

# United Finance plans 4.8m rights issue, sells non-performing portfolio

## Board decides to list shares on Dubai Stock Exchange

MUSCAT — United Finance Company (UFC), one of the leading non-banking finance

companies in the country, yesterday decided to float a rights issue to the tune of 4.78 million shares and sell its non-performing portfolio of RO 7.5 million to First Debt Factoring at a price of RO 5.25 million.

These major decisions were taken by the company at its board meeting yesterday.

When contacted, Raghavan Murthy, Chief Executive Officer (CEO) of United Finance, said that the capital of the company would be enhanced from RO 9.56 million to RO 14.34 million by offering rights issue to its shareholders in the ratio of one rights share for every two shares held.

The purpose of the issue, which will be priced at RO 1 per share, is to meet working capital requirements of the company and expansion of

By A E James

activities in the regional markets through joint ventures, added a company release.

The company also decided to sell its non-performing portfolio of RO 7.5 million to First Debt Factoring, at a price of RO 5.25 million.

The entire portfolio being sold is over 180 days past due and with this sale, UFC will have zero past due 180 days debts in its books.

First Debt is a related party of United Finance as it is substantially owned by Global Financial Investments.

Saying that it was a profitable transaction, Murthy noted that the sale was absolute without any recourse to United Finance.

This is the first time that such a transaction took place in the local market. However, this practice is

very common in developed markets like Europe and some Asian countries.

The transaction is subject to the approval of the shareholders, which is scheduled on May 17.

The sale will result in write back of provisions in the books of the company to the extent of RO 2.72 million and the company has revised its estimates for the net profit for 2005 to RO 6.12 million before tax.

Murthy noted that there has been a consistent growth in business portfolio of his company.

UFC board 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.

Murthy noted that the shareholders of the company believe that Dubai bourse has depth and listing of the company

shares there would facilitate new investors to deal in the stocks.

Of the seven board members, two are from the United Arab Emirates (UFC) and one is from Kuwait.

Murthy said that his company is in the process of seeking approval from the Capital Market Authority (CMA) for the rights offer, which will be issued within two months.

Salim Abdulla al Hosni has been appointed as a member of the board of directors in the temporary vacancy caused by the exit of Bashar Saleh al Thaber.

His appointment is till the next ordinary general meeting of the shareholders.

The company recorded a net profit of RO 516,000, indicating a 17.6 per cent growth over the same period last year.

The audit committee of the board has approved the first quarter financial results.

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