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UFC proposes to sell off RO7.5m NPAs for RO5.25m

Plans joint ventures in UAE,
Bahrain; RO4.77m rights
offer soon, listing in Dubai


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MUSCAT — In a significant development yesterday, United Finance Company (UFC), Oman's leading non-banking finance company, has proposed to sell its RO7.5 million non-performing portfolio for RO5.250 million.

"UFC board has decided to sell a non-performing portfolio of RO7.5 million to First Debt Factoring Co. LLC, at a price of RO5.250 million," UFC Chief Executive Raghavan K. Murri told *Times Business*.

The deal will make the company a zero NPA company. The entire portfolio being sold is over 180 days past due. The deal will have zero past due 180 days debts in the company's books. First Debt Factoring is a related party to UFC, as it is substantially owned by Global Financial Investments.

"The sale is absolute without any recourse to UFC. The transaction is subject to the approval of the shareholders' general meeting (in line with Article 102 and Article 108 of the Commercial Companies Law) to be held on May 17, 2005. The sale will result in write back of the provisions in the books of the company to the extent of RO2,718,346. The company has revised its estimates for 2005, the net profit before tax for the year 2005 to RO6,116 million," Raghavan said.

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The board has also decided 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 purpose 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 rights offer is subject to the approval of the Capital Market Authority.

"Currently we are exploring two markets — the UAE and Bahrain. 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," Raghavan added.

The board has appointed Salim Abdulla Al Hosni as a member of the board in the temporary vacancy caused by the exit of Bashir Saleh Al Thaber. His appointment is till the next ordinary general meeting of the shareholders of the company. The audit committee of the board also met on the same day and approved the first quarter working results. The company has recorded a 17.6 per cent increase in net profit at RO516,000.