or other rates or prices;
- Inability to estimate future performance;
- The performance of the Omani economy; and
- Other factors described in Chapter three titled "Risk Factors and Mitigants" of this Prospectus.

The Company cannot provide any assurance that forward-looking statements will materialize. The Company, the Issue Manager and any of their respective affiliates, disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise unless required by applicable securities laws. For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this Prospectus, see Chapter three titled "Risk Factors and Mitigants" of this Prospectus. The risk factors described in this Prospectus are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in the forward-looking statements.

Currency of Presentation: All references to "Rial Omani" or "R.O." are to Omani Rials, the official currency of the Sultanate of Oman. The Omani Rial is pegged to the US Dollar and the pegged exchange rate is 1 Omani Rial = 2.6008 US\$. 1 Omani Rial, is composed of 1000 Baizas.

Summary or Extracts of Documents: Any summaries of documents or extracts of documents contained in the Prospectus should not be relied upon as being comprehensive statements in respect of such documents.

Industry and Market Data: Industry and market data in this Prospectus has been obtained from third parties or from public sources such as websites and publications. Although it is believed that the industry information referenced in this Prospectus is reliable, neither the management of the Company nor the Issue Manager has independently verified any of the data from third party sources referred to in this Prospectus or ascertained the underlying assumptions relied upon by such sources. Consequently, no liability, legal or otherwise, will be accepted by the Company, the Directors or the Issue Manager as to the accuracy or completeness of such information. Additionally, the Issue Manager has not independently verified any of the industry data obtained from any source referred to in this document.



TABLE OF CONTENTS

IMPORTANT NOTICE TO INVESTORS.....	2
TABLE OF CONTENTS	5
DEFINITIONS AND ABBREVIATIONS	6
1. THE OFFERING	8
2. CREDIT RATING OF THE ISSUER	11
3. OMAN ECONOMIC OUTLOOK	15
4. RISK FACTORS AND MITIGANTS	20
5. OBJECTS AND APPROVALS.....	23
6. PURPOSE OF THE ISSUE AND ISSUE EXPENSES	26
7. TERMS AND CONDITIONS OF THE BOND ISSUE	27
8. RIGHTS AND RESPONSIBILITIES	36
9. RELATED PARTY TRANSACTIONS	39
10. FINANCIAL HIGHLIGHTS	40
11. NOTES RELATING TO FINANCIAL STATEMENTS AT 31 DECEMBER 2015	
.....	41
12. CORPORATE SNAPSHOT, BUSINESS PLAN, STRATEGY	43
13. CORPORATE GOVERNANCE, BOARD, TOP MANAGEMENT	46
14. SUBSCRIPTION CONDITIONS & PROCEDURES	60
15. UNDERTAKINGS	65



DEFINITIONS AND ABBREVIATIONS

The following words and expressions, unless used with capitalized initial letters, in this Prospectus (inclusive of the notices and tables contained therein) have the meanings set out below:

AC	Audit Committee of the Board elected as on 27 th March, 2014
Allotment Date	The date on which the Bonds are allotted to eligible Subscribers
Application Form	The Application Form to be completed and filed by an investor in order to subscribe for Bonds
Articles or AOA	Articles of Association of the Issuer, as may be amended from time to time in accordance with the provisions of the CCL and as contained therein
Banking Law	Banking Law of Oman as contained in Royal Decree 114/2000
Board / Board of Directors	Company's Board of Directors elected in accordance with the Articles as on 27 th March, 2014.
Bonds	Bonds issued under this Prospectus.
Bondholders	A holder of a Bond issued by the Issuer pursuant to this Prospectus
Bondholders' Resolution	A resolution passed at a meeting of Bondholders duly convened and held in accordance with the provisions of the Trust Deed and in accordance with the applicable provisions of the CCL
Business Day	A day on which commercial companies and the Registrar are open for business in Sultanate of Oman
CBO	Central Bank of Oman
CCL	Commercial Companies Law of Oman as contained in Royal Decree 4/74 and the amendments thereto
CI	Capital Intelligence or the Rating Agency
CMA	Capital Market Authority of Oman
CMA Law	Capital Market Law of Oman as contained in Royal Decree 80/98
Code of Corporate Governance	The Code of Corporate Governance for MSM listed companies issued by Circular 11/2002 and as amended by circular 4/2015.
Collecting Bank	means Oman Arab Bank SAOC
Company /Muscat Finance/Issuer	Muscat Finance SAOG
Director	Means a member of the Board of Directors of Muscat Finance SAOG
EC	Executive Committee of the Board
Event of Default	Any of the events described in Condition 20 of Section VI of this Prospectus
Executive Regulations	Executive Regulations of the CMA Law issued by the CMA pursuant to the Administrative Decision no. 1/2009 as on 18 March 2009.
Financial Year	The financial year of the Issuer commencing from 1st January and ending on 31st December each year or as may be amended by the shareholders in accordance with the Articles
Interest Payment Record Date	Date on which interest will be paid to all Bondholders whose name appears on the Bondholders' Issue Register
HR	Human Resources
Laws of Oman	The laws of Sultanate of Oman in the form of Royal Decrees, Ministerial Decisions, CMA and CBO Regulations as the same may have been, or may from time to time be enacted, amended or reenacted or issued



Maturity Date	The date on which the Bonds will be redeemed in full in the form of a single bullet payment at the end of the 3(three) years from the Allotment Date
MCD/Registrar	Muscat Clearing & Depository Co. SAOC
MOCI	Ministry of Commerce and Industry of Oman
MSM	Muscat Securities Market
Sultanate / Oman	The Sultanate of Oman
Prospectus	this Prospectus
Register	The Register to be maintained by the Registrar in which information relating to the Bonds and the Bondholders shall be recorded
Rial Omani or Omani Rial or R.O.	Omani Rial, which is the lawful currency of the Sultanate of Oman. Each Omani Rial is equivalent to 1000 Baizas
Shareholders	Shareholders of the Issuer
Subscriber	A person who has submitted his/her Application Form
Subscription Period	The period from opening and closing date for subscription to the issue (both days inclusive)
Trust Deed	Trust deed to be entered into between the Issuer and MCD for MCD to act as Trustee for the Bondholders.
Trustee	MCD or any successor body thereto and includes all persons who may be appointed trustee under the terms of the Trust Deed to act for and on behalf of the Bondholders as their representative
Senior Liabilities	Mean liabilities of the Issuer, which are repayable ahead of Subordinated Liabilities and Share Capital
Subordinated Liabilities	Mean liabilities of the Issuer, which are stated to be repayable after payment of Senior Liabilities and ahead of Share Capital.



1. THE OFFERING

1.1 KEY TERMS OF THE OFFERING

(This is only a summary, please read the Prospectus in full before taking any investment decision)

Issuer	Muscat Finance SAOG
Commercial Registration	1263765; Dated: 11th October 1987
Registered Office	P.O. Box 108, PC 112, Ruwi, Sultanate of Oman
Company's Duration	Unlimited
Financial Year	Financial year commences on 1 st January and ends on 31 st December of the same year.
Issued & Paid-up Capital	R.O. 25.162 million (as on 31 st December 2015)
Credit Rating of the Issuer	Capital Intelligence: Long Term: omBBB; Short Term: omA3; Outlook: Stable As per Capital Intelligence Rating Report December 16, 2015.
Instrument Offered	Unsecured Non-Convertible Subordinated Bonds
Use of Proceeds	To fund general financing requirement of the Company
Denomination	Omani Rial
Tenor of the Bonds	3 (three) years
Bond insurance	No insurance
Offer Size	5,000,000 (Five Million) Bonds
Nominal Value	R.O. 1.000 per Bond
Offer Price	R.O. 1.000 per Bond, comprising nominal value of R.O. 1.000 only payable in full on subscription
Interest Rate	5.25% per annum on face value of the Bond.
Interest Payment Record Dates	Semi-annual interest, on 18 th January and 18 th July, between the year 2016 and the Maturity Date (both years inclusive). The first Interest Payment Record Date will be on 18 th January 2017 and for more information refer to chapter Seven (Terms and Conditions of The Bond Issue).
Maturity Date	18 th July, 2019
Redemption Value	R.O. 1.000 per Bond
Listing	The Issuer will list the Bonds on the MSM which is expected on date 25 th July, 2016
Eligible Subscribers	The Bonds are offered on a private placement basis. The table hereunder shows the names of the proposed investors, who have given an undertaking for subscription of this issue by private placement
Subscription Period	The subscription opening date is 13 th July, 2016 and the subscription closing date is 18 th July, 2016 The Issuer may extend the subscription closing date with the approval of CMA
Allotment	The Bonds will be allotted on the day following closing of subscription ("Allotment Date"). Validity of the allotment shall be subject to the approval of all relevant authorities



	<p>If any investor withdraws or does not subscribe for the number of Bonds it has undertaken to subscribe for, the Board of Directors shall allocate the unsubscribed Bonds to other investors subject to their maximum Bonds commitment</p> <p>In the event the Bond Issue is not subscribed in full by the proposed Investors the Board of Directors may accept subscription only to the extent it is subscribed and accordingly the Issue size will be reduced proportionately</p>
Status of the Bonds	<p>The Bonds are subordinated to the claims of other creditors as regards both principal and interest. The Bonds are not redeemable at the holder's initiative</p> <p>The Bonds shall constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank pari-passu, without any priority or preference amongst themselves and equally with any other present or future, unsecured subordinated indebtedness of the Issuer save for such obligations that may be preferred by provisions of law that are mandatory and of general application. The Issuer may incur further borrowings or indebtedness and may create or permit other security interests upon the whole or any part of its present or future undertakings, assets or revenues (including uncalled capital). Any security interests so created will rank in priority to the Bonds for so long as such security interests remain in effect</p>
Issue Manager & Financial Advisor	<p>Oman Arab Bank SAOC – Investment Management Group P.O. Box 2010, P.C. 112, Ruwi, Muscat, Sultanate of Oman. Tel: +968 24 754 301 Fax: +968 24 125 125 www.oabinvest.com</p>
Trustee & Registrar	<p>Muscat Clearing and Depository Company SAOC P.O. Box 952, PC 112, Ruwi, Sultanate of Oman Tel: 24822222, Fax: 24817491 Website : http://www.csdoman.co.om</p>
Collecting Bank	Oman Arab Bank SAOC
Legal Advisor	<p>Al Busaidy, Mansoor Jamal & Co. Barristers & Legal Consultants P.O. Box 686, Ruwi, Postal Code 112, Muscat Tel: +968 24814466, Fax: +968 24812256 Sultanate of Oman</p>
Auditors to the Issuer	<p>Deloitte & Touché (M.E.) MBD Area Muscat International Center Muscat 258, Sultanate of Oman Tel: +968 24 817775 Fax: +968 24 815581</p>

Table showing names of proposed investors, number of Bonds undertaking and proposed allotment of Bonds:

Sl.	Name of the Investor	Undertaking amount	Proposed Allotment
		Bonds	Bonds
1	Oman Reinsurance S.A.O.C	1,500,000	1,500,000
2	Oman Arab Bank S.A.O.C	1,000,000	1,000,000
3	Fund for Development of Youth Projects SAOC	500,000	500,000
4	Mr. Abdul Qader Askalan	500,000	500,000
5	Oman Arab Bank S.A.O.C. clients through trust accounts	1,500,000	1,500,000
	Total	5,000,000	5,000,000

1.2 AUTHORIZATION OF THE OFFERING

- The CBO has approved the issue vide their letter No. BDD/IBS/MFC/2016/1863 in response to the MFC approval request having reference no. CBO/156/2016 dated 16th March 2016.
- The issue of the Bonds was authorized by the Shareholders of the Issuer at an Extra-ordinary General Meeting held on June 30, 2016.
- The CMA has approved this Prospectus as per details stated on the first page.



2. CREDIT RATING OF THE ISSUER

Muscat Finance has been rated by leading international rating agency, Capital Intelligence as on December 16, 2015.

2.1 SUMMARY OF THE RATING

Issuer Rating	CI
Long Term	omBBB
Short Term	omA3
Outlook	Stable

2.2 RATING DRIVERS

- a) Supporting the Rating
 - Well capitalised balance sheet in terms of ratio of equity to total assets.
 - Conservative business model and internal processes. Sound management,
 - Good returns.
 - Oldest finance company in Oman, with solid track record of profitable performance.
- b) Constraining the Rating
 - Heavy structural reliance on contractually short-term bank funding in order to maintain lending - availability of sufficient lines and their cost may be a limiting factor for growth at some point in the medium-term, although committed line availability is not a problem at present
 - Small balance sheet - a common characteristic of NBFCs in Oman.
 - Effective coverage ratio is only satisfactory although full loan-loss reserve (LLR) coverage should be attained by year end 2015. *(the Company has attained the full loan-loss reserve (LLR) coverage as at 31st December 2015).*
 - Concentrations - some sector concentration in financing portfolio, although the growth in retail lending is helping to lessen the problem. Some concentration in funding sources, although this is the result of regulatory constraints on deposit gathering.

2.3 RATING RATIONALE

Capital Intelligence (CI) affirms the Corporate Ratings on the Oman National Scale of 'omBBB' Long-Term and 'omA3' Short-Term assigned to Muscat Finance SAOG (MF), The Outlook on the ratings remains 'Stable', although this may come under upward pressure as full LLR coverage is attained. The ratings are supported by the well capitalised balance sheet and by the consistently good returns achieved over time. Although leverage should rise as business volumes grow, it is expected to remain in a range that is considered comfortable for a NBFC (non-bank financing company).

Having been established 28 years ago. MF has a good position in the Omani finance market with a good brand and national coverage via its six branch offices. Even though it is a little smaller in balance sheet and portfolio size than some of its NBFC competitors. The main constraining factors on the rating remain size and funding base, although liquidity is satisfactory for the industry. However, the funding limitations are inherent in the business

model given regulatory barriers. A lower level of nonperforming financing receivables (NPFs) and, in particular, the achievement of full LLR coverage could put upward pressure on the ratings, as long as other aspects of financial condition do not deteriorate.

MF lends to both companies and to consumers. Although most of its corporate borrowers are from the SME segment, from time to time MF also lends to some of the larger groups in Oman. The scope of products that MF can offer is constrained by the regulatory framework governing the activities of NBFCs. Most credits are asset-backed, but MF has extended working capital lines to selected corporates with which it has a close relationship, although such business is being deemphasised.

PERFORMANCE OUTLOOK

The fall in oil prices has begun to impact liquidity conditions in Oman, and may in due course mean that lower government spending may indirectly impact asset quality in the contracting sector and in the supply chain to that sector. In contrast the consumer segment is likely to be more resilient, especially those Omanis employed by the government or 'Grade A' corporates. Although new car registrations have fallen by around 40% this year, MF's car lending volumes have held up, helped by the trend for Omanis (with secure jobs) to buy more upper range vehicles — the volume falls have been mainly in the lower price vehicle segments. As a result, net outstanding to this segment should not fall this year.

The outlook for lending to corporates is cloudier. Demand is there, but MF is prudently tightening underwriting standards. Where additional corporate business is booked, it is likely to be part of a relationship where MF provides factoring, and is thus able to understand the cash flow dynamics of the customer. Adding together corporate and retail lending. MF expects volume growth to be muted over the 2016-17 period.

With liquidity conditions tightening. MF management has moved to tie in longer tenor funding. Approximately 80% of the funding base (including the bond) is medium-term and within the short-term, there is no reliance on overdraft lines. With a devaluation of the OMR a possibility, the limited Forex borrowings are fully hedged for interest rate risk and 50% hedged for Forex risk. Going forward. MF would consider a new bond issue, but only if costs were competitive with medium-term bank funding - something that is not yet the case.

Profitability at the net level will be impacted in 2015 by the decision to add an extra OMR0.5mn to LLR. However, this should take the coverage level close to if not above 100% - and is therefore seen as a positive.

2.4 CAPITAL INTELLIGENCE

Capital Intelligence (CI) has been providing credit analysis and ratings since 1985, and now rates over 300 banks, corporates and Financial Instruments (Bonds & Sukuk) in 37 countries. Further information is available at www.ciratings.com.

2.5 NATIONAL RATINGS

CI's national ratings provide an opinion as to the ability and willingness of obligors to meet financial commitments either in general (an issuer credit rating) or with respect to a specific debt instrument (an issue credit rating) relative to all other issuers or issues in the same country.



CI's national rating scale for a given country is not directly comparable to any other CI credit rating scale, national or international. The country-specific nature of CI's national ratings is captured by the addition of the prefix "nr" to the credit rating, as in egAAA for Egypt or omAAA for Oman.

Under CI's national rating methodology, the strongest credit in the country is normally assigned the rating "nrAAA", and all other issuers or issues are assigned ratings relative to that strongest credit.

Short-term ratings assess the time period up to one year.

2.6 NATIONAL LONG-TERM CREDIT RATINGS

nrAAA	The highest credit quality in a given country. Exceptional capacity for timely fulfillment of financial obligations relative to all other issuers or issues in the same country.
nrAA	Very high credit quality in a given country. Very strong capacity for timely fulfillment of financial obligations relative to all other issuers or issues in the same country.
nrA	High credit quality in a given country. Strong capacity for timely fulfillment of financial obligations relative to other issuers or issues in the same country.
nrBBB	Adequate credit quality in a given country. Satisfactory capacity for timely fulfillment of financial obligations relative to other issuers or issues in the same country.
nrBB	Moderately weak credit quality in a given country. Limited capacity for timely fulfillment of financial obligations relative to other issuers or issues in the same country.
nrB	Weak credit quality in a given country. The issuer or issue presents a significant credit risk for investors relative to higher-rated issuers or issues.
nrC	Very weak credit quality in a given country. Substantial credit risk is apparent and there is considerable uncertainty as to timely repayment of financial obligations relative to other issuers or issues in the same country.
nrRS	Regulatory supervision (this rating is assigned to financial institutions only). The obligor is under the regulation supervision of authorities due to its weak financial condition. The likelihood of default is extremely high without continued external support.
nrSD	Selective default. The obligor has failed to service one or more financial obligations but CI believes that the default will be restricted in scope and that the obligor will continue honoring other financial commitments in a timely manner.
nrD	Obligations are currently in default.



2.7 NATIONAL SHORT-TERM CREDIT RATINGS

nrA1	Strongest capacity for timely repayment of financial obligations in the short term relative to all other issuers or issues in the same country. Entities with a particularly strong credit profile have a “+” affixed to the rating.
nrA2	Good capacity for timely repayment relative to all other issuers or issues in the same country.
nrA3	Adequate capacity for timely repayment relative to all other issuers or issues in the same country.
nrB	Weak capacity for timely repayment relative to all other issuers or issues in the same country.
nrC	Very weak capacity for timely repayment relative to all other issuers or issues in the same country.
nrRS	Regulatory supervision (this rating is assigned to financial institution only). The obligor is under the regulatory supervision of authorities due to its weak financial condition. The likelihood of default is extremely high without continued external support.
nrSD	Selective default. The obligor has failed to service one or more financial obligations but CI believes that the default will be restricted in scope and that the obligor will continue honoring other financial commitments in a timely manner.
nrD	May be in an untenable position and either in default or very likely to default if it does not receive immediate external support.

Capital Intelligence appends “+” and “-” signs to national long-term credit ratings in the categories from “nrAA” to “nrC” to indicate that the strength of a particular entity is, respectively, slightly greater or less than that of similarly rated peers. Rating symbols written in lower case (e.g. aaa/a1) indicate that the issuer has not participated in the rating process and CI has relied on publicly available information and other information sources it considers reliable.

Outlook – expectations of improvement, no change or deterioration in a rating over the 12 months following its publication are denoted Positive, Stable or Negative.

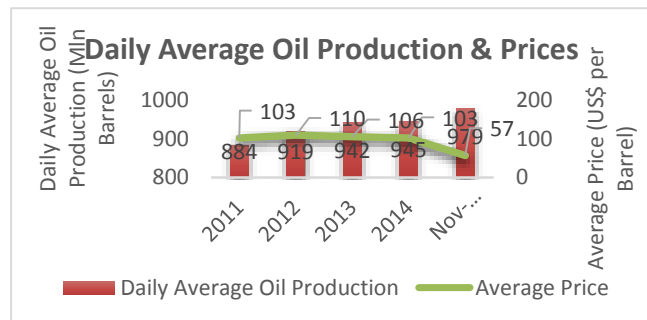
3. OMAN ECONOMIC OUTLOOK

3.1 BACKGROUND

Strategically positioned at the crossroads of Asia and Europe, Oman has historically been a center of trade and commerce. With a population of approximately 4 million spread over a land area of 309,500 square km, Oman is a country with stable political, economic and social systems. The country has created a strong infrastructure, healthcare, communication, international trade network and advanced transportation systems on the backbone of a flourishing oil-based economy. The continued focus of the Government to diversify the economy and gradually reduce its dependence on oil, has witnessed a steady growth of the non-oil sectors. Currently, according to the data published by the *National Centre for Statistics & Information*, petroleum activities contributed about 47% of the Gross Domestic Product ("GDP") at current market prices in 2014. The Omani Rial is pegged to the U.S. Dollar at a fixed exchange rate of 1 RO = 2.6008 US\$.

3.2 ECONOMY

In 2015, the "GCC" economies were faced with falling crude oil prices that started in the second half of the year 2014. The effect was an overall slowing down of the member states economies during 2015 registering a 2.8% combined growth compared to a growth of 3.6% in 2014.



Inflationary pressure among the member states remained low at an average of 1.5% in 2015 primarily in view of their currencies appreciation in tandem to the US dollar that in turn lowered imported inflation. However, oil prices have declined and reached to around US\$ 36 per barrel as of end 2015.

(Source: *Monthly Statistical Bulletin- Dec 2015, National Centre for Statistics & Information*)

Crude Oil Prices

WTI Crude Oil -\$49.01 (2 June 2016)

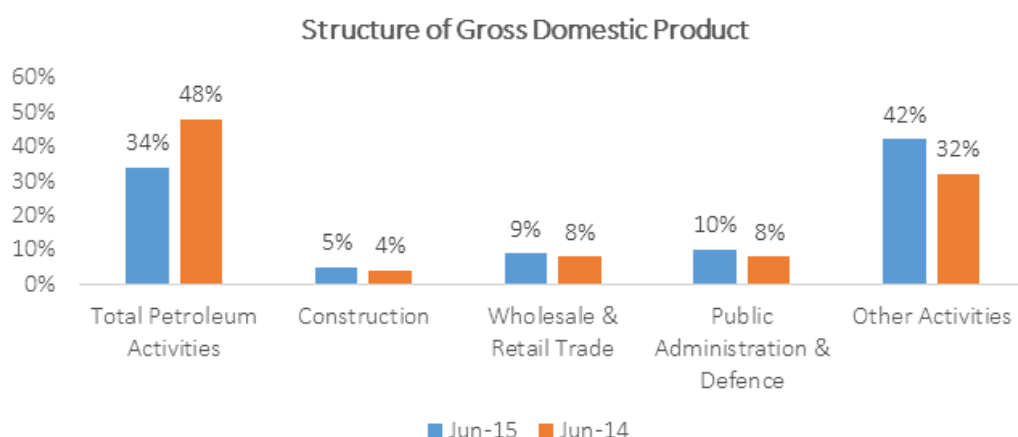
Brent Crude Oil \$49.71 (2 June 2016)



Source: www.oil-price.net

Due to the lower oil prices commencing from the second half of 2014, the macroeconomic situation for Oman remained stressed in 2015. The Sultanate's gross domestic product at current prices declined by 14% in 2015 compared to 4.6% growth registered in the previous year. The petroleum sector contracted by 38% while the non-petroleum sector registered a growth of 2.3% during 2015. The balance of payments situation remained comfortable with both current account and overall position in surplus. The current account surplus stood at around RO 1.6 billion in 2014 while the overall balance of payments position indicated a surplus of RO 429 million which has dropped to RO 3.9 billion deficit in 2015.

Inflation was also fairly contained in the Sultanate with the average inflation registering an increase of only 1.1 percent the year 2013, while in 2014, the average inflation based on CPI for the Sultanate stood slightly lower at 1.0 percent. It was 0.25 percent during January-May 2015 over the corresponding period in 2014.



The Sultanate's crude oil production during 2015 increased by 4.0% to 358.1 million barrels from 344.4 million barrels in 2014. The Omani crude oil prices averaged US\$ 56.5 per barrel during 2015 as compared to US\$ 103.2 per barrel during 2014. The daily average production of crude oil increased to 981.1 thousand barrels during 2015 from 943.5 thousand barrels during 2014. The aggregate production of natural gas and imports increased by 5.6 percent to 39.8 billion cubic meters in 2015 compared to 37.68 billion cubic meters in 2014. Oil and gas revenues as a percentage of GDP stood at 33.9% in 2015 and accounted for 78.4% of total government revenues and 68.5% of total merchandise exports during 2015.

The major drivers of growth in 2014 were higher sustained domestic demand, mainly supported by large public expenditure and accommodative monetary policy pursued by the Central Bank of Oman. Following a negative growth in 2009 due to fall out from the global financial crisis, the average growth rate of Gross Domestic Product (GDP) at current prices between 2010 and 2012 was around 16.5%. In 2013, the GDP at current prices grew at a modest pace of 2.4% primarily due to weaker crude oil prices in the global market and in 2014, as the economic momentum picked up slightly the nominal GDP grew by 4.6%, however continuous lower oil prices in 2015 has reduced the GDP by 14.1% to reach RO 27.0 billion.

The Government has been taking several initiatives to create employment in public and private sector. Employment opportunities created in the public sector during the five year period 2009 to 2013 increased by an average rate of 6.6%. During 2013, the employment in the public sector increased by 8.6% as compared to 5.4% in the previous year. During the five year period 2010 to 2014, average employment growth in the private sector was 12.7%.



According to the IMF World Economic Outlook issued in April 2015, the global economy is projected to grow at 3.5% compared to a 3.4% growth registered in 2014. The pace of economic activities among the advanced economies is projected to pick up in 2015 with projected growth of 2.4% following a 1.8% growth in 2014. In contrast, the emerging market and developing economies are projected to slow down with growth anticipated at 4.3% in 2015 after growing by 4.6% in 2014.

In view of the continued projected low oil prices in 2015, the GCC economies are expected to register a slower growth of 3.4% during the year compared to a 3.6% growth in 2014. According to the IMF, under the prevailing price assumption for crude oil, the GCC economies are anticipated to register a fall of US \$ 287 billion in export earnings or 21% of the aggregate GDP in 2015. Fiscal positions among the member states are also expected to weaken in response to low oil prices in 2015. The uncertainty from volatility in oil prices has increased due to the ongoing dynamics between shale and conventional oil production as well as the ongoing geopolitical tensions, particularly those prevailing in the region. The main economic challenges for the GCC countries remain in promoting a diversified based economy with the private sector leading the way in generating productive and skilled jobs as well as introducing fiscal reforms so as to minimize the current reliance on the hydrocarbon sector.

Oman 2016 budget has been carefully crafted keeping in view the oil prices and geo political situation and is expected that government might revisit the budget mid-year keeping in view the oil prices. The budget this year is in stark contrast from previous year budget as this year government has increased taxes, decreased the expenses and reduced the subsidy. However, government has vowed to continue the vital projects which are deemed essential for diversification. On the inflation front, it is likely to start picking on the back of increase in local fuel and utility prices. The exchange rate is expected to remain stable as long as the Government manages its balance of payment through successful sourcing of funding.

Built on an estimated \$45 a barrel with 990,000 barrels per day worth of oil production, the total budgeted revenues at RO 8.6bn are 25.8% lower than 2015 budgeted figures and 4% down compared to the actual. Inevitably net oil revenue forms the lion's share at 53% against an average of 69% for the past three budgeted years. Non-oil revenues (mainly taxes, fees, investment returns and capital Repayments) stand at RO 2.45bn, almost equal to the 2015 budgeted figures but 60% higher than the actual 10M'15 of RO 1.53bn.

Total budgeted expenditure stands at RO 11.9bn in 2016 down from RO 14.1bn in 2015 budget i.e. -15.6% and -11% compared with 2015 actual figures as per the budget statement. The expenditure is divided into current expenditure (73%), investment expenditure (22.44%), participation, and other expenses (4.62%).

Key points to be addressed are;

- 1) Current expenditure is close to the budgeted revenues, only higher by 1%.
- 2) Fall in subsidies is notable as it declined by 64% (RO -710mn) to RO 400mn.
- 3) Oil and gas production expenses see a drop of 14% YoY to RO 1.79bn but remain within the same percentage to the public spending at 15%.
- 4) Development expenditure forms 11.34% of the total spending against 11.7% in 2015 budgeted figures.

(Source: OAB Invest Research)

Overall, as indicated in the 2016 State General Budget, the government is exerting efforts to rationalize and control public spending to sustainable limits while enhancing the sources of non-oil revenues. The Budget also focuses on reducing the dependence on oil through enhancing the contribution of promising sectors such tourism, mining, agriculture and fisheries. The long term objective is to diversify the economy and create employment opportunities for nationals by establishing income generating industries, promoting small and medium enterprises, emphasis on private sector, encouraging tourism, and improving the business climate to attract additional domestic and foreign investments.

Oman has a credit rating of "BBB-" by Standard & Poor's with a stable outlook and "A-3" by Moody's Investor Services with negative outlook. According to Moody's report dated February 26, 2016, the key driver for the rating downgrade is the highly negative impact of the structural shift in lower oil prices, which has continued through the opening months of 2016, on Oman's government finances, balance-of-payments position, and economic performance.

3.3 KEY ECONOMIC INDICATORS

	2011	2012	2013	2014*	2015**
GDP at current price (RO billion)	26.12	29.35	30.06	31.45	27.01
Population (million)	3.30	3.62	3.86	3.99	4.16
Debt to GDP ratio	4.8%	4.6%	4.9%	4.8%	7.0%
Crude oil production (million barrels)	323	336	344	344	358
Oil and gas sector as % of GDP	53%	52%	51%	47%	34%
Share of Oil Revenues in Total Government Revenue	73%	73%	75%	72%	78%
Annual Inflation (%)	4.0%	2.9%	1.1%	1.0%	0.1%
MSM market capitalization (RO billion)	10.3	11.7	14.2	14.6	15.8
Stock market capitalization to GDP ratio	38.4%	39.7%	47.1%	46.3%	27.4%
MSM 30 Share Price Index	5,695.12	5,760.84	6,834.56	6,343.22	5,406.22

* Provisional

** Preliminary

Source: NCSI -Monthly Statistical Bulletin-May 2016, CBO Quarterly Report March 2016, Bloomberg

3.4 IMPLICATIONS FOR THE NBFC SECTOR

While Omani banks are keen to lend to the consumer, banks until fairly recently had a very small share of the vehicle financing market, in fact, consumer loans for banks largely meant personal loans with repayments deducted automatically from salaries. Banks however have now ventured aggressively into the auto loans. Despite this, there remains a role for both NBFCs and the financing arms of the main auto dealers as there is a regulatory 35% of portfolio cap for consumer lending for Omani banks.

The commercial banks have also increased their focus on the SME segment after the Central Bank of Oman made it mandatory for lenders to set apart as much as 5% of their total credit portfolios to this segment. However it is expected that the commercial banks will concentrate their SME lending at the higher end. Further competition from the new Islamic banks may take time to materialize. Thus the market for the NBFCs products and services is expected to continue to grow and offer opportunities to the NBFCs to expand their business and products.

The market outlook for NBFCs while considered as challenging, is expected to support growth in assets, income and profits due to their better reach to diversified group of customers, bigger marketing team and flexible terms. Overall, the economic climate remains cautiously optimistic with a positive market growth balanced against increased competition.



4. RISK FACTORS AND MITIGANTS

The following risk factors are not comprehensive or exhaustive, as additional risks and uncertainties not presently known or that the Company currently believes not to be of significance may also have an impact on the Company and its proposed operations. The actual risks and the impact of such risks could be materially different from those mentioned herein. If any of these uncertainties develop into an actual event, the Company's proposed operations and results could be adversely impacted. It should also be noted that the Company intends to undertake steps and/or measures necessary in order to mitigate the risks referred to below apart from those that may be caused by factors that are beyond the Company's control, including, in particular, factors of a political and/or economic nature.

It is to be noted that past performance is not indicative of future results.

Subscribers should consider carefully whether an investment in the Bonds is suitable for them in light of the information in this Prospectus and their personal circumstances.

4.1 RISK FACTORS SPECIFIC TO THE ISSUER

a) Competition

The Company operates in a competitive business environment where it faces competition from other financing institutions, commercial companies, and specialized Companies. This could result in increased pressure on the level of business which could have a negative impact on margins and profitability.

Mitigant: The Company follows a customer centric business approach by providing high quality services and a wide range of products. The Company has been performing satisfactorily over the past in an increasingly competitive market and is confident of doing so in the future.

b) Regulatory Risk

The suspension, cancellation or restrictions on the Company's licence would result in the Company becoming incapable of carrying on its activities, which would have a material adverse effect on the Company's business and operating results.

Mitigant: The Company's policies and procedures are aimed at complying with the rules and regulations so that there is no cause for any punitive regulatory action.

c) Financing Risks

Financial institutions, including the Issuer, are faced with a number of risks arising from the nature of their business which includes credit risk (default by borrowers/ counter parties), interest rate risk (adverse movement in market rates), liquidity risk (inability to obtain required amount of funding at economical rates), currency risk (adverse movement in forex rates), price risk (adverse changes in market prices of securities/ investments/ assets), operations risk (risk of fraud, errors, improper documentation, etc), technology risk (data loss, interruptions, obsolescence) etc.. Any of these risks could affect the Company causing it to incur financial loss and loss of business.

Mitigant: The Company has put in place various risk management policies and procedures to manage these risks and to conduct its operations in a prudent manner.



d) **Business Continuity Risks**

The Company's business may be affected by natural disasters and accidents such as fire, which may result in interruption of business, loss of property, records and information. Any interruption or threat, real or perceived, to the information technology (IT) systems of the Company could significantly impact its operations. This could have a substantial adverse impact on the financial position of the Company.

Mitigant: The Company has put in place suitable "Business Continuity" plans to handle potential business interruptions or loss of information.

e) **Redemption Risk**

The Bonds are to be redeemed at the end of three years from the Allotment Date. Any adverse performance of the Company over this period could potentially lead to the Bonds not being redeemed as envisaged.

Mitigant: The Company aims at managing its business in a profitable manner without affecting its liquidity and solvency. The credit rating of the Company also indicates the credit quality of the Bonds.

4.2 RISK FACTORS RELATING TO THE MARKET IN WHICH THE COMPANY OPERATES

a) **Economic Risk**

The global as well as Oman's economic performance has a direct impact on the Company's performance. Any change in the economic environment could have an impact on the Company's operations and performance.

The economic environment in 2015 had a benign beginning but there was a sharp increase in macroeconomic risks in the second half, as bearish oil prices started having an effect on government revenues and liquidity began to tighten. The government continued to support development with investments in strategic infrastructure projects, but a drop in liquidity in the domestic market led to a sharp spike in borrowing costs in the second half of the year. The increase in Fed Funds rates also fuelled an uptick in the forward yield curve, making interest rate risk high. Consumer demand and sentiment remained strong, although there were some signs of this flagging towards the end of the year.

Mitigant: The Company considers the economic outlook and its implications while drawing up its business plan. The Company has a well experienced and stable management. Further, the Board and the Company's management monitor the functioning of the Company and adopts suitable actions in the event of any unanticipated developments. The Company is confident that in case of an overall macro-economic downturn, it will be in a position to minimize the negative effect, if any, on the business performance of the Company.

b) **Change in Regulations**

The Company's functioning is supervised by the CBO, CMA and MOCI. Any change in the prevailing policies and regulations could impact the Company's performance.



Mitigant: The CBO is expected to formulate policies that are aimed at improving the non-banking financial sector and its long term growth. Further, the Company has a well-experienced management team to appropriately respond to such developments.

c) Default by the Company's Clients and Counterparties

Any potential or actual default by the Company's Clients and Counterparties on account of country, regional and political risks, economic risks, currency crises, etc. may adversely affect the Company's business and operations.

Mitigant: The Company has appropriate risk management policies and procedures to address these issues so that these do not have a material adverse impact on the Company's long term prospects.

d) Market Risks

(i) Interest Rate Risk:

As with any financial institution, the Company is exposed to interest rate risk due to changes in borrowing rates. The Company mitigates this risk by borrowings at fixed rates, wherever commercially viable, and maintaining a spread on new business. Further, to mitigate risk on floating rate borrowing company may enter in to hedging contracts. Interest rate risk and trends are monitored closely by ALCO committee and management.

(ii) Foreign Exchange Rate Risk

The foreign exchange risk arises from the fluctuation in currency rates. The Company's exposure in foreign currency borrowing exposes it to foreign exchange rate risk. The Company has created a special reserve, in line with regulatory requirement, as a measure of self-insurance against fluctuation in the US Dollar-Omani Rial parity. In addition, based on market conditions, the company enters into forward contracts to cover its outstanding foreign exchange positions.

4.3 RISK FACTORS RELATING TO THE BONDS

a) Trading

There may not be an active market in the Bonds subsequent to their listing on the MSM. Therefore investors may face liquidity risk as well as price risk on account of possible liquidity issues that may in turn have an adverse effect on the market price of the Bonds regardless of the actual operating performance of the Company.

b) Additionally, several factors can affect the prices of Bonds and their volatility. These factors include, but are not limited to:

- Changes in the Company's operating results
- Change in credit rating of the Company



5. OBJECTS AND APPROVALS

5.1 OVERVIEW

Muscat Finance SAOG is an Omani public joint stock company established on the 11th of October 1987 and registered in accordance with the Laws of the Sultanate of Oman. The Company is involved in the activity of installment financing and leasing of vehicles and other assets, debt factoring, working capital and receivable financing activities. The primary objective of the Company is to provide trade, personal, industrial, vehicle and other financing in the form of lease, hire purchase, advances, factoring, bills discounting and loan facilities among other related financial services.

Muscat Finance is the first hire-purchase and leasing company in the Sultanate of Oman. The total asset size of the Company was R.O. 158.2 million as of December 31, 2015.

The Company commenced operations on October 11, 1987 with a paid up capital of R.O. 1 million with its head office in Muscat. At present, the Company has 6 branches and 2 Kiosk in addition to the main office in Muscat with a net worth of R.O. 35.7 million as on December 31, 2015. The company has a customer base of 95,000 as on December 31, 2015.

5.2 OBJECTS OF THE COMPANY

As per the Articles, the main objects of the Company are as under:

1. The business of Hire purchase and Leasing and to finance hire-purchase and lease operations of all kinds of moveable and immoveable properties, including, buildings and structures, industrial and agricultural equipment, mechanical, electrical and electronic machinery, office and domestic furniture and fittings and motor vehicles of all kinds;
2. The business of Debt Factoring and the Financing of Accounts Receivable, pertaining to domestic, imports and export trade in goods and services of all kinds. Such activity shall include, interalia:
 - (a) The financing and discounting of invoices and trade receivables, including the discounting of bills of exchange, in support thereof.
 - (b) Provide assistance with regard to credit control, debt collection service and sales accounting.
 - (c) Providing of credit information, credit ratings and payment guarantees.
 - (d) Maintenance of sales ledgers for clients and providing of related reports.
 - (e) Participation in financing facilities through syndications and the providing of syndication services in connection with receivables financing.
3. The business of providing working capital loans and advances and to provide bridge finance, with or without securities, upon such terms as may be arranged for financing business or individuals as may be permitted by the Laws of Oman, the applicable articles of the Omani Banking Law and the regulations issued by the CBO from time to time.
 - (a) acquiring moveable and immoveable properties and assets for the purpose of lease, hire purchase, license or sale, hire and let on hire, on such terms, conditions and considerations as may appear feasible and for this purpose to acquire right title, interest in such manner or to such extent in the property or properties, asset or



- assets, so also to acquire permanent or temporary rights in properties and assets or otherwise to obtain control of such property under various financing arrangements.
- (b) acquisition / disposal of shares in any other company whose objectives are related to this Company whether inside or outside the Sultanate of Oman for furtherance of the business mentioned in the object clause.
4. To invest and deal with the moneys of the Company, within and outside the Sultanate of Oman, in such manner as may from time to time be determined by the Company and to hold or otherwise deal with any investment made, in accordance with the provisions of the Laws of Oman, provisions of the Banking Law to the extent applicable and the regulations issued by CBO, from time to time.
 5. To receive money on loan upon such terms as the Company may approve, with or without security
 6. For the achievement of the objects mentioned in the Articles as referred to above the Company has the right to:
 - (a) Mortgage any of its assets to raise or receive loans for a sum greater or less than the nominal value of such assets.
 - (b) Issue guarantees for the performance of any contracts or obligations of the Company.
 - (c) To receive and retain funds by way of deposits from corporates on such terms and conditions as the Company may consider being appropriate.

5.3 LICENSES AND APPROVALS

The Company obtained and maintains valid licenses and memberships from the relevant authorities in order to pursue the activities for which it has been incorporated, which are as follows:

Authority	Purpose of License/ License No.	Issue Date	Expiry Date
MOCI	1/26376/5	11.10.1987	Extended till 10.10.2017
CBO	To conduct leasing and hire purchase	27.05.2010 (last revised)	Ongoing
OCCI	Membership certificate, valid till 31.12.2016		



5.4 CHANGES IN SHARE CAPITAL DURING 2009-2015

Year ended 31 st December	Details of Increase	Issue Price	Additional Capital Amount (R.O. mln)	Subscribed by	Share capital at end of year (R.O. mln)
2009	Stock Dividend	N/A	0.926	N/A	10.001
2010	Stock Dividend	N/A	1.000	N/A	11.001
2011	Rights Issue	0.102	4.000	Shareholders	15.001
	Stock Dividend	N/A	1.800	N/A	16.801
2012	Stock Dividend	N/A	3.360	N/A	20.161
2013	Stock Dividend	N/A	1.411	N/A	21.572
2014	Stock Dividend	N/A	1.726	N/A	23.298
2015	Stock Dividend	N/A	1.865	N/A	25.162



6. PURPOSE OF THE ISSUE AND ISSUE EXPENSES

6.1 PURPOSE OF THE ISSUE

The purpose of the Issue is to:

- Fund the general financing requirement of the Issuer; and
- Increase its long term fund resources.

6.2 ESTIMATED ISSUE EXPENSES

The estimated cost of the Issue under various heads is given in the following table. The Company will bear the expenses.

Details	Expense (R.O.)
Issue management & legal advisory fee	48,000
CMA Prospectus review and approval fee	2,000
Registrar & Trustee Fee (MCD)	8,000
Miscellaneous Expenses / Contingency	<u>5,000</u>
Total estimated issue expenses	<u>63,000</u>



7. TERMS AND CONDITIONS OF THE BOND ISSUE

7.1 THE ISSUE

The Bonds will be created and issued by the Company which is incorporated and registered in the Commercial Register maintained by the MOCI (C.R. No. 1263765), and as a non-banking financial institution in Oman. The Issue is governed and has been made pursuant to the Articles and the Laws of Oman.

7.2 NOMINAL VALUE & ISSUE PRICE

Each Bond shall have a nominal value of R.O. 1.000 (Rial Omani One) with an Issue Price of R.O. 1.000 (Rial Omani One only) and no amount will be collected from subscribers as Issue Expenses.

7.3 ALLOTMENT DATE OF BONDS

The allotment of Bonds will be made on the next day of closing of subscription. Validity of the allotment shall be subject to CMA approval.

7.4 REDEMPTION

The Bonds shall be redeemed in full, by way of cheque, or electronic transfer at the Issuer's discretion, to be made out in favor of the then registered holders thereof, on the Maturity Date. The redemption date of the Bonds shall be at end of 3 (Three) years from the Allotment Date.

If the maturity dates for the Bonds fall on a date that is not a Business Day, the payment will be made on the next Business Day as if it were the date that payment was due and no interest will accrue from and after the original payment date.

7.5 TRANSFER AGENT & TRUSTEE

The MCD shall act as the Registrar and Transfer Agent with respect to the Bonds and shall also act as the Trustee in accordance with the terms of a Trust Deed which shall be entered into by and between the Company and the Trustee. The title to the Bonds passes on the recordation of the transfer in the Register maintained by the MCD. The registered owner of the Bonds save as otherwise required by the Laws of Oman will be treated as the absolute owner of the Bonds for all purposes.

7.6 INTEREST PAYMENTS

Interest on the Bonds shall accrue with effect from the Allotment Date. All interest payments shall take place semi-annually in arrears. Those payments will be made to the Bondholders whose names appear on the Register on the designated Interest Payment Record Dates shown below.

**Interest Payment Record Dates**18th January18th July

The first Interest Payment Record Date will be 18th January 2017.

The interest payments shall be made to the Bondholders whose names appear on the Register as of the relevant Interest Payment Record Date. Interest payment shall be made to the Bondholders by cheque or electronic transfer, at the discretion of the Issuer. Interest cheques (or electronic payments) will be mailed by registered mail to respective Bondholders within one week of the respective Interest Payment Record Date. If the Interest Payment Record Date for the Bonds falls on a date that is not a Business Day, then the Interest Payment Record Date will be the next Business Day and no interest will accrue from and after the original date.

7.7 INTEREST RATE

Interest shall be calculated on the Face Value of the Bond at an interest rate of 5.25% (Five and a quarter percent) per annum. The interest rate shall remain fixed at the aforesaid rate for the entire tenor of the Bond. Interest calculation shall be made on the basis of the number of days in an interest period and a 365 (Three Hundred and Sixty Five) day year. Interest period shall be from the Allotment Date/ day following the Interest Payment Record Date upto the next Interest Payment Record Date.

7.8 DEFAULT INTEREST

In the event that any interest payable by the Issuer under conditions 7.6, 7.7 and 7.20 of the terms and conditions is not paid on the due-date or otherwise in the manner provided by conditions 7.6, 7.7 and 7.20, the Issuer shall pay default interest at the rate of 1% p.a. (One percent per annum) over and above the applicable rate of interest on the overdue sum from the date of default up to the date of actual certification by the Issuer to the Trustee that payments have been made. So long as the default continues, the default interest shall continue to accrue on the same basis and shall be compounded annually.

7.9 LISTING ON THE MSM

The Bonds shall be listed on the MSM. The Issue Manager shall complete all the formalities relating to the listing of the Bonds on the MSM.

7.10 REGISTRATION OF TRANSFERS

The administration of registration of transfers of Bonds shall be maintained by MCD, the transfer agent which is normally responsible for maintaining the register of shares, bonds and other listed securities of all companies listed on the MSM. MCD will act as the Registrar to the Bond and maintain the Register.



7.11 TRADING AND TRANSFERABILITY OF BONDS AND RESTRICTIONS ON TRANSFERABILITY

The Registrar will maintain a separate register of Bondholders, in which it will record transfers of Bonds that take place through trading on the MSM. Transfers may be made for a minimum of one Bond and transfer of any fractional Bond shall not be allowed.

Bondholders may sell their Bonds, or acquire additional Bonds, through the MSM by placing either a sell order, or a buy order, through any MSM registered stockbroker. Trading through the MSM, as well as settlements and transfers through that market shall be governed under the rules applicable to trading of corporate bonds issued by MSM and the Laws of Oman.

The buyer shall provide his/her details to his/her broker who will in turn provide the buyer's details to register the Bond in the buyer's name. Bonds may be pledged, donated or bequeathed by notifying the Registrar to facilitate all necessary formalities.

MCD will affect the registration of transfer of any Bonds. Any charges levied by the Registrar, MSM, Broker shall be borne by the buyer and the seller of the Bonds in accordance with the regulations. All transfers of Bonds and entries on the register of the Bondholders as maintained by the Registrar will be made subject to the regulations concerning transfer of Bonds.

7.12 VARIATION OF RIGHTS

The terms and conditions attaching to the Bonds shall be capable of amendment under the following circumstances:

- 7.12.1 In the event that any term or condition thereof needs to be amended in order to comply with the Laws of Oman, or change in the Laws of Oman, or any regulation of CBO, the CMA, the MSM, or MOCI, the Issuer shall be entitled to enforce such change or amendment forthwith, on condition that each Bondholder shall be duly notified by registered mail of such amendment, within 14 days.
- 7.12.2 In the event that the Issuer intends proposing any other amendment or variation to the terms and conditions attaching to the Bonds, it shall call a meeting of Bondholders for such purpose. The Bondholders shall be entitled to consider, and vote upon any such variation or amendment by way of formal meeting to be held, other than as specifically provided for herein, in accordance with procedures similar to that applying to general meetings of shareholders of public companies under the CCL and the Laws of Oman.

7.13 MEETINGS OF THE BONDHOLDERS GENERAL MEETING, MODIFICATIONS AND WAIVER

The Trust Deed contains provision for convening general meetings of Bondholders as per the CCL in order to consider matters affecting the interest of Bondholders as proposed by the Issuer, including the modification of any of these conditions or any provisions of the Trust Deed. Any such modification may be made if sanctioned by a Bondholders' Resolution as provided for in the Trust Deed.

- 7.13.1 Within 14 days of receipt of such a request, or an authorizing Board resolution, the Issuer shall, at its cost, issue a notice of meeting of the



Bondholders which shall be published in two Arabic newspapers for two consecutive days and also be sent by post to registered Bondholders, in each case, not less than 15 days prior to the appointed date of the meeting. A notice of a meeting of the Bondholders shall contain details of the place, date and time of the meeting, accompanied by a description of the agenda of the meeting setting out the main purpose and business of the meeting.

- 7.13.2 Any Director, the secretary of the company, or in the absence of aforementioned, a registered Bondholder in person, duly appointed at the Bondholders' meeting, may preside as the chairman of a meeting of the Bondholders.
- 7.13.3 A Bondholders' Resolution shall not be valid unless such meeting is attended by, personally or by proxy, a number of Bondholders representing at least two thirds of the Bonds outstanding. Failing such quorum, a second meeting shall be convened to discuss the same agenda. The date of the second meeting shall be notified to the Bondholders in the same manner followed with regard to the first meeting at least one week prior to the date set for the second meeting. A quorum representing one-third of the Bonds shall be sufficient for the second meeting, provided such second meeting is held within one month from the date of the first meeting. However, a Bondholders' Resolution to extend the redemption period of the Bonds or reduce the rate of interest or the principal debt of the securities or prejudices the rights of the Bondholders shall not be adopted unless the meeting is attended by Bondholders who represent two-third of the Bonds. Bondholders' Resolutions shall be adopted by two-thirds majority of the Bonds represented at the meeting.
- 7.13.4 In all circumstances, voting shall take place by way of a poll, in terms whereof each Bond shall represent 1 (One) vote. Resolutions shall be adopted by a two-thirds majority of the Bonds represented at the meeting through Bondholders present in person or by proxy.
- 7.13.5 Notwithstanding any other matters on which a Bondholders' Resolution would be required, a Bondholders' Resolution will be required in case of any proposal made by the Issuer to:
- i) modify the dates on which interest is payable in respect of the Bonds or the maturity of the Bonds;
 - ii) reduce or cancel the principal amount or interest on the Bonds or modify the date of payment in respect of the Bonds;
 - iii) change the currency of payment of the Bonds; and
 - iv) sanction the exchange or substitution of the Bonds for, or the conversion of the Bonds into, notes, debentures, debenture stock or other obligations or securities of the Issuer or any other body corporate formed or to be formed.
- 7.13.6 The Trustee may agree, as per the powers vested in it by the Trust Deed, without the consent of the Bondholders, to:
- (i) any modification of any of the provisions of the Trust Deed which is of a formal, minor or technical nature or is made to correct a manifest error, and



- (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorization of any breach or proposed breach, of any of the provisions of the Trust Deed which does not, in the sole the opinion of the Trustee materially prejudice the interests of the Bondholders. Any such modification, authorization or waiver shall be binding on the Bondholders and, if the Trustee so requires, shall be notified by the Issuer to the Bondholders as soon as is reasonably practicable. In the event that the Issuer fails to notify the Bondholders within a week, the Trustee shall be at liberty to notify the Bondholders.

- 7.13.7 In connection with the exercise of its functions (including but not limited to those functions which relate to any proposed modification, authorization or waiver) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim from, the Issuer any indemnification or payment in respect of any tax consequences of any such individual Bondholders.

7.14 FURTHER ISSUES

The Issuer shall be at liberty from time to time to make further issues of bonds or any other debt, equity or hybrid (a combination of debt and equity) instrument including debt instruments ranking in priority to the Bonds in accordance with the CCL and the Laws of Oman.

7.15 SECURITY & BONDHOLDER'S CLAIM OVER THE ASSETS

The Bonds will be unsecured and subordinated to the senior debt.

Assets held by the Company in a fiduciary capacity are excluded from the general pool of assets and must be distributed to the specified beneficiaries of those assets. Priority is also given to payment of all liquidation expenses (including fees of the administrator). The remaining assets of the Company in liquidation are distributed on a pro rata basis in the following order of priority:

- unpaid monthly salaries within the limit of three months or R.O. 1,000, whichever is less, plus employees' claims related to other entitlements
- claims by the Deposit Insurance Scheme, as a guarantor to the deposits
- claims of the CBO
- claims of "other creditors" of the Company in liquidation

In respect of repayment of principal and interest represented by the Bonds, the Bondholders will be unsecured and subordinated to Senior Liabilities of the Company and the Bond will form a part of the Issuer's Subordinated Liabilities. The rights of the Bondholders in respect of repayment of principal and interest represented by the Bonds will, however, rank pari passu with all other Subordinated Liabilities of the Issuer and have priority over payments to Shareholders.



7.16 STATUS

The Bonds constitute a direct obligation of the Issuer and shall, save for such exceptions as may be provided for by the Laws of Oman, at all times rank *pari passu* without any preference among themselves.

7.17 UNDERTAKINGS AND COVENANTS

As long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer shall duly obtain and maintain in full force and effect all governmental approvals including any exchange rules in the market and valid transfer approvals, which may, as a result of any change in, or amendment to, the Laws of Oman subsequent to the commencement of the period of subscription of the Bonds, become necessary or desirable under the Laws of Oman for the execution, delivery and performance of the Bonds by the Issuer for the validity and enforceability of the Bonds. It shall also obtain all necessary governmental and administrative approvals in Oman for the payment of all amounts due in respect of the Bonds as is required by the terms of the Issue.

7.18 CORPORATE REORGANIZATION

In the event of any consolidation or amalgamation of the Issuer with any company or other corporate entity (other than a consolidation or amalgamation in which the Issuer is the continuing entity), or in the event of the occurrence of the sale or transfer of ownership of all the assets of the Issuer, the Issuer will forthwith notify the Bondholders of such event and it shall (to the extent permitted by law) cause the company or the corporate entity resulting from such consolidation or amalgamation, or which might have acquired such assets, as the case may be, to execute a trust deed supplemental to the Trust Deed (in form and substance satisfactory to the Trustee) such that the new entity assumes the obligations of the Issuer under the Trust Deed.

7.19 RATINGS

The Issuer has been rated by leading credit rating agencies namely CI. The ratings given by these agencies to the Issuer are given below (please refer the section titled “Credit Rating of the Issuer” for full details):

Rating Agency	Rating	
Capital Intelligence	Long Term:	omBBB
	Short Term:	omA3
	Outlook:	Stable

The Issuer undertakes to keep its rating under surveillance for the entire tenor of the Bond. The ratings are reviewed annually or earlier at the discretion of the rating agency.

7.20 EVENTS OF DEFAULT

The following shall be treated as ‘Events of Default’ in connection with the Bonds being issued:

1. The Issuer fails to pay any interest in respect of the Bonds until a period of 45 days after the relevant Interest Payment Date.
2. An order has been issued or legislation passed directing the liquidation of the Issuer.

3. The Issuer has stopped or intends to stop the payment of its debts generally or ceases to carry on business or substantially the whole of its business.
4. The Issuer sells, transfers or otherwise disposes of, directly or indirectly, the whole or a substantial part of its undertaking or assets except a disposal at market value or in the ordinary course of its business or a disposal the terms of which have previously been approved by the majority of not less than two-thirds in value of the Bondholders. For this purpose, a certificate from the auditors of the Issuer for the time being shall be obtained stating that, in its opinion, the business or assets disposed of are not substantial. Such a certificate shall be conclusive evidence.
5. The Issuer becomes insolvent or is unable to pay its debts as they mature or applies for the appointment of a liquidator or takes any proceedings under the prevailing laws for a deferment, readjustment, or compromise of its debts or any such arrangement with and for the benefit of the creditors. In each of such aforesaid events of default, the Trustee shall convene a meeting of the Bondholders and, if so directed by the Bondholders' Resolution, shall give notice to the Issuer that the Bond will immediately start to accrue default interest as per Condition 7.8 mentioned above.

7.21 PRESCRIPTION

Claims against the Issuer in respect of principal and interest shall become time-barred unless made within the limitation periods provided by the Laws of Oman.

7.22 GENERAL DUTIES AND OBLIGATIONS OF THE ISSUER TO BONDHOLDERS

- 7.22.1 The Issuer shall conduct its business of operating a Company in accordance with the laws of Oman, as well as all corporate and securities laws and regulations as may apply to it, or become applicable to it during the period of issue of the Bonds.
- 7.22.2 The Issuer shall prepare quarterly and annual financial statements in accordance with the laws applicable to Companies in Oman. Any Bondholder shall be entitled to be furnished with a copy of any released financial results, or annual report, within 14 (Fourteen) days of a written request for such information or report, which may be made to the Issuer.
- 7.22.3 The Issuer shall, in accordance with the regulatory requirements of Oman, publish its financial results in a timely manner in at least 1 (One) Arabic and 1 (One) English language newspaper, in each quarterly and annual financial reporting period.
- 7.22.4 In the event that the Bonds for any reason whatsoever become delisted from the MSM while still in issue, or are at any time removed from the electronically recorded registration system, the Issuer shall be entitled to issue Bond certificates as valid documents of title in respect of any Bonds then outstanding, as substitute to the electronic recording of ownership and title thereof.

7.23 ENFORCEMENT

At any time after the Bonds become due and payable and remain unredeemed, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and the Bonds.

7.24 OTHER RIGHTS ATTACHING TO THE BONDS

The Bonds, while being transferable, are not negotiable and cannot be dealt with as bills of exchange or under the laws applicable to bills of exchange or similar commercial banking instruments. However, the Bonds shall be capable of being pledged, ceded, sold, bequeathed, donated or dealt with in any way as may be ordinarily allowed under the Laws of Oman in respect of listed and stock market tradable securities.

7.25 SUBSCRIPTION PERIOD

The Issue shall open for subscription on 13th July 2016 and shall close on 18th July 2016 (both days inclusive).

7.26 JOINT AND FRACTION HOLDINGS

No joint holdings of a Bond shall be capable of registration. Each Bond shall be registered in the name of a single person or a single legal entity. The Issuer shall not be held responsible for any misappropriation, loss or damage which any person may suffer due to a loss arising from a holding which is, directly, or indirectly jointly held. No person shall be capable of registering a fraction of a holding of a Bond.

7.27 NOTICES

Notices to the Bondholders will be sent by the Issuer by mail at their respective addresses on the Register, and will be deemed to have been given on the date of mailing. Notices will also be published in one Arabic and one English newspaper having general circulation in Oman, and each such notice shall be deemed to have been given on the date of such publication or if published more than once or on different dates, on the first date on which such publication is made. Copies of all notices shall also be given by the Issuer to CMA.

7.28 DOCUMENTS FOR INSPECTION

The Articles, the Trust Deed and the audited financial statements of the Issuer for the Financial Year ended December 31, 2015 shall be available for inspection with the Trustee, at the specified offices of the Trustee and with the Issue Manager.

7.29 APPLICABILITY OF THE CBO RULES & REGULATIONS AND CCL

The issue of the Bonds shall be governed by the CCL and the Laws of Oman. To the extent that any clause herein does not comply with, or contradicts any Article or Chapter of such Law, the Law shall override the provisions contained in these terms and conditions. Nothing contained herein shall preclude any matter or dispute arising from the Issue from being adjudicated by a competent court of Oman. In case the CBO introduces any amendment to regulations, then the terms of the Bonds will be amended accordingly, if needed.



7.30 TRUSTEESHIP

MCD will be appointed as Trustee to the Bondholders to oversee the compliance of the Issuer with the terms and conditions of the Issue, and to oversee, co-ordinate and monitor the status and the rights of the Bondholders.

7.31 GOVERNING LAW AND JURISDICTION

These terms and conditions shall be governed by and construed in accordance with the Laws of Oman and any disputes arising between the Trustee, on behalf of the Bondholders and the Issuer in respect of these Terms and Conditions or any interpretation thereof shall be subject to amicable negotiations between the Issuer and the Trustee on behalf of the Bondholders. Failing a satisfactory resolution of the dispute, the disputed matter may be referred to the concerned Primary Commercial Court of Oman for its adjudication.



8. RIGHTS AND RESPONSIBILITIES

8.1 TRUSTEE

8.1.1 The following are the main rights and responsibilities of the Trustee

- Monitor material contracts, events, actions & announcements (including publication of annual financial statements) entered into or announced by the Issuer, from time to time. The Issuer shall inform the Trustee of any material transaction or contract that could be judged to affect the rights of Bondholders.
- Periodically confirm for itself the compliance by the Issuer with its obligations to make interest payments.
- Generally oversee that the terms and conditions of the Bonds, and of the Trust Deed, are adhered to by the Issuer.
- Act upon any reasonable request of a Bondholder, the auditors of the Issuer, the MOCI, CBO, MSM, CMA, or the Issuer itself, who may alert the MCD to a situation which may constitute an event or breach which has, or potentially may have a material effect on the rights of the Bondholders.
- Act as intermediary in resolving any material dispute arising between the Issuer and any individual Bondholder, or collective number of Bondholders, on issues directly relevant to the terms and conditions attaching to the Bonds.
- In the event that the Issuer breaches any term, fails to make any timely payment due and payable to a Bondholder, or in the event that any material event takes place which in the opinion of the Trustee is deemed to have, or potentially materially affect the rights of the holders of the Bonds, the Trustee shall have the right to take actions in accordance with the procedures set out in the Trust Deed, so as to maintain and protect the rights of the Bondholders as a separate class of stakeholder of the Issuer.

Further Article 27 of the Executive Regulations provides for the following:

The Trustee shall monitor the Company's performance in respect of its obligations as mentioned in the Prospectus and to protect Bondholders' interests. In particular, it shall be responsible for the following:

- Calling for periodical reports from the Company and inspecting its books of accounts, records, registers, the Company's assets and the documents and reports related to the credit rating of the Company.
- Ensuring that the interest due on the Bonds has been paid to the Bondholders on each Interest Payment Date.
- Verifying that the Bonds are redeemed in accordance with the provisions and conditions contained in this Prospectus.
- Calling or causing to be called, the general meeting of Bondholders on any event which may affect the interests of the Bondholders or on a requisition by one or more Bondholders who own at least 10% of the total issued Bonds.



- Ascertaining that the funds raised through the issue of the Bonds are utilized in accordance with the Prospectus.
- Carrying out such other acts as necessary for the protection of the interests of the Bondholders.

The Trustee may seek the assistance of experts and professionals to perform its duties, without prejudice to their responsibility.

8.1.2 Rights and Powers of the Trustee

The Trustee shall have the following specific powers, in addition to any other powers that may be conferred upon it by the Laws of Oman:

- The Trustee shall forthwith upon any breach, regulatory failure, negligent act, or similar act or omission on the part of the Issuer, bring such matter to the attention of the Issuer, by way of written letter addressed to the chief executive officer of the Issuer. The parties shall use their best endeavor to restore any procedural issue, breach, and/or reach a fair and reasonable settlement of such matter. Where appropriate and agreed with the Issuer, the Trustee shall be entitled to decide and rule upon matters on behalf of the Bondholder without calling a meeting of Bondholders.
- In the event that the Issuer fails to remedy any breach or action a reasonable time period of having been given due notice by the Trustee to do so, or in the event that the Issuer unilaterally commits an act which may have a material effect on the holders of the Bonds, the Trustee shall be entitled to take such actions as it seems appropriate. Where possible and practical, depending on the circumstances, the Trustee shall act upon a decision of a meeting of Bondholders, by decision on a vote by the applicable majority. The Trustee shall also act upon an order or the guidance of duly empowered regulatory authorities in Oman.
- Where the issue to be decided upon is of a legal nature or based upon a dispute of facts, the Trustee shall have the right to appoint a legal adviser, or initiate legal proceedings in a court of law. The Trustee shall be entitled in all matters, unless it is proven that it acted negligently, recklessly, or not in the collective interest of the Bondholder, to be reimbursed by the Issuer within reasonable limits, for defending any legal actions arising from, or conducting any case relating to its office as Trustee, or matter of dispute as described above.
- In the event of meeting of the Bondholders taking place, it shall be convened and held in accordance with the procedure for meetings as contained in the Terms and Conditions of the Issue of Bonds.
- The Issuer shall provide the Trustee with the following documentation:
 - Annual, and Quarterly financial results of the Issuer.
 - A copy of all notices of general meetings of Shareholders of the Issuer.
- The Trustee shall be entitled to attend general meetings of the Shareholders of the Issuer, and where applicable shall be entitled to address such meeting as and when deemed appropriate by the Chairman of such meeting.



- The Trustee shall be entitled to request certain information from the Issuer in order for it to perform its functions appropriately and diligently. All reasonable requests of the Trustee shall be duly considered by the Issuer, who shall manage all ongoing communication with the Trustee through the office of its internal legal department. The Issuer shall not be obliged to provide information beyond what may be reasonable deemed to be appropriate.

8.2 BONDHOLDER'S RIGHTS

The Bondholders shall enjoy equal rights inherent in the ownership of Bonds as follows:

- The right to receive principal amount of the Bonds in accordance with condition 4 and 5 of Chapter 7 of this Prospectus.
- The right to receive interest payable on the Bonds in accordance with conditions 7, 8 and 9 of Chapter 7 of this Prospectus.
- The right to dispose or transfer the Bonds in accordance with condition 11 of Chapter 7 of this Prospectus and the Laws of Oman.
- In the event of the liquidation of the Company, the right to claim any amounts outstanding under the Bonds as a debt (subordinated) owed by the Company.
- The right to participate in Bondholders' meetings and to vote at such meetings in accordance with the provisions of the Trust Deed and the CCL.
- The right to inspect the balance sheet, profit and loss account and the reports of the Board of Directors and auditors, of the Company for the previous financial year, at the Company's principal place of business, during normal business hours on any day during the two week period immediately preceding the Company's annual general meeting.
- The right to inspect the minutes of the Company's general meetings at the Company's principal place of business, and they have no right to participate in any other meetings of the Company.



9. RELATED PARTY TRANSACTIONS

In the ordinary course of business the Company conducts transactions with certain of its directors, Shareholders, senior management and companies in which they have a significant interest. The terms of these transactions are approved by the Shareholders in Extra Ordinary General Meeting on an annual basis in accordance with the provisions of the Commercial Companies Law. The balances as of the balance sheet date and transactions with directors and their related concerns during the 1st January 2014 to 31st December 2015 and the 1st quarter for the period ended 31st March 2016 are as follows:

9.1 TRANSACTIONS

Following are the details of transactions:

	Q1-2016	2015	2014
		R.O. '000	
Purchase of Property & Equipment	0	-	2
Interest Income	9	47	111
Other Operating Expenditure	110	680	771

9.2 OTHER RELATED PARTIES TRANSACTIONS

Following are the details of transactions:

	Q1-2016	2015	2014
		R.O. '000	
Receivables from Related Parties	360	405	692
Payable to Related Parties	297	745	1,402
Corporate Deposits	10,201	8,201	13,355

9.3 OTHER RELATED PARTIES TRANSACTIONS

Following are the details of transactions:

	Q1-2016	2015	2014
		R.O. '000	
Salaries and other benefits	59	283	365
End of service benefits	3	16	21



10. FINANCIAL HIGHLIGHTS

The summarized financial performance of the Company (as per audited financial statements) for the year ended 2014-15 (Audited) and Q1-2016 (Un-audited) is presented below. The complete financial statements are available on the Company's website www.mfcoman.com.

10.1 HISTORICAL PROFIT & LOSS

	Q1-2016	2015	2014
<i>R.O. '000</i>			
Net Interest Income	2,511	9,580	8,517
Other Operating Income	155	623	625
	2,666	10,203	9,142
Expenses	(820)	(3,194)	(2,939)
Profit before Impairment	1,846	7,009	6,203
Impairment	(358)	(1998)	(1,122)
Profit before Tax	1,488	5,011	5,081
Tax	(277)	(655)	(746)
Net Profit	1,211	4,356	4,335

10.2 HISTORICAL BALANCE SHEET

	Q1-2016	2015	2014
<i>R.O. '000</i>			
Net Investment in Finance Debtor	157,273	154,015	137,813
Other Assets	1,374	4,184	2,570
	158,647	158,199	140,383
Short Term Borrowings	51,709	48,211	45,561
Long Term Borrowings	37,422	36,431	16,225
Other Liabilities	37,973	37,833	45,346
	127,104	122,475	107,132
Share Capital	26,672	25,162	23,298
Reserves	6,392	6,373	5,956
Retained Earnings	1,374	4,189	3,997
	34,438	35,724	33,251
Total Liabilities & Equity	161,199	158,199	140,383



11. NOTES RELATING TO FINANCIAL STATEMENTS AT 31 DECEMBER 2015

11.1 NET INVESTMENT IN FINANCE DEBTORS

	Q1-2016	2015	2014
Gross investment in finance leases	146,305	143,184	132,465
Unearned lease income	<u>(18,589)</u>	<u>(18,071)</u>	<u>(17,144)</u>
Net installment finance debtors	127,716	125,113	115,321
Debt factoring activity debtors	<u>43,429</u>	<u>42,457</u>	<u>34,018</u>
	171,145	167,570	149,339
Provision for impairment of lease receivables	(12,356)	(12,021)	(10,024)
Un-recognised contractual income	<u>(1,516)</u>	<u>(1,534)</u>	<u>(1,502)</u>
	<u>127,273</u>	<u>154,015</u>	<u>137,813</u>

- (a) Contractual income is not recognised by the Company so as to comply with the rules, regulations and guidelines issued by CBO against lease contract receivables which are impaired i.e. overdue by more than 89 days. As at 31 December 2015, lease contract receivables which are past due and impaired on which contractual income is not being accrued or has not been recognised amounted to RO 13.56 million which includes qualitative classification of RO 0.90 million (2014 - RO 13.91 million qualitative classification: RO 1.3 million).

As at 31 March 2016, lease contract receivables which are past due and impaired on which contractual income is not being accrued or has not been recognised amounted to RO 13.33 million which includes qualitative classification of RO 0.82 million (2015 - RO 13.03 million qualitative classification: RO 1.16 million).

- (b) The movement of unearned lease income during the period was as follows:

	Q1-2016	2015	2014
1 January	18,071	17,144	15,186
Addition during the period	2,964	10,327	10,990
Recognized during the period	<u>(2,446)</u>	<u>(9,400)</u>	<u>(9,032)</u>
31 December	<u>18,589</u>	<u>18,071</u>	<u>17,144</u>

- (a) The movement in the provision for impairment of lease receivables during the period was as follows:

	Q1-2016	2015	2014
		RO'000	
1 January	12,021	10,024	8,953
Provided during the period	358	3,401	2,247
Released during the period	-	(1,403)	(1,125)
Net provided during the period	358	1,998	1,122



	Q1-2016	2015	2014
Written off during the period	(23)	(1)	(51)
31 December	<u>12,356</u>	<u>12,021</u>	<u>10,024</u>

- (c) The movement in the unrecognised contractual income during the period was as follows:

	Q1-2016	2015	2014
		RO'000	
1 January	1,534	1,502	1,384
Addition during the period	-	247	300
Written back during the period	(18)	(215)	(182)
Net reserved during the period	(18)	32	118
Written off during the period	-	-	-
31 December	<u>1,516</u>	<u>1,534</u>	<u>1,502</u>

- (d) Investment in finance debtors include receivable from related parties amounting to RO 0.38 million (2014 - RO 0.69 million).

11.2 PREVIOUS BOND ISSUES

The Company has issued bonds of similar nature prior to this issue worth RO 7 million in April 2013 for a period of 3 years. All the interest payments related to the bonds were made on time and the bonds were fully redeemed on due date in April 2016 to all the subscribers.

11.3 LITIGATION

Due to the nature of Company's business, claims are a common occurrence. The Company has an established practice to deal with such claims. Once professional advice has been obtained and the quantum of potential damages reasonably estimated, the Company makes adjustments to account for any adverse effects which the claims may have on its financial standing. To the best of our knowledge, there are no claims pending against the company, which has significant impact on the Company's financial statements.



12. CORPORATE SNAPSHOT, BUSINESS PLAN, STRATEGY

Muscat Finance is the first hire-purchase and leasing company in the Sultanate of Oman.

Vision: To be the most preferred finance company in the industry.

Mission: To consistently enhance value to all our stakeholders. To contribute to the development of the economy. To be the pioneer in development of financial services & application of technology

Since its inception, the product portfolio of the Company has been expanded to include alternative instruments such as composite financing, bills discounting and working capital financing for small and medium size companies. The finance debtors (net of Unearned lease income) book has grown to R.O. 167,570 million (as of December 31, 2015), which reflects a market share of about 15.97% for the Company amongst the leasing companies in Oman. The Company's consistent growth has been backed by resource mobilization through plough-back of earnings and prudent gearing.

The leasing industry is characterized by asset liability mismatches due to reliance on short-term funds. However, the Company has been able to manage this mismatch by maintaining a judicious asset mix supported by a balanced liability mix of long-term and short-term term funds. The long term borrowings of the Company as of December 31, 2015 were R.O. 36.4 million against a total borrowing of R.O. 102.9 million representing more than 35% of the loan funds.

The Company derives all of its income from leasing and factoring operations within the Sultanate of Oman. The Company is listed on the MSM.

12.1 CAPITAL AND STATUS

	2015 RO '000	2014 RO '000
Authorized share capital of the Company	30,000	30,000
Paid up capital	25,162	23,298
Stock dividend to the shareholders	1,864	1,726

12.2 SHAREHOLDING

The shareholders of the Company as of 31 Dec 2015 are as under:

Name of the Shareholder	Country of incorporation	Shareholding %	Shareholding amount (R.O. million)
Fincorp Investment Co. LLC	Oman	23.08	5.807
Zawawi Trading Co. LLC	Oman	17.45	4.391
Al Siraj Investment Holding LLC	Oman	10.40	2.617
Others		49.07	12.347
Total		100.00	25.162



12.3 BUSINESS:

The Company commenced operations on October 11, 1987 with a paid up capital of RO 1 million with office in Muscat. At present, the Company has 6 branches in addition to the main office in Muscat with a net worth of RO 35.72 million as on December 31, 2015. The company has a customer base of 95,000 as on December 31, 2015.

Since inception, the product portfolio has been expanded to include alternative instruments such as composite financing, bills discounting and working capital financing for small and medium size companies. The net finance debtors' book has grown to RO 154.01 million (as of Dec 31, 2015). The consistent growth has been backed by resource mobilization through plough-back of earnings and prudent gearing.

The product portfolio of the Company is as follows:

1. Corporate Leasing
 - a. Heavy equipment financing (earth moving)
 - b. Industrial equipment financing
 - c. Heavy vehicle financing
 - d. Plant & Machinery financing
2. Auto Finance - Car finance to individual retail clients & corporates
3. Receivables Financing
 - a. Debt factoring
 - b. Working capital financing
 - c. Bill discounting
4. Corporate deposits (Liability Product)

12.4 Future Outlook

The management of the Company with the support of its Board of Directors will concentrate on following areas for business growth in near to mid future:

- a. Islamic Financing (will be offered as and when CBO authorizes such business).
- b. Infrastructure
- c. Automobile
- d. Tourism – Corporate Fleets
- e. Oil & Gas
- f. Healthcare and Education – mainly private sector
- g. SMEs
- h. Trade Factoring

.

The Vision 2020 and 9th Five Year Plan (2016-2020) will have its impact on infrastructure and tourism industries and the Company will tap this opportunity with specialized products offerings especially catering to the needs of these business areas. Also considering the growing population and expansion of Oman's work force Muscat Finance is expecting rise in automobile financing as a result of demand created by new recruits.



Management would like to focus on more quality asset portfolio and will be cautious while growing the asset book. The funds proposed to be raised during the year (fresh bond issue, additional bank lines or plough back of profits) will be substantially used for refinancing the existing debt of the Company.

Muscat Finance will continue its historical focus on oil & gas sector and SMEs and will venture for new opportunities in healthcare and education sectors and trade factoring.



13. CORPORATE GOVERNANCE, BOARD, TOP MANAGEMENT

This section summarizes the Company's corporate structure effective as at the date of this Prospectus. The description provided hereafter neither purports to give a complete overview of the Articles, nor of relevant provisions of Omani law. The contents of this section should not be considered as legal advice regarding these matters. A copy of the Articles is available in the registered office of the Company.

CORPORATE GOVERNANCE

The respective roles and responsibilities of the Board and management team of the Company are, in large part, governed by the provisions of the CCL, the Articles, the Code of Corporate Governance and relevant circulars issued by the CBO and the CMA.

13.1 COMPANY'S APPROACH TO CORPORATE GOVERNANCE

Framework and Approach to corporate governance and responsibility

COMPANY PHILOSOPHY

Muscat Finance (SAOG) believes that equitable, ethical and transparent treatment of all stakeholders is the corner stone of the long term success of the organisation. Its Code of Corporate Governance is drawn up in keeping with this philosophy and is in compliance with the principles set out by the Capital Market Authority (CMA), through its Code of Corporate Governance and the Central Bank of Oman through its Circular BM 932. This section highlights the key features of Muscat Finance's corporate governance processes and its compliance with the Code of Corporate Governance issued by the CMA and amendments thereto.

Framework and Approach:

The company's Board consists of 8 non-executive Directors and has ultimate responsibility of the affairs of the company by putting in place strategies and policies for good governance of the company. The Board is assisted by three sub-Committees:

- a) Executive Committee, which takes executive decisions as delegated by the Board, that are beyond the powers delegated to the management. The decisions taken by the Executive Committee, inter alia, include:
 - i. Approval of credit proposals
 - ii. Approval of bank facilities
 - iii. Other executive decisions beyond the purview of the limits delegated to the management, and within those delegated by the Board to it.
- b) Audit Committee, which supervises the internal audit function, assisted by the Head of Internal Audit. It also recommends the appointment of the Statutory Auditors and does a primary review of the Statutory Auditors' reports. It also has meetings with the Internal and Statutory Auditors independent of the management. The Committee is also entrusted with the tasks of:
 - i. Review compliance reports and enforce compliance with regulations through the compliance function/department of the company.
 - ii. Prevention and management of frauds.



- iii. Critical review of overall governance standards of the company.
- c) Risk Management Committee, with the assistance of the Risk Manager and the Risk Management function
 - i. Identifies
 - ii. Measures
 - iii. Monitors
 - iv. Mitigates and
 - v. Manages the risks to which the company is exposed.

13.2 MUSCAT FINANCE'S GOVERNANCE STANDARDS — PRINCIPLES AND PROCESSES

Corporate Governance principles and processes:

The company's corporate governance principles are drawn from the following:

- a) the Code of Corporate Governance;
- b) Circular BM 932 issued by the CBO;
- c) Best practices drawn from the industry and other corporate entities operating in the Sultanate of Oman; and
- d) A strong code of conduct and ethics.

The Company is guided by the principles, strategies and direction set by the Board to achieve its mission and interim goals. The Board is assisted by three Sub-committees viz. the — Executive Committee, the Audit Committee and Risk Management Committee. The Executive Committee takes operational decisions that are beyond the powers delegated to the Management. The Audit Committee monitors the control mechanism obtaining in the company with its recommendations to the Board to further tighten the processes and controls. The Risk Management Committee reviews the extent of the risks assumed by the company—credit, interest rate and liquidity risks being the principal among them—and suggests measures to mitigate them and keep those risks under control.

The Board is assisted by the Board secretary who is also the Head of Legal and Compliance. Deviations, if any, from the set governance and regulatory standards, are highlighted by Head of Legal and Compliance in the quarterly compliance report. This report is reviewed by the Audit Committee in detail and recommendations made to the Board for final approval and implementation. In addition to the Compliance report, the Internal Audit department of the company conducts an annual audit of the compliance and corporate governance functions, which highlight deficiencies, if any, in the process, for rectification.

13.3 ROLE OF THE BOARD

In accordance with Article 95 of the CCL, the Board is vested with authority to perform all actions required for the management of the Company, so as to achieve its objectives. The general authority of the Board is limited to the extent provided for in the CCL and the Articles. The responsibilities of the Board are in accordance with the provisions set out in the Corporate Governance Code, which include:

- o Approving the commercial and financial policies and estimated budget of the Company, so as to achieve its objectives, protect and safeguard the rights of its Shareholders;



- Laying down necessary plans and revising and updating them from time to time in order to execute the objectives of the Company and carry out its business activities in line with the objectives behind its establishment;
- Approving the internal regulations of the Company regarding routine activities and specifying the responsibilities and the authorities of the executive management of the Company;
- Approving and implementing the disclosure policy of the Company and monitoring its compliance with the regulatory requirements;
- Approving the delegation of power to executive management which clearly specifies the level of approving authority and modes of tendering with appropriate limits;
- Reviewing the Company's performance to evaluate whether the business is properly managed according to the Company's objectives and ensuring compliance with the laws and regulations through proper internal control systems;
- Reviewing material transactions with related parties, which are not in the ordinary course of business prior to the same being brought before the general meeting of the Company;
- Approving and implementing the disclosure policy of the Company in compliance with regulatory requirements;
- Reviewing the Company's performance to evaluate whether the Company's business is properly managed;
- Nominating members of the subcommittees and specifying their roles, responsibilities and power;
- Selecting the CEO/COO and other key executives and specifying their roles, responsibilities and power;
- Evaluating the functions of the sub-committees, CEO/COO and other key employees of the Company;
- Approving interim and annual financial statements of the Company; and
- Reporting to the Shareholders, in the annual report, about the going concern status of the Company with supporting assumptions and qualifications as necessary.

13.4 RESTRICTIONS ON THE POWERS OF THE BOARD

The Board is restricted from performing the following acts unless expressly authorized to do so by the Articles or a resolution of a General Meeting:

- Make donations, except donations required by the business wherever they are small and customary amounts;
- Sell all or a substantial part, of the Company's assets;



- Pledge or mortgage the assets of the Bank, except to secure debts of the Bank incurred in the ordinary course of the Company's business;
- Guarantee debts of third parties, except guarantees made in the ordinary course of business for the sake of achieving the Company's objectives.

13.5 INSIDER TRADING

Directors and employees of the Company are prohibited by Article 107 of the CCL, Article 64 of the CMA Law and Article 301 of the Executive Regulations from using information concerning the Company's business and affairs, to which they have access, in order to profit from dealing in the Company's securities. This restriction is exemplified in the "Insider Trading" regulations contained in the Executive Regulations issued by the CMA, which:

- Define who is an insider (any person who is in a position to have access to undisclosed material information and includes directors, executive management and any person who may have obtained such information as a consequence of his employment or family relationships);
- Establish black-out periods during which insiders are not permitted to trade; and
- Impose reporting obligations on issuers with respect to the identity of insiders and dealings by insiders in issued securities.

Insider trading is punishable by fines and imprisonment under the CCL, the CMA Law and the Executive Regulations.

Board Size and Composition

As per the Articles, the Company is currently governed by a Board of Directors comprising eight members.

Any person who is nominated, as a candidate, for election to the Board must comply with the provisions of Article 95 of the Commercial Company Law No.4/74 and amendments thereto as well as the Articles and decisions of the CMA and the CBO. The nominee, (if he is a Shareholder), is required to hold a minimum of 50,000 shares in the company.

Selection and Role of the Chairman

- Immediately, following the election of a new Board of Directors by the ordinary general meeting, the said Board shall meet to elect one of its members as Chairman and Deputy Chairman.
- The Chairman shall represent the Board before judicial authorities and third parties whilst the Deputy Chairman shall act as chairman in the absence of the Chairman.
- No person shall be elected as Chairman of the Board of Directors if he is already chairman of the board of directors of two Omani joint stock companies.



- The term of the office of the Chairman and the Deputy Chairman shall not exceed their term of office as members of the Board of Directors though they may be re-elected.

Board Independence

The Company has structures and procedures in place to ensure that the Board operates independently of executive management. These structures and procedures include appointing an independent, non-executive director as chairman and ensuring that there are non-executive directors who can bring special professional expertise to the Board. It is the Board's view that it meets the composition requirement of "independent director" as defined by the Code of Corporate Governance. The Company and the Board are cognizant of and committed to the New Code of Corporate Governance, issued by the CMA pursuant to Circular No. 4/2015 which will come into effect from 21 July 2016.

Meetings of the Board and their Conduct

Meetings of the Board may be convened by the Chairman at any time and shall be convened by the Chairman upon request made by two or more members of the Board. If the Chairman is unable or unwilling to convene the meeting when so requested, the meeting may be convened by any two members of the Board of Directors. Board meetings shall be held at least four times during each Financial Year.

Meetings of the Board of Directors shall be convened by written notices to be sent to all directors through post or electronic mails maintained by the Company or delivered to the directors by hand at least 7 days prior to the meeting setting out the time and place of such meeting and the agenda thereof. In the event of extreme necessity the term may be reduced.

Attendance at Annual General Meeting

The Directors attend, and are available to answer questions at, the Annual General Meeting.

Avoidance of Conflict of Interest of Directors

Conflict of interest situation would be deemed to have arisen when an individual's interest is perceived to be inconsistent with or in conflict with the interest of the company. The Company seeks to ensure that all company personnel avoid situations of conflict of interest. However, in case such a situation arises, he or she shall, on becoming aware of the same, make full and true disclosure of all facts and circumstances thereof to the Company.

Some of the situations wherein a conflict of interest may be deemed to have arisen are listed below:

- a. Pecuniary benefit: Where a director's conduct allows conferring a pecuniary benefit to himself / herself or in favor of any of his / her relative(s) or in favor of any firm or body corporate wherein he / she or his / her relative is an employee, director or partner.
- b. Related party transactions: Where a director enters into transaction(s) / arrangement(s) (directly or through relatives) with firms or bodies corporate for personal gain, which may conflict with the business interest of the Company.

- c. Corporate opportunities: Where a director uses the corporate opportunities that rightly belong to the company, for his/her own personal gain.

Expertise of the Board

The Board consists of three Omani nationals of a wide range of expertise spread across finance, insurance, logistics, manufacturing, trading, oil and gas services, etc. One Director has built a career with the country's Sovereign fund and is, presently, its deputy CEO. Six of the Directors are educated in accounting and finance. The members of the Board are also cumulatively holding membership of 11 other SAOG companies.

Succession Planning

The succession plan is drawn-up for ensuring continuity of senior management processes in the event of unforeseen eventualities. The plan covers both a short term and a long term strategy. For each level of senior management executive, namely the CEO and the DGMs, there are one or more direct reportees. The company follows a policy of providing adequate exposure to ensure that, one of the direct reportees can take over the management of each position for a short period, should the need arise, thereby providing time for proper replacement.

In addition to the plan for senior management, the company has also extended this to the third level covering key Managerial positions.

Nomination and Appointment of New Directors

Subject to Articles 95 and 107 of the CCL, and in accordance with Ministerial Decision 137/2002 (as amended), which sets out the rules and conditions of the Election of Directors in public joint stock companies and their responsibilities, nominees to the membership of the Board, in addition to the stipulations of the Articles, must:

- be of good conduct and sound reputation;
- be at least 25 years old;
- not be unable to settle indebtedness to the same company to which he is lodging his nomination forms to become a member of its board of directors;
- not be declared insolvent or bankrupt unless the state of insolvency or bankruptcy has ceased pursuant to the law;
- not be convicted of a felony or dishonorable crime unless rehabilitated;
- not be a member or a representative of a juristic person in more than four public joint stock companies based in the Sultanate of Oman once appointed to the board in question;
- be authorised to nominate himself to the membership of the board of directors of the juristic person if he is nominated with such capacity;
- not be a member of the board of directors of a public or closed joint stock company which is based in the Sultanate of Oman and which is carrying out similar objectives to that of the company in respect of which he intends to nominate himself to the membership of its board; and
- present an acknowledgement which contains a statement of the number of his shares if he is a shareholder.



Those who wish to nominate themselves to the membership of the Company's Board must submit an application form pursuant to the pro-forma prepared by the CMA during the specified period which shall expire 2 days before the date fixed for the General Meeting for election of Board Members. The Company shall review the nomination application forms to ensure that the candidates satisfy the required conditions. The Company shall lodge the forms with the CMA at least 4 days before the expiry of the term, together with the minutes of the meeting.

The directors shall be elected by direct secret ballot by the Shareholders of the Company. Each Shareholder shall have a number of votes equal to that of the shares held by him. A Shareholder shall have the right to use the entirety of his votes in support of one nominee or divide his shares among other nominees of his choice through the voting card. It follows from that, that the total number of votes given to the nominees by one Shareholder must be equal to the number of shares owned by him.

Board Access to Independent Information

All directors have unrestricted access to the Company's records and information and receive regular detailed financial and operational reports from senior management to enable them to carry out their duties.

13.6 BOARD COMMITTEES

Currently there are Four Board Committees whose powers are governed by the relevant committee's terms of reference, as approved by the Board. The Four Board Committees are: Executive committee, Audit Committee, Risk Management Committee and Property Acquisition Committee. Other committees may be established from time to time to consider matters of special importance. The Audit Committee has been constituted in accordance with the rules for constitution of an audit committee as set out under Circular No. 6/2002 prescribed by the CMA.

Operation of the Committees

The Board Committees meet at least quarterly and at any other times as necessary. Each committee is entitled to the resources and information it requires, including direct access to employees and advisers. Senior managers and other employees are invited to attend committee meetings as necessary. All directors receive minutes of the committee meetings and can attend all committee meetings.

Composition and Independence of the Committees

Committee members are chosen for the skills, experience and other qualities they bring to the committees. All committees are currently comprised of only non-executive directors. and the head Internal Auditor is the Secretary to the Audit and Risk Manager to the Risk Management committee.

Committees report to the Board

Minutes of every meeting of the Board Committees are included in the agenda for a subsequent Board meeting scheduled to be held after the approval of the minutes of the



committee meeting. When necessary the chairman of the respective committee may also provide a verbal report.

13.7 BRIEF TERMS OF REFERENCE OF BOARD COMMITTEES

i. Executive Committee (EC)

The EC is delegated with executive authority to facilitate the smooth running of the operations of the Company. It is vested with extensive powers to review key parameters of performance (monthly results vis-à-vis budgets) approve banking relationships, credit proposals for limits beyond the authority of the management and oversight of operations, ensuring that best practices are followed in all respects.

ii. Audit Committee (AC)

All members of the AC are knowledgeable in finance, accounting, and the laws and regulations of the country. The AC, as per its charter, is responsible for the supervision of the annual & quarterly reporting process, including supervising the internal and external audit function; selection of auditors and determination of their fees; evaluating and ensuring adequacy of internal controls and scrutinizing related party transactions. The charter vests the AC with the necessary powers to carry out its functions. In discharge of its duty, the AC ensures one or more meetings with the internal and external auditors without the presence of the management, to ensure independence and objectivity.

iii. Risk Management Committee (RMC)

The Risk Management Committee was formed by the Board of Directors on 25th August 2011 to assist the risk management department relating to identification, monitoring and measurement of the risk faced by the Company and take appropriate measures to mitigate these risks.

iv. Property Acquisition Committee (PAC)

The Property Acquisition Committee was formed by the Board of Directors on 7th September 2014 to identify and recommend a property for Company's own occupation

13.8 AUDIT, GOVERNANCE AND INDEPENDENCE

The Company is required to have at least one auditor who is appointed by the Annual General Meeting of the Company from amongst the persons licensed to practice the accountancy and auditing profession, who is appointed in accordance with the rules set out by the CMA.

In all cases, auditors must be independent from the Company and may not be a founder, or a member of the Board of Directors or an employee of the Company or its affiliates, or agree regularly to perform technical, administrative or consultative services for the Company or its affiliates, except the services specified by the CMA.

The auditor is required to carry on their duties from the date of appointment until the next Annual General Meeting. The Company may renew their appointment taking into



consideration the rules issued by the CMA and the preceding paragraph. The auditors shall comply with the rules and directives issued by the CMA in respect of joint stock companies pursuant to the provisions of the law.

13.9 EXECUTIVE PAY AND REWARD SCHEMES

Management is paid monthly salary and allowances based on their experience, qualifications, internal regulations and role in the management of the Company. In addition, an annual bonus is declared, based on staff and Company performance.

13.10 CONTROLLING AND MANAGING RISK

Approach to Risk Management

The Company's activities expose it to a variety of risks like credit risk, market risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

Risk Management Roles and Responsibilities

The roles and responsibilities of risk management includes formulation of risk management policies and procedures, implementation of separate risk management framework, formulation of guidelines to govern risk-taking, review MIS for reporting, monitoring and mitigation of risks and monitoring of the Company's business continuity programs.

Internal Review and Risk Evaluation

Risk management is carried out under the broad policies approved by the Board of Directors. The company has established credit policies and procedures to manage credit risk including evaluation of lease, credit worthiness, credit approvals, assigning credit limits and obtaining securities. Exposure to credit risk is managed through regular analysis of the ability of lessees to meet repayment obligation. The Risk management department prepares quarterly comprehensive report covering all areas of risk and the same is reviewed by Risk Management Committee established at Board Level.

13.11 COMMUNICATION WITH SHAREHOLDERS, REGULATORS AND WIDER MARKET

The Company is committed to giving all shareholders comprehensive and equal access to information about the Company's activities and fulfilling its continuous disclosure requirements to the broader markets including the regulatory authorities namely CBO, CMA and MSM.

The Company's website includes annual reports, briefings and presentations given by the CEO and other executives and public announcements.

13.12 THE BOARD OF DIRECTORS

The details of the Company's Board of Directors and composition of its Committees is given in the following table which was formed on 27th March, 2014.



Sr. No.	Name of Director	Position	Representing
1	Mr. Faisal Mohammed Al Yousef	Chairman	Fincorp Investments Co LLC
2	Mr. Sameer Kumar	Director	Zawawi Trading Company LLC
3	Mr. Babu Plakkal Thomas	Director	Al Siraj Investment Holding. LLC
4	Mr. Abdul Amir Saied Mohamed	Director	Self
5	Mr. Juma Abdullah Khalfan Al Khamisi	Director	MOD Pension Fund
6	Mr. Gamal Mohammed Ahmed Abdalla	Director	Oman Mechanical Services Co.Ltd.LLC
7	Mr. Tanmay Mehta	Director	Omar Zawawi Establishment LLC
8	Mr. Yousef Al Yousef	Director	National Insurance and Investment Services Center LLC

A brief profile of the Directors is given below:

1. Mr. Faisal Mohammed Al Yousef - Chairman

He is a Chartered Certified Accountant (FCCA, UK) with Bachelor of Science degree in Economics from the University Of London, UK. Worked with Ernst and Young as an Audit Specialist before joining Al Yousef Group LLC as the Chief Operating Officer. He represents the Al Yousef Group on the Boards of various investee companies such as Cactus Premier Drilling Services SAOC, Truck Oman Oil and Gas Services SAOC; and Dhofar International Development and Investment Holding SAOG.

2. Mr. Sameer Kumar – Director

Sameer Kumar is a Commerce graduate, Fellow of the Institute of Chartered Accountants of India with over 23 years of industry experience. He started his career with Modi group of companies and has worked on finance leadership role with leading industrial groups like Shyam Telecom group, Sona Koyo group and Hero group etc. He brings global experience into finance and accounting, cost management, business planning, strategy formulations, acquisitions and restructuring activities.

3. Mr. Babu Plakkal Thomas - Director

A commerce graduate, Fellow of the Institute of Chartered Accountants of India and Certified, Associate of the Indian Institute of Bankers, with wide ranging experience in banking, corporate financial management, auditing, project planning, implementation and operation. Started his career as an officer in Corporation Bank, India and worked as Senior Manager in the investment division of the South Indian Bank Ltd. Since year 2000 he is with Al Siraj Investment Holding LLC and is currently its CFO.

4. Mr. Abdul Amir Saied Mohamed – Director

Abdul Amir, Post-graduate with Master's in Business Administration from Oxford Brooke University UK. He was the Deputy Chief Executive with SGRF (State General Reserve Fund). He is on the Boards of various public companies. Has held Directorship of various public limited companies in the past, in and outside Oman and also participated in various seminars and conferences in the fields of investment.

5. Mr. Juma Abdullah Khalfan Al Khamisi – Director

Juma Abdullah is a Master of Science and CPA. A product of Sultan Qaboos University, he is the Deputy Director of Financial Affairs of Ministry of Defence Pension Fund and has been with MOD for 16 years. He represents the Fund on the Board of Shell Oman Marketing and the Deputy Chairman of Tabreed Oman SAOC.

6. Mr. Gamal Mohammed Mohammed Ahmed Abdalla – Director

Jamal Mohammed, a core competency lies in the area of taxation with experience with the Egyptian Tax Authority and the Secretariat General of Taxation, Sultanate of Oman. He is a Tax advisor with the Omar Zawawi Establishment, advising on the tax matters of the group. He represents the group on the Board of Muscat National Holding Co (SAOG), Muscat Life Assurance Co (SAOC), Areej Vegetable Oils Co. (SAOG) and Reem Batteries SAOC.

7. Mr. Tanmay Mehta – Director

Tanmay Mehta, is an Associate Member of the Institute of Chartered Accountants of India as well as an Associate member of the Institute of Cost Accountants of India. With over 20 years of extensive experience in Internal Audit, Risk Management, Overall Policy Formulation and Process Management, He has worked for multinational firms in India and large diversified groups in Bahrain and Oman. He is currently a Director on the Board of Oman Agriculture Development Co. SAOG and Al Madina Logistics Services Co SAOC.

8. Mr Yousef Al Yousef- Director

Yousef Al Yousef, Graduated with a Bachelor of Sciences (Honours) degree from King's College London, UK. Started his career as a Financial Analyst at MENASA Capital Management Limited, a multi-asset focused Hedge Fund and an affiliate of the Abraaj Capital Group in Dubai, UAE. He then went on to join the family business as an Investments Manager at Al Yousef Group LLC as well represent the family's interest on the Boards of various companies. Currently he is the co-founder / Director of Babuntu Capital LLC, an investment manager based out of Cayman Islands; co-founder / Managing Partner of Babuntu Asset Management Consultancy, a management consultancy and advisory firm based in Dubai, UAE and co-founder / Managing Director of SRG Real Estate Solutions Limited, a German real estate focused advisory firm.

13.13 MANAGEMENT

The respective roles and responsibilities of the management bodies of Muscat Finance are in large part governed by the provisions of the CCL, the Articles and by the Corporate Governance Code and circulars issued by the CMA in respect thereof.

The management of strategic issues of Muscat Finance is entrusted to the Board of Directors. The Board may perform all acts necessary or useful for achieving the corporate purposes of the corporate entity, with the exception of those acts that are by law or the Articles explicitly reserved for the Shareholders.

The day-to-day management of Muscat Finance is performed by the management team. Names, professional and educational details of the senior management team are outlined as follows:

Key Management Profile

Key Management Profile						
S. No.	Name	Designation	Nationality	Academic Qualification	Service in Muscat Finance (Years)	Total Service Experience (Years)
1	Mr. Bikramjit Singh Rishi	Chief Executive Officer	Indian	An Economics (Hons) and MBA	3 years.	24
2	Mr. Baqir Mohsin Baqir Al Abdul Latiff	Assistant General Manager - Accounts receivable	Omani	Business Administration from International University Europe – London	9 years	25
3	Mr. K.S. Ramesh	Head - Finance	Indian	B.Com, ACA, AICWA	9	28

1. Mr Bikramjit Singh Rishi, Chief Executive Officer

An Economics (Hons) Graduate from the University of Delhi and an MBA from JBIMS, Mumbai, he has over 24 years of banking experience and has held several Senior Management roles in various Multinational Banks. Has over 15 years of banking experience in the UAE and Oman and his last held post was as Head of Consumer Banking for a foreign bank in Oman.

2. Mr Baqir Mohsin Baqir Al Abdul Latiff, Assistant General Manager -Accounts receivable

He is a Graduate from International University Europe – London. Has a total of 25 years' of experience in Public and Private Sector. Worked with Ministry of Social Affairs and Labour as executive at Technical Office, Oman Arab Bank as executive in foreign department and Zubair Group for 17 years as Group Manager Admin and HR for OCS InfoTech, Zubair Telecom, Computer Software Solutions and Oman Development and Research Company.

3. Mr. K.S. Ramesh, Head –Finance

Member of Institute of Chartered Accountants of India and the Institute of Cost and Management Accountants of India, has experience across Marketing, Operations, Finance and Compliance functions and it spans across insurance, mutual fund and leasing sectors of the financial services industry.

13.14 SUB-COMMITTEES OF THE BOARD OF DIRECTORS

Property Acquisition Committee and Risk Management Committee --which have been delegated with key powers and responsibilities by the Board.

a) Executive Committee (EC):

The Executive Committee comprises of three Board members. Details of the members and their attendance at the meetings held are as follows:

Sr.No	Name of Director	Position	Number of meetings attended
1	Mr Faisal Mohamed Al Yousef	Chairman	9
2	Mr V.Venkataraman (till 30 September 2015)	Member	7
3	Mr Abdul Amir Saied Mohammed	Member	6
4	Mr. Gamal Mohammed Ahmed Abdalla	Member	7
5	Mr. Tanmay Mehta (appointed in 2016)	Member	-

The EC is delegated with executive authority to facilitate the smooth running of the operations of the Company. It is vested with extensive powers which review key parameters of performance, monthly results vis-à-vis budgets, and approves banking relationships, credit proposals for limits beyond the authority of the Management and oversight of operations, ensuring that best practices are followed.

b) Audit Committee (AC):

Audit Committee consists of 4 members of the Board of Directors (currently 3 Audit Committee members, as 1 Audit Committee Member, i.e. Mr. Qais Mohamed Al-Yousef has resigned from the Board of Directors recently in November 2015).

Names of the Audit Committee members and information about their attendance in the Audit Committee meetings held in 2015 are as follows:-

Sr. No.	Name of Director	Position	Number of meetings attended in 2015
1	Mr. Babu Thomas	Chairman	6
2	Mr. Qais Mohamed Al-Yousef (Till November 2015)	Member	3
3	Mr. Sameer Kumar	Member	6
4	Mr. Juma Abdullah Khalfan Al Khamisi	Member	6
5	Mr. Yousef Al Yousef (appointed in 2016)	Member	-

All members of the Audit Committee are experienced in the fields of Business Management, Finance and Accounting. Three of the Audit Committee members are also qualified (certified) in Finance and Accounting.

c) Risk Management Committee:

The Risk Management Committee was formed by the Board of Directors on 25 August 2011 to supervise the Risk Management functions relating to identification, monitoring and measurement of the risks faced by the company and take appropriate measures to mitigate these risks.

Details of the members and their attendance at the meetings held are as follows:

Sr. No.	Name of Director	Position	Number of meetings attended in 2015
1	Mr Sameer Kumar	Chairman	3
2	Mr Babu P Thomas	Member	4
3	Mr Juma Abdullah Khalfan Al Khamisi	Member	4
4	Mr Qais Mohamed Al-Yousef (Till November 2015)	Member	3
5	Mr Yousef Al Yousef (appointed in 2016)	Member	-

d) Property Acquisition Committee:

The Property Acquisition Committee was formed by the Board of Directors on 7th September 2014, to identify and recommend a property for company's own occupation.

Details of the members and their attendance at the meetings held are as follows:

Sr. No.	Name of Director	Position	Number of meetings attended in 2015
1	Mr Faisal Mohamed Al Yousef	Chairman	1
2	Mr Sameer Kumar	Member	1
3	Mr Juma Abdullah Khalfan Al Khamisi	Member	1

The total staff strength of Muscat Finance as at December 31, 2015 was 134, comprising of 110 (82.1%) Omanis and 24 (17.9%) expatriates.

14. SUBSCRIPTION CONDITIONS & PROCEDURES

14.1 ELIGIBILITY FOR THE SUBSCRIPTION OF BONDS OFFERED

The subscription to the Bonds is being offered only to the proposed investors as per details stated in the first Chapter. For more details, please refer to the first chapter, item 1.1.

14.2 SHAREHOLDER'S (INVESTOR'S) NUMBER WITH MUSCAT CLEARING AND DEPOSITORY COMPANY SAOC (MCD)

1. Any person who desires to subscribe to the Issue must have an investor account with MCD as per its working form, which may be obtained from the MCD Head Office or its site on the World Wide Web or from brokerage companies. Each Subscriber may open this account through the following outlets:
 - Head Office of MCD based in Commercial Business District, Muscat
 - Branch of MSM based in Salalah
 - Office of the Brokerage Companies that are licensed by MSM
 - By fax No. 24817491
 - By opening an account through the MCD website at www.csdoman.co.om
2. With regard to the investors who presently hold accounts with MCD, all investors shall be required, before the subscription, to confirm whether their accounts contain complete details of their basic particulars, that being the name in full, postal address, Civil Status No., as mentioned in the Personal Card (Civil) or Civil No., furnished in the Passport or Civil No., as provided for in the new Birth Certificate and details of the Bank Account. Every Bondholder may update his particulars through the outlets mentioned above.
3. All correspondence including notices and cheques shall be sent to the subscriber at the address recorded at MCD. Therefore, all Subscribers shall verify the correctness of such addresses.
4. Each Subscriber shall be required, after opening of the MCD account or updating of his particulars, to secure from MCD, the right number so as to have it registered in the Application Form for the subscription. The investor himself shall be responsible for verification of the number furnished in the Application Form. Application Forms not bearing the correct account number shall be rejected without contacting the Subscriber.

For more information on these Procedures, please contact:
Muscat Clearing and Depository Company SAOC
Tel. 24814827 - Fax. 24817491
<http://www.csdoman.co.om/>

14.3 SUBSCRIPTION PERIOD

Subscription for the Issue shall start on the 13th July 2016 and shall close on the 18th July 2016 (both days inclusive).



14.4 MINIMUM AND MAXIMUM APPLICATION SIZE

- The minimum number of Bonds for subscription will be 100,000 and there is no maximum limit for bonds subscription.
- Nominal Value R.O. 1.000 per Bond
- Offer Price R.O. 1.000 per Bond, comprising nominal value of R.O. 1.000 only payable in full on subscription.

14.5 PARTICULARS OF THE BANK ACCOUNT

- 1) Each Subscriber shall be required to furnish the particulars of his Bank Account (Registered in the name of the Subscriber). The Subscriber shall not use the bank account number of any other person.
- 2) If the bank account of the Subscriber is registered with a bank other than the one receiving the subscription, he shall be required to submit a document in evidence of correctness of the bank account particulars as provided for in the Application Form. This can be done by submitting any document from the Subscriber's bank furnishing therein the bank account number and the name of the account holder like the upper portion of the account statement issued by the Bank containing these particulars or a letter or other document issued by the said bank containing the said information. The Subscriber shall ensure that the evidence submitted is readable in a clear manner and contains the bank account number and full name of the account holder. As additional clarification, it is made known that the Subscriber is not obliged to submit the evidence with regard to correctness of his bank account if he is subscribing through the bank where he is maintaining his account. In this case, the Collecting Bank shall be required to verify and confirm the correctness of the Subscriber's account through its specific system and procedure or through the evidence submitted to it by the Subscriber.
- 3) In accordance with the instructions issued by the CMA, the particulars of the Subscriber's bank account referred to above shall be recorded in the registers of MCD and this account shall be used in the transfer of the excess funds of the subscription and distribution of the interest payable to the Bondholder available with the MCD. Whereas, with regard to the Subscribers who have their bank accounts registered presently with the Registers of MCD, the bank account number provided for in the Application Form would be utilized only for the purpose of transfer of the excess sums.
- 4) The Application Form containing the bank account number of a person other than the Subscriber shall be rejected.

14.6 DOCUMENTATION REQUIRED

- 1) Submission of a document confirming correctness of the bank account number as provided for in the Application Form in one case only that is when subscription is made through a Bank other than the one with which the Subscriber has his account.
- 2) Copy of a valid power of attorney duly endorsed by the competent legal authorities in the event the subscription is on behalf of another person.
- 3) In case of applications by non-individuals, which are signed by a person in his/her capacity as an authorized signatory, a copy of adequate and valid documentation should be attached.

14.7 MODE OF SUBSCRIPTION

- 1) The Subscriber shall be required to fill in the Application Form and furnish all his particulars including the investor number available with MCD, Civil Number/Passport Number.
- 2) The Subscriber shall be responsible for furnishing all his particulars, ensuring correctness and validity of the information provided for in the application. It may be noted that the Collecting Bank receiving subscription has been instructed to accept the applications for subscription that comply with all the requirements as provided for in the Application Form and Prospectus.
- 3) The Subscriber shall be required, before filling the Application Form, to peruse the Prospectus and read the conditions and procedures governing the subscription with total care and importance.
- 4) The Subscriber shall be required to submit the Application Form to the Collecting Bank along with the payment towards the Bonds and also ensure that the documents, in support of the information referred to above, are enclosed.
- 5) In case of payment of the value of the subscription by Cheque/Demand Draft, it shall be in favor of “**MUSCAT FINANCE Bonds**”.

14.8 BANK RECEIVING THE SUBSCRIPTION

The applications for subscription shall be accepted by the Collecting Bank (viz. **Oman Arab Bank SAOC**) during the official working hours only.

The Collecting Bank shall be required to accept the application for subscription after confirmation of compliance of the procedure and subject matter in line with the requirements as provided for in the Prospectus. Hence, the Bank must instruct Subscribers to comply and fulfill any requirement that may appear in the Application Form.

The Subscriber shall be responsible for submission of his Application Form to the Collecting Bank before closing of the period for subscription. In this regard, the Bank shall have the right not to accept any application for subscription that reaches it after the official working hours on the closing date of the period for subscription.



14.9 ACCEPTANCE OF THE APPLICATIONS FOR SUBSCRIPTION

The Collecting Bank shall neither receive nor accept Application Forms for subscription under the following circumstances:

- 1) If the Application Form does not bear the signature of the Subscriber.
- 2) In case of failure to pay the value of the Bonds subscribed in accordance with the conditions provided for in the Prospectus.
- 3) If the value of the Bonds subscribed is paid by cheque and if the same is dishonored for whatever reason.
- 4) If the Application Form does not bear the MSM No., available with MCD.
- 5) If the Folio Number furnished in the Application Form is found to be incorrect.
- 6) If the Subscriber submits more than one Application Form in the same name, all of them shall be rejected.
- 7) If the supporting documents referred to in the Prospectus are not enclosed with the Application Form.
- 8) If the Application Form does not contain all the particulars of the bank account of the Subscriber.
- 9) If all the particulars of the bank account held by the Subscriber as provided for in the Application Form are noted to be incorrect.
- 10) If the particulars of the bank account provided for in the Application Form are found to be not relevant to the Applicant.
- 11) In case of failure to have the powers of attorney attached with the Application Form as provided for in the Prospectus in respect of the person who subscribes and (signs) on behalf of another person.
- 12) If the Applicant has not complied with the legal and organizational requirements as provided for in the Prospectus.

If the Bank observes, after receipt of the Application Form and before expiry of the time schedule prescribed for handing over of the Application Forms to the Issue Manager, that the application has not complied with the legal requirements as provided for in the Prospectus, due effort would be taken for contacting the Applicant so as to correct the mistake detected. In case of failure to have the mistake corrected within the period referred to, the Bank receiving the Application Form shall be required to return the Application Form to the Subscriber together with the subscription value before expiry of the period specified for handing over of the Application Forms to the Issue Manager.

14.10 REFUSAL OF SUBSCRIPTION APPLICATIONS

The Issue Manager may reject the Application Forms under any of the conditions referred to above, after securing the approval of the CMA and submission of a comprehensive report furnishing the details of the Application Forms that are required to be rejected and reasons behind such rejection.

14.11 ENQUIRY & COMPLAINTS

Subscribers who intend to seek clarification or file complaints with regard to the issues related to the allotment or rejected applications or refund of the funds in excess of the subscription may contact the Branch of the Bank where the subscription was made. In case



of absence of any response from the Branch, the Subscriber may contact the person concerned as hereunder:

Bank	Person in Charge	Postal Address	Phone No.	Fax No.	Email
Oman Arab Bank SAOC	Ms. Sahar Kamal Al Zagha	P.O. Box: 2010, Ruwi,, Postal Code 112, Sultanate of Oman	+968 24754311	+968 24125125	corporatefinance@oabinvest.com

14.12 ALLOTMENT LETTERS AND REFUND OF MONEY

The Company will make efforts to complete the allotment of Bonds on the next Business Day from the date on which the Issue closes for subscription, subject to the approval of all relevant authorities. The Registrar shall maintain the Register (setting out the names and addresses of the Bondholders) to send the allotment advices. The allotment advice will contain the name and address of the Bondholder, face value of the Bond, number of Bonds allotted, the total value of Bonds allotted and folio number as recorded with the Registrar. No physical certificates will be issued for the Bonds allotted.

14.13 PROPOSED TIMETABLE

Procedure	Date
Commencement of subscription	13 th July 2016
Closing of subscription	18 th July 2016
Due date for the Issue Manager to receive the subscription data and final registers of the Subscribers from the Bank (Allotment Date)	19 th July 2016
Allotment Date	19 th July 2016
Refund Date	20 th July 2016
Listing of the Bonds on the MSM	25 th July 2016

14.14 LISTING & TRADING OF THE BONDS OF THE ISSUER

The Bonds shall be listed with MSM in accordance with the laws and procedures that are in force on the date application is made for the listing and registration.

14.15 RESPONSIBILITIES & OBLIGATIONS

The Issue Manager, the Collecting Bank and the MCD shall abide by the responsibilities and duties specified under the Regulations issued by the CMA and shall comply with any other responsibilities and obligations set out in the agreements entered into between them and the Issuer. The parties concerned shall be required to take remedial measures with regard to the damages arising from any negligence committed in the performance of the functions and responsibilities assigned to them. In such event the Issue Manager shall liaise with relevant authorities such as CMA and MSM for taking suitable steps and measures for repairing such damages.

15. UNDERTAKINGS

15.1 ISSUING COMPANY: MUSCAT FINANCE SAOG

The Board of Directors of Muscat Finance SAOG confirms that the information provided in this Prospectus is complete, true and the Issuer has carried out the due diligence to ensure that:

- i. the investors to the private placement are informed of all information that is required to make their investment decision on whether to subscribe to the Bonds; and
- ii. that all relevant provisions of the CMA Law, the CCL and the regulations, directives issued there-under, have been complied with.

Signed by the following members on behalf of the Board of Directors:

S. No.	Name	Designation	Signature
1	Tanmay Mehta	Deputy Chairman	-sd-
2	Juma Abdullah Khalfan Al Khamisi	Director	-sd-

15.2 ISSUE MANAGER: INVESTMENT MANAGEMENT GROUP, OMAN ARAB BANK SAOC

In accordance with the responsibilities assigned to us pursuant to Article 3 of the Capital Market Law, Executive Regulations and instructions issued by the CMA, we have reviewed all the relevant documents and other material required for the preparation of the Prospectus pertaining to the issue of Bonds by **Muscat Finance SAOG**.

The Board of Directors of **Muscat Finance SAOG** shall bear the responsibility with regard to correctness of the information provided for in the Prospectus, and they have confirmed not to have deleted any material information from it, omission of which would have made the Prospectus misleading.

We confirm that we have taken due care as required by the profession with regard to the Prospectus that has been prepared under our supervision. On the basis of the review works referred to above and discussion with the issuer of the securities represented by the Issuer, its Board officers and other related parties and on the basis of the review carried out by us with these authorities concerned with regard to the subject matter of the Issue and contents of the documents submitted to us, we confirm the following:

- 1) We have taken necessary and reasonable care in ensuring that the information furnished to us by **Muscat Finance SAOG** and that contained in the Prospectus are consistent with the facts available in the documents, material and other documents pertaining to the Issue.
- 2) On the basis of our perusal and information made available to us by the Issuer, it is hereby confirmed that the Issuer has neither concealed any fundamental information nor omitted any important information omission of which would have made the Prospectus misleading.
- 3) The Prospectus and the private placement to which it relates are consistent with all the rules and conditions governing the transparency as provided for in the CMA Law as amended, the Executive Regulations and applicable Specimen Prospectus available with the CMA. Also noted to be in conformity with the CCL as amended and the directives and decisions issued in this regard.
- 4) The data and information which have been presented in the Prospectus in Arabic (with its unofficial translation in English) are correct, reasonable and adequate as per our perusal so as to assist an investor in taking an appropriate decision whether or not to invest in the Bonds offered in accordance with the rules and conditions governing the Issue.

Issue Manager

Sd/

Investment Management Group, Oman Arab Bank SAOC

15.3 LEGAL ADVISOR:

The Legal Advisor, whose name appears below, hereby confirms that the Prospectus has been verified from the perspective of Issuer's compliance with the legal requirements related to private placement and that all the non-financial particulars and information set out in the Prospectus are consistent and in conformity with the laws and regulations of Oman relevant to the activity of the Issuer, the CCL, the CMA Law and the Executive Regulations and CMA directives, the requirement and rules for the issue of bonds issued by the CMA and the Articles of the Issuer and the resolutions of the general meeting of the Issuer. The Issuer has secured all the licenses and official approvals that are required to engage in the subject matter of the Prospectus.

Legal Advisor

Sd/

Al Busaidy Mansoor Jamal & Co.
Barristers & Legal Consultants