

MSSM cancels trades in United Finance shares

By Our Special Correspondent

MUSCAT — The Muscat Securities Market (MSSM) has cancelled all trades executed in the shares of United Finance Company on Wednesday.


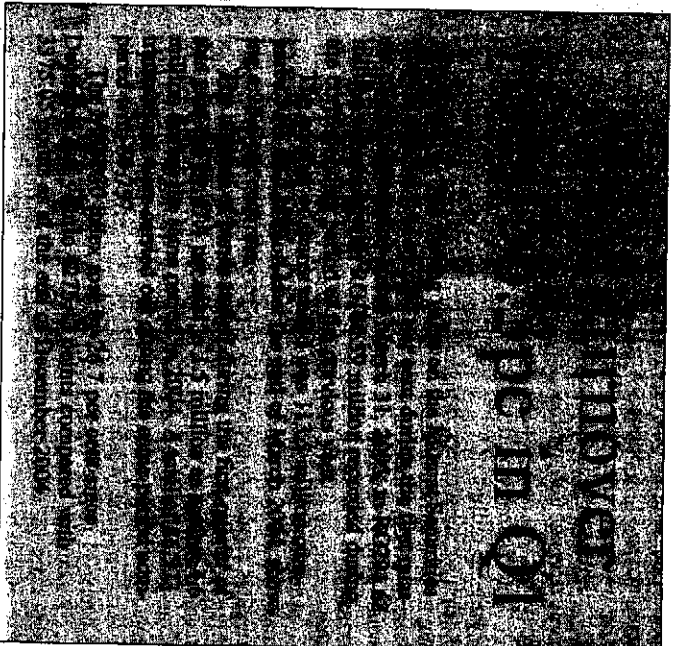
"MSSM management believes that some have taken undue advantage from the material information pertaining to the company's board decisions taken on April 20, 2005," MSSM said in an announcement on Thursday.

"The company did not comply with the Capital Market Authority and MSSM transparency and disclosure norms," MSSM said.

The stock exchange is expected to submit a detailed report on this issue to the CMA to take necessary action.

The board of directors of UFC, which met on April 20, 2005, had decided to sell a non-performing portfolio of RO7.5 million to First Debt Factoring Company at a price of RO5.250 million. The news was released to the market on Wednesday evening. During the day, in 17 trades, more than 23,000 shares changed hands and the scrip gained 8.96 per cent at RO3.040 as against the previous close of RO2.790. On Thursday, the scrip rallied further by 9.87 per cent to RO3.340 and more than 10,000 shares changed hands in three trades.

First Debt Factoring is a related party to UFC, as it is substantially owned by Global Financial Investments. The transaction is subject to the approval of the shareholders' general meeting to be held on May 17, 2005. The sale will result in write back of the pro-



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visions in the books of the company to the extent of RO2,718,346. The company has also revised estimates for the net profit before tax for the year 2005 to RO6.116 million.

The board had also proposed to increase the capital of the company from RO9.55 million to RO14.34 million by offering rights shares to its shareholders in the ratio of one rights share for every two shares held. The company is proposing to issue 4.77 million shares at a price of RO1,000 per share. The pur-

pose of capital expansion is to meet the working capital requirements of the company, and expand its activities in the regional markets through joint ventures.

The board has also decided to list the shares of the company on the Dubai Stock Exchange apart from pursuing its earlier decision of listing on the Kuwait Stock Exchange. The company has reported a 17.6 per cent increase in net profit at RO516,000 for the first quarter of 2005.

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