



OMINVEST

**UNAUDITED INTERIM CONDENSED
FINANCIAL STATEMENTS**

31 MARCH 2019



DIRECTORS' REPORT

For the period ended 31 March 2019

Dear shareholders,

On behalf of the Board of Directors, I am pleased to present to you the unaudited consolidated financial results of the Group for the period ended 31 March 2019. In the following sections, major developments at the Group and its overall financial performance for the period are highlighted.

The Group has performed exceptionally well in the prevailing challenging economic environment. The consolidated profit for the period ended 31 March 2019 amounted to RO 13.3m, which is 10.3% higher compared to the profit reported during the corresponding period of the previous year. We have seen somewhat tightening of liquidity in the market and as a caution we have further enhanced our banking facilities by recently executing a long-term credit facility of RO 80 million. The Group maintains robust liquidity position, continues to enjoy healthy financial ratios and is progressing well on execution of its strategic and diversification initiatives.

Set out below is a summary of our financial performance during the period ended 31 March 2019:

Group consolidated performance

Total revenue and net profit of the Group increased by 12.1% and 10.3%, respectively during the quarter ended 31 March 2019 as compared to the corresponding period in 2018. The growth is attributable to the strong performance of our major subsidiaries namely, Oman Arab Bank and Oman National Investment Corporation (Jabreen).

Oman Arab Bank (OAB), our banking subsidiary, reported a profit of RO 7.2m for the period ended 31 March 2019 compared to RO 6.2m for the corresponding period in 2018, a growth of 15.9%. The loan book of OAB grew 4.8% to RO 1.92bn compared to RO 1.83bn, as at 31 December 2018. Customers' deposits rose by 0.9% to RO 1.89bn compared to RO 1.87bn, as at 31 December 2018. OAB's potential merger discussions with Alizz Islamic Bank are progressing well. A MOU has been signed and the regulators have granted initial approvals to proceed with the process. The banks are currently engaged in the due diligence exercise. If completed, the merger will further strengthen the OAB's market position and enable it to offer a wider array of products and services to both conventional and Islamic customers. Building onto its strong performance in 2018, OAB remains on a growth track and is expected to deliver healthy results in 2019 and in the years ahead.

Oman National Investment Corporation SAOC (Jabreen), our subsidiary, focused on investing in diverse sectors and expanding into new markets, reported 41.3% growth in net profit to RO 8.1m compared to RO 5.7m for the corresponding period in 2018. A lion share of Jabreen's profitability relates to its stable share of results accounting from its robust investment in associate companies. We expect Jabreen to further enhance and diversify its investment income. Jabreen's total assets now stand at RO 300.8m and it holds sizeable stakes in blue chip companies such as Bank Muscat, International General Insurance, Ahli Bank, Bank Nizwa and Al Ahlia Insurance. Jabreen is now looking for further opportunities in growth sectors and markets in Asia.

National Life & General Insurance Company (NLGIC), our subsidiary in the insurance sector, reported gross written premium of RO 54.8m, of which Oman contributed 45.2%, UAE 53.4%, and Kuwait 1.4%. NLGIC achieved a net insurance premium of RO 25.3m compared to RO 19.7m for the corresponding period in 2018, a growth of 28.7%. NLGIC reported a net profit of RO 2.7m during the period ended 31 March 2019 as compared to RO 3.0m for the corresponding period in 2018. The profitability decline is primarily due to reduced investment income on account of unrealized losses in the Oman equities. NLGIC's growth prospects are strong, its recurring revenue from insurance business are stable and on a clear growth trend. As a part of its innovation and digital strategy, NLGIC has recently launched Mobile app for its customers to further enhance their experiences. NLGIC has further expanded its service network by opening two new branches and a claim centre during the first quarter of 2019.

National Finance Company (NFC), our largest associate companies, reported a net profit of RO 2.1m compared to RO 2.6m for the corresponding period in 2018, a decline of 20%. The decline is in accordance with the weak industry results due to higher provisioning requirement and tightening of liquidity resulting in reduced net interest margin. NFC has implemented additional measures to improve its performance and is well positioned to deal with the challenging business environment.

Acknowledgements

It gives me immense pleasure to inform you that our Group CEO, Abdulaziz Mohammed Al Balushi, has been recently awarded *The Best CEO for the Year* award by OER in the New Age Banking Summit 2019. On behalf of the Board of Directors, I congratulate Abdulaziz for winning this prestigious award. I take this opportunity to thank our esteemed shareholders, partners and regulators for their continued support and trust. I would also like to thank the management team and all our employees for their hard work and commitment.

We are profoundly thankful to His Majesty Sultan Qaboos Bin Said for his great vision and wise leadership for the steady growth, stability and enduring prosperity of our great country.



Khalid Muhammad Al Zubair
Chairman

**UNAUDITED INTERIM CONDENSED CONSOLIDATED
STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2019**

	<i>Notes</i>	<i>(Unaudited) 31-Mar-19 (RO'000)</i>	<i>(Audited) 31-Dec-18 (RO'000)</i>
Assets			
Balances with banks and money at call	5	173,604	212,686
Deposits with banks	6	109,831	121,637
Premium and insurance balance receivable	7	73,010	43,122
Re-insurance share in insurance funds	17	31,075	28,129
Investment securities	8	205,915	175,799
Investments in associates	10	217,077	219,055
Loans and advances to customers	11	1,920,882	1,826,817
Other assets		84,636	61,270
Investment properties		16,566	17,043
Projects work in progress		3,187	3,260
Property and equipment		47,274	36,727
Intangible assets		16,294	16,537
Total assets		2,899,351	2,762,082
Equity and liabilities			
Equity			
Share capital	12	80,777	76,931
Share premium		43,838	47,684
Treasury shares		(81,464)	(81,464)
Legal reserve		34,423	34,423
General reserve		13,033	13,033
Other non-distributable reserves	14	33,714	33,323
Cumulative changes in fair value reserve		(10,560)	(8,391)
Retained earnings		61,109	64,359
Equity attributable to equity holders of the Parent Company		174,870	179,898
Perpetual Tier I capital bonds		129,641	129,641
		304,511	309,539
Non-controlling interests		149,995	154,495
Total equity		454,506	464,034
Liabilities			
Due to banks	15	317,793	238,007
Deposits from customers	16	1,873,972	1,862,768
Insurance funds	17	104,967	78,011
Subordinated debt		20,000	20,000
Other liabilities		125,602	91,504
Taxation		2,511	7,758
Total liabilities		2,444,845	2,298,048
Total equity and liabilities		2,899,351	2,762,082
Net assets per share (Rial Omani)	28	0.285	0.308


KHALID MUHAMMAD AL ZUBAIR
CHAIRMAN


ABDUL AZIZ AL BALUSHI
GROUP CEO

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The accompanying notes form an integral part of these unaudited interim consolidated financial statements.

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

	<i>Notes</i>	<i>(Unaudited) 31-Mar-19 (RO'000)</i>	<i>(Unaudited) 31-Mar-18 (RO'000)</i>
Gross premium, earned	18	36,739	32,270
Interest income	19	27,192	23,596
Investment income – net	21	1,663	4,302
Fee and commission income - net		1,995	4,134
Other operating income		2,368	1,716
Share of results of associates	10	6,321	2,004
Total revenue		76,278	68,022
Premium ceded to re-insurers	18	(11,407)	(12,588)
Net claims	17	(17,974)	(14,089)
Interest expense	20	(12,326)	(9,634)
Operating expenses	22	(17,611)	(16,291)
Allowance for loan impairment net of recoveries		(1,921)	(1,628)
Total expenses		(61,239)	(54,230)
Profit before tax for the period		15,039	13,792
Income tax expense		(1,748)	(1,737)
Profit after tax for the period		13,291	12,055
Profit for the period attributable to:			
Equity holders of the Parent Company		9,204	8,393
Non-controlling interests		4,087	3,662
		13,291	12,055
Basic earnings per share attributable to the equity holders of the Parent Company (RO)	27	0.015	0.014
Other comprehensive income / (expense):			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation reserve		(65)	70
<i>Items not to be reclassified subsequently to profit or loss:</i>			
Fair value changes of financial assets fair value through other comprehensive income		(2,052)	(1,968)
Other comprehensive expense for the period		(2,117)	(1,898)
Total comprehensive income for the period		11,174	10,157
Total comprehensive income for the period attributable to:			
Equity holders of the Parent Company		6,970	6,606
Non-controlling interests		4,204	3,551
		11,174	10,157

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements.



UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF PARENT COMPANY

	Share capital	Share premium	Treasury shares	Legal reserve *	General reserve	Other Non-distributable reserves	Cumulative changes in fair value	Retained earnings	Total	Perpetual Tier I capital bonds	Sub-total	Non-controlling interests	Total
	(RO'000)	(RO'000)	(RO'000)	(RO'000)	(RO'000)	(RO'000)	(RO'000)	(RO'000)	(RO'000)	(RO'000)	(RO'000)	(RO'000)	(RO'000)
At 1 January 2018	69,937	54,678	(81,464)	30,714	13,033	28,567	(11,093)	60,504	164,876	30,000	194,876	149,391	344,267
Profit for the period	-	-	-	-	-	-	-	8,393	8,393	-	8,393	3,662	12,055
Other comprehensive expense for the period	-	-	-	-	-	70	(1,857)	-	(1,787)	-	(1,787)	(111)	(1,898)
Total comprehensive income for the period	-	-	-	-	-	70	(1,857)	8,393	6,606	-	6,606	3,551	10,157
Transfer to / from retained earnings	-	-	-	-	-	618	(8)	(610)	-	-	-	-	-
Movements related to subsidiaries and fair value through other comprehensive income investments	-	-	-	-	-	-	-	1,150	1,150	-	1,150	1,266	2,416
Bonus shares issued during the period (note 12)	6,994	(6,994)	-	-	-	-	-	-	-	-	-	-	-
Dividend paid relating to 2017 (note 13)	-	-	-	-	-	-	-	(7,973)	(7,973)	-	(7,973)	(8,170)	(16,143)
At 31 March 2018	76,931	47,684	(81,464)	30,714	13,033	29,255	(12,958)	61,464	164,659	30,000	194,659	146,038	340,697
At 1 January 2019	76,931	47,684	(81,464)	34,423	13,033	33,323	(8,391)	64,359	179,898	129,641	309,539	154,495	464,034
Profit for the period	-	-	-	-	-	-	-	9,204	9,204	-	9,204	4,087	13,291
Other comprehensive income e / (expense) for the period	-	-	-	-	-	(65)	(2,169)	-	(2,234)	-	(2,234)	117	(2117)
Total comprehensive income for the period	-	-	-	-	-	(65)	(2,169)	9,204	6,970	-	6,970	4,204	11,174
Transfer to / from retained earnings	-	-	-	-	-	456	-	(456)	-	-	-	-	-
Movements related to subsidiaries and fair value through other comprehensive income investments	-	-	-	-	-	-	-	(305)	(305)	-	(305)	(295)	(600)
Bonus shares issued during the period (note 12)	3,846	(3,846)	-	-	-	-	-	-	-	-	-	-	-
Dividend paid relating to 2018 (note 13)	-	-	-	-	-	-	-	(11,693)	(11,693)	-	(11,693)	(8,409)	(20,102)
At 31 March 2019	80,777	43,838	(81,464)	34,423	13,033	33,714	(10,560)	61,109	174,870	129,641	304,511	149,995	454,506

* Transfer to legal reserve is made on an annual basis.

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019

	Notes	(Unaudited) 31-Mar-19 (RO'000)	(Unaudited) 31-Mar-18 (RO'000)
Operating activities			
Profit before tax		15,039	13,792
<u>Adjustments for:</u>			
Depreciation on property and equipment	22	1,792	1,166
Amortization of intangible assets	22	236	236
Share of results of associates	10	(6,321)	(2,004)
Allowance for loan impairment net of recoveries		1,921	1,628
Loss on sale of property and equipment		27	-
Change in the fair value of financial assets at fair value through profit or	21	137	123
Profit on sale of investment securities	21	(24)	(22)
Investment Income from amortised cost investments		(1,453)	(956)
		11,354	13,963
Operating profit before working capital changes			
Changes in operating assets and liabilities			
Investment securities		(31,417)	(27,067)
Loans and advances to customers		(95,986)	(92,897)
Other assets		(10,251)	(20,245)
Deposits from customers		11,204	28,989
Premiums and insurance balances receivables		(29,888)	(16,108)
Re-insurance share in insurance funds		(2,946)	(12,407)
Insurance funds		26,956	29,821
Other liabilities		11,076	5,511
		(109,898)	(90,440)
Cash used in operations		(109,898)	(90,440)
Tax paid		(6,999)	(5,988)
		(116,897)	(96,428)
Investing activities			
Additional investment in an associate		(4,939)	(7,065)
Dividend from associates – cash received		121	107
Capital expenditure on investment properties		(41)	(100)
Proceeds from disposal of an investment property		513	-
Proceeds from disposal of property and equipment		264	-
Projects work in progress		8	(8)
Additions to property and equipment – cash paid		(1,294)	(860)
		(5,368)	(7,926)
Financing activities			
Movement in bank borrowings		31,000	3,200
Dividends paid		(8,409)	-
Additional Tier 1 coupon issue expenses		-	(18)
		22,591	3,182
Net cash generated from financing activities			
		(99,674)	(101,172)
Net change in cash and cash equivalents		(99,674)	(101,172)
Cash and cash equivalents at the beginning of the period		318,616	319,056
		218,942	217,884
Cash and cash equivalents at the end of the period	5	218,942	217,884

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements.

1. GENERAL INFORMATION

Oman International Development and Investment Company SAOG ('the Company' or 'the Parent company' or "OMINVEST") is incorporated in the Sultanate of Oman as a public joint stock company and is listed on the Muscat Securities Market. The parent company is principally engaged in investment related activities and is in the business of banking, insurance and financing through its subsidiaries and associates.

The Company's principal place of business and registered address is OMINVEST Business Center, Seventh Floor, Building No. 95, Block No 9993, Muscat Hills, Madinat Al Erfaan, Muscat, Sultanate of Oman. The Company's postal address is P O Box 3886, Ruwi, Postal Code 112, Sultanate of Oman.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES.

The unaudited interim condensed consolidated financial statements for the three month period ended 31 March 2019 comprise the Parent company and its subsidiaries (together referred to as the Group) and the Group's interest in associates. These statements has been prepared in accordance with IAS 34, 'Interim financial reporting' and in compliance with the applicable provisions of the Rules and Guidelines on Disclosure by Issuers of Securities and Insider Trading ('R&G') issued by the Capital Market Authority ('CMA') of the Sultanate of Oman and with the Commercial Companies Law of 1974, as amended.

The accounting policies used in the preparation of the interim unaudited condensed consolidated financial statements are consistent with those used in the preparation of the audited annual financial statements for the year ended 31 December 2018. The unaudited interim consolidated financial statements should be read in conjunction with the annual audited financial statements for the year ended 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards. Previous period numbers are reclassified / regrouped if necessary, for comparative purpose and are restated to incorporate the change in accounting policy in second quarter of 2018. The related adjustments are not material.

The unaudited interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards. In addition, results for the period ended 31 March 2019 are not necessarily indicative of the results that may be expected for the financial year 2019.

3. ESTIMATES

The preparation of unaudited interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these unaudited interim consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimating uncertainty were the same as those that were applied to the financial statements for the year ended 31 December 2018.

4. IFRS STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE IN 2018

For the period ended 31 March 2019, the Group has adopted all the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant and mandatory to its operations and effective for period beginning on 1 January 2019.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019 and accordingly, the comparative information is not restated. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

4. IFRS STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE IN 2018 (continued)

The Group has recorded right-of-use assets representing the right to use the underlying assets (namely lease of premises, automated teller machines, vehicles and certain IT infrastructure facilities) under ‘Property and equipment’ and the corresponding lease liabilities to make lease payments under ‘other liabilities’. The right-of-use assets and lease liabilities recorded in consolidated financial statements as at 1 January 2019 amounted to RO 11.31 million with no impact on retained earnings. When measuring lease liabilities, the Group discounted lease payments using the rate of 4.75% at 1 January 2019. The interest expense on the lease liabilities is treated as finance costs, which IFRS 16 requires to be presented separately in the statement of comprehensive income. Consistent with this requirement, the Group presented interest expense on lease liabilities under ‘Other operating expenses’ and the depreciation charge on the right-of-use assets was included in the ‘Depreciation and amortization’

The related accounting policies of the Group upon adoption of IFRS 16 are as follows:

a) Right of use assets: The Group recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right of use assets are subject to impairment. The carrying value of right-of-use assets are recognised under property and equipment in the statement of financial position.

b) Lease liabilities: At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the substance fixed lease payments or a change in the assessment to purchase the underlying asset and is recognised under other liabilities in the statement of financial position.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in statements of cash flows comprise the following:

	<i>(Unaudited)</i> 31-Mar-19 <i>(RO'000)</i>	<i>(Audited)</i> 31-Dec-18 <i>(RO'000)</i>
Balances with banks and money at call	173,604	212,686
Deposits with banks (note 6)	109,831	121,637
Due to banks – current accounts (note 15)	(63,993)	(15,207)
Capital deposits (note 6)	(500)	(500)
	218,942	318,616

6. DEPOSITS WITH BANKS

	<i>(Unaudited)</i> 31-Mar-19 <i>(RO'000)</i>	<i>(Audited)</i> 31-Dec-18 <i>(RO'000)</i>
Money market placements	25,103	83,978
Current accounts	54,827	7,294
Capital deposits	500	500
Deposits	29,401	29,865
	109,831	121,637

7. PREMIUM AND INSURANCE BALANCES RECEIVABLE

	<i>31-Mar-19</i>			<i>31-Dec-18</i>		
	<i>Medical</i> <i>/ life</i>	<i>General</i>	<i>Total</i>	<i>Medical</i> <i>/ life</i>	<i>General</i>	<i>Total</i>
	<i>RO '000</i>	<i>RO '000</i>	<i>RO '000</i>	<i>RO '000</i>	<i>RO '000</i>	<i>RO '000</i>
Premiums receivable	54,642	3,792	58,434	29,781	3,279	33,060
Reinsurance balances receivable	15,679	81	15,760	11,013	105	11,118
	70,321	3,873	74,194	40,794	3,384	44,178
Allowance for impaired debts	(857)	(327)	(1,184)	(735)	(321)	(1,056)
	69,464	3,546	73,010	40,059	3,063	43,122

8. INVESTMENT SECURITIES

As at the reporting date, investment securities comprised the following:

	<i>(Unaudited)</i> 31-Mar-19 <i>(RO'000)</i>	<i>(Audited)</i> 31-Dec-18 <i>(RO'000)</i>
Financial assets at fair value through profit or loss (note 9i)	7,303	8,260
Financial assets at fair value through other comprehensive income (note 9ii)	58,102	42,406
Investments at amortised cost (note 9iii)	140,510	125,133
	205,915	175,799

9. INVESTMENT SECURITIES

(i) *Financial assets at fair value through profit or loss (FVTPL)*

	<i>(Unaudited)</i> 31-Mar-19 <i>(RO'000)</i>	<i>(Audited)</i> 31-Dec-18 <i>(RO'000)</i>
Local quoted investments	5,967	7,023
Foreign quoted investments	181	171
Quoted investments	6,148	7,194
Unquoted local investments	888	799
Unquoted foreign investments	267	267
Financial assets at fair value through profit or loss	7,303	8,260

(ii) *Financial assets at fair value through other comprehensive income*

	<i>(Unaudited)</i> 31-Mar-19 <i>(RO'000)</i>	<i>(Audited)</i> 31-Dec-18 <i>(RO'000)</i>
Local investments		
Quoted investments (cost)	54,762	37,879
Fair value reserve	(8,777)	(6,625)
Unquoted investments (cost)	1,149	1,149
Fair value reserve	576	583
Total local investments	47,710	32,986
Foreign investments		
Quoted investments (cost)	10,731	9,858
Fair value reserve	(1,146)	(1,256)
Unquoted investments (cost)	1,683	1,693
Fair value reserve	(876)	(875)
Total foreign investments	10,392	9,420
Total Investments at fair value through other comprehensive income	58,102	42,406

(iii) *Investment at amortised cost*

	<i>(Unaudited)</i> 31-Mar-19 <i>(RO'000)</i>	<i>(Audited)</i> 31-Dec-18 <i>(RO'000)</i>
Oman Government Development Bonds and Sukuks	124,658	119,874
Banks and corporate bonds	15,852	5,259
Total Investments at amortised cost	140,510	125,133

10. INVESTMENT IN ASSOCIATES

As at the reporting date, investments in associates represented holdings in the following companies:

Group	31-Mar-19 (Unaudited)		31-Dec-18 (Audited)	
	Holding (%)	(RO'000)	Holding (%)	(RO'000)
Quoted				
Bank Muscat SAOG	9.99	130,091	9.60	130,919
National Finance Company SAOG	34.60	30,796	34.60	31,517
Al Ahlia Insurance Company SAOG	24.30	10,120	24.30	10,531
Takaful Oman Insurance SAOG	18.14	3,857	18.14	3,728
		174,864		176,695
Unquoted				
International General Insurance Holding Limited	20.00	24,378	20.00	24,400
Ubhar Capital SAOC	36.00	5,433	36.00	5,465
National Finance House B.S.C.	17.47	2,979	17.47	3,045
Modern Steel Mill LLC	19.49	2,713	19.49	2,725
Horizon (AD) Investment Ltd	14.85	5,539	14.85	5,560
Shamal Plastic Industries LLC	15.00	682	15.00	679
Gulf Acrylic Industries LLC	15.00	489	15.00	486
		42,213		42,360
Total		217,077		219,055

Details regarding movement in investment in associates is set out below:

	(Unaudited) 31-Mar-19 (RO'000)	(Unaudited) 31-Mar-18 (RO'000)
At beginning of the period	219,055	72,807
Add purchases/transfer from FVTPL	4,393	7,195
Add share of results	6,321	2,004
Less dividends accrued	(13,238)	(793)
	217,077	81,213

11. LOANS AND ADVANCES TO CUSTOMERS

a. At 31 March 2019, loans and advances to customers extended by the banking subsidiary were as follows:

	<i>(Unaudited)</i> <i>31-Mar-19</i> <i>RO 000</i>	<i>(Audited)</i> <i>31-Dec-18</i> <i>RO 000</i>
Commercial loans	1,068,381	978,479
Overdrafts	134,736	136,148
Personal loans	768,108	763,594
Credit cards	7,902	3,815
	1,979,127	1,882,036
Less: Allowance for credit losses	(58,245)	(55,219)
	1,920,882	1,826,817

The movement in the provision for loan impairment and contractual interest not recognized was as follows:

	<i>31-Mar-19 (Unaudited)</i>		
	<i>Allowance for loan impairment</i> <i>RO 000</i>	<i>Contractual interest not recognized</i> <i>RO 000</i>	<i>Total</i> <i>RO 000</i>
Balance at beginning of period	47,596	7,623	55,219
Provided during the period	4,789	937	5,726
Amounts written off during the period	(7)	(1)	(8)
Amounts recovered during the period	(2,454)	(238)	(2,692)
Balance at end of period	49,924	8,321	58,245

	<i>31-Mar-18 (Unaudited)</i>		
	<i>Allowance for loan impairment</i> <i>RO 000</i>	<i>Contractual interest not recognized</i> <i>RO 000</i>	<i>Total</i> <i>RO 000</i>
Balance at beginning of period	39,772	7,312	47,084
Provided during the period	3,000	855	3,855
Amounts written off during the period	(6)	-	(6)
Amounts recovered during the period	(1,012)	(210)	(1,222)
Balance at end of period	41,754	7,957	49,711

Loans and advances on which interest has been reserved and/or has not been accrued amounted to RO 63,175,000 (31 March 2018: RO 51,559,593)

12. SHARE CAPITAL

	<i>(Unaudited)</i> 31-Mar-19 <i>(RO'000)</i>	<i>(Audited)</i> 31-Dec-18 <i>(RO'000)</i>
Authorized 900,000,000 ordinary shares of RO 0.100 each (31 December 2018 - 900,000,000 ordinary shares of RO 0.100 each)	90,000	90,000
Issued and fully paid 807,772,329 ordinary shares of RO 0.100 each (31 December 2018 – 769,306,980 shares of RO 0.100 each)	80,777	76,931

At the Annual General Meeting of the shareholders of the Parent Company held on 27 March 2019 stock dividend of 38,465,349 shares (2018 – 69,936,998 shares) at 100 baisa per share were approved to be issued by utilizing RO 3,846,535 (2018 – RO 6,993,699) from share premium.

13. DIVIDEND PAID

Parent Company

At the Annual General Meeting held on 27 March 2019, a cash dividend of RO 0.020 per share (2018 - RO 0.015 per share) amounting to RO 15,386,140 (2018 - RO 10,490,548) and a stock dividend of RO 0.005 per share (2018 – RO 0.010 per share) amounting to RO 3,846,535 (2018 –RO 6,993,699) in respect of year ended 31 December 2018 was approved by the shareholders.

Treasury shares dividend amounting to RO 3,692,674 (2018 – 2,517,732) is adjusted at the consolidation level.

14. OTHER NON-DISTRIBUTABLE RESERVES

	<i>Capital reserve</i>	<i>Contingency reserve</i>	<i>Special reserve</i>	<i>Subordinated debt reserve</i>	<i>Foreign currency revaluation reserve</i>	<i>Revaluation reserve</i>	<i>Total</i>
	<i>(RO'000)</i>	<i>(RO'000)</i>	<i>(RO'000)</i>	<i>(RO'000)</i>	<i>(RO'000)</i>	<i>(RO'000)</i>	<i>(RO'000)</i>
At 1 January 2018	21,732	2,061	1,408	4,079	(947)	234	28,567
Foreign currency translation reserve	-	-	-	-	70	-	70
Other comprehensive income	-	-	-	-	70	-	70
Transfer to / from retained earnings	-	404	214	-	-	-	618
At 31 March 2018	21,732	2,465	1,622	4,079	(877)	234	29,255
At 1 January 2019	21,732	3,251	1,996	6,119	(9)	234	33,323
Foreign currency translation reserve	-	-	-	-	(65)	-	(65)
Other comprehensive expense	-	-	-	-	(65)	-	(65)
Transfer to / from retained earnings	-	456	-	-	-	-	456
At 31 March 2019	21,732	3,707	1,996	6,119	(74)	234	33,714

15. DUE TO BANKS

As at the reporting date, due to banks are as follows:

	<i>(Unaudited)</i> 31-Mar-19 <i>(RO'000)</i>	<i>(Audited)</i> 31-Dec-18 <i>(RO'000)</i>
Due to banks – current accounts	63,993	15,207
Terms loans	253,800	222,800
	317,793	238,007

The maturity profile of terms loans is as follows:

	<i>(Unaudited)</i> 31-Mar-19 <i>(RO'000)</i>	<i>(Audited)</i> 31-Dec-18 <i>(RO'000)</i>
Due within one year	78,450	87,650
Due after one year	175,350	135,150
	253,800	222,800

16. DEPOSITS FROM CUSTOMERS

	<i>(Unaudited)</i> 31-Mar-19 <i>(RO'000)</i>	<i>(Audited)</i> 31-Dec-18 <i>(RO'000)</i>
Term deposits	675,832	700,476
Demand and call accounts	894,665	871,785
Saving accounts	303,475	290,507
	1,873,972	1,862,768

17. INSURANCE FUNDS

	<i>31-Mar-2019 (Unaudited)</i>			<i>31-Dec-18 (Audited)</i>		
	<i>Gross</i>	<i>Reinsurers' share</i>	<i>Net</i>	<i>Gross</i>	<i>Reinsurers' share</i>	<i>Net</i>
	<i>RO '000</i>	<i>RO '000</i>	<i>RO'000</i>	<i>RO '000</i>	<i>RO '000</i>	<i>RO'000</i>
Actuarial / mathematical and unexpired risk reserve – life assurance	63,465	(17,990)	45,475	45,399	(17,893)	27,506
Unexpired risk reserve – general insurance	7,552	(502)	7,050	7,564	(515)	7,049
Closing claims outstanding (including IBNR)	33,950	(12,583)	21,367	25,048	(9,721)	15,327
	104,967	(31,075)	73,892	78,011	(28,129)	49,882

The amounts of claims provided during the period are as follows:

	<i>31-Mar-2019 (Unaudited)</i>			<i>31-Mar-2018 (Unaudited)</i>		
	<i>Gross outstanding claims</i>	<i>Reinsurers' share of outstanding claims</i>	<i>Net outstanding claims</i>	<i>Gross outstanding claims</i>	<i>Reinsurers' share of outstanding claims</i>	<i>Net outstanding claims</i>
	<i>RO '000</i>	<i>RO '000</i>	<i>RO '000</i>	<i>RO '000</i>	<i>RO '000</i>	<i>RO '000</i>
Opening claims outstanding (including IBNR)	25,048	(9,721)	15,327	22,422	(8,655)	13,767
Claims provided during the period	27,761	(9,787)	17,974	23,145	(9,056)	14,089
Claims paid during the period	(18,859)	6,925	(11,934)	(9,828)	3,339	(6,489)
Closing claims outstanding (including IBNR)	33,950	(12,583)	21,367	35,739	(14,372)	21,367

18. GROSS PREMIUMS AND PREMIUMS CEDED TO REINSURERS

	<i>31-Mar-2019 (Unaudited)</i>			<i>31-Mar-2018 (Unaudited)</i>		
	<i>Medical / life</i>	<i>General</i>	<i>Total</i>	<i>Medical / life</i>	<i>General</i>	<i>Total</i>
	<i>RO'000</i>	<i>RO '000</i>	<i>RO '000</i>	<i>RO 000</i>	<i>RO '000</i>	<i>RO '000</i>
Gross written premiums	50,490	4,304	54,794	44,801	3,972	48,773
Movement in unearned premiums	(18,066)	11	(18,055)	(16,189)	(314)	(16,503)
Gross premium, earned	32,424	4,315	36,739	28,612	3,658	32,270
Reinsurance premiums ceded	(11,173)	(318)	(11,491)	(19,001)	(278)	(19,279)
Movement in unearned premiums	97	(13)	84	6,687	4	6,691
Premium ceded to reinsurers	(11,076)	(331)	(11,407)	(12,314)	(274)	(12,588)
Net insurance premium revenue	21,348	3,984	25,332	16,298	3,384	19,682

19. INTEREST INCOME

	<i>(Unaudited)</i> 31-Mar-19 <i>(RO'000)</i>	<i>(Unaudited)</i> 31-Mar-18 <i>(RO'000)</i>
Loans and advances to customers	24,656	21,650
Placements with banks and other money market placements	695	795
Other interest income	1,841	1,151
	27,192	23,596

20. INTEREST EXPENSE

	<i>(Unaudited)</i> 31-Mar-19 <i>(RO'000)</i>	<i>(Unaudited)</i> 31-Mar-18 <i>(RO'000)</i>
Time deposits	7,443	5,570
Subordinated bonds	271	271
Call and saving accounts	1,830	1,832
Bank borrowings	2,782	1,961
	12,326	9,634

21. INVESTMENT INCOME

	<i>(Unaudited)</i> 31-Mar-19 <i>(RO'000)</i>	<i>(Unaudited)</i> 31-Mar-18 <i>(RO'000)</i>
Dividend from investments	1,673	4,350
<u>Quoted local investments</u>		
Profit on sale of FVTPL	24	47
Change in fair value of FVTPL	(235)	(135)
<u>Unquoted local investments</u>		
Change in fair value of FVTPL	92	15
<u>Quoted foreign investments</u>		
Loss on sale of FVTPL	-	(25)
Change in fair value of FVTPL	6	(3)
<u>Investment properties</u>		
Rental income	103	53
	1,663	4,302

22. OPERATING EXPENSES

	<i>(Unaudited)</i> 31-Mar-19 <i>(RO'000)</i>	<i>(Unaudited)</i> 31-Mar-18 <i>(RO'000)</i>
Staff costs	10,542	9,406
Other operating expenses	4,935	5,346
Depreciation and amortization	2,028	1,402
<i>Directors' sitting fees and remuneration:</i>		
Parent Company	50	50
Subsidiaries	56	87
	17,611	16,291

23. SEGMENTAL INFORMATION

The Group is organized into four main business segments:

- 1) Investment segment – incorporating investment activities for both short-term and long-term purposes;
- 2) Banking segment – incorporating corporate, retail, treasury and Islamic banking activities carried out by the Group's banking subsidiary;
- 3) Insurance segment – incorporating insurance related activities for medical, life and general insurance;
- 4) Real estate segment – incorporating activities in real estate sector.

Transactions between the business segments are on normal commercial terms and conditions and are entered between the subsidiaries and the rest of the Group. Such transactions are eliminated on consolidation.

	<i>Investments</i> <i>RO '000</i>	<i>Banking</i> <i>RO '000</i>	<i>Insurance</i> <i>RO '000</i>	<i>Real estate</i> <i>RO '000</i>	<i>Adjustments</i> <i>RO '000</i>	<i>Total</i> <i>RO '000</i>
<i>31 March 2019</i>						
Segment revenue	28,096	32,816	35,724	166	(20,524)	76,278
Segment results	21,095	7,245	2,704	26	(17,779)	13,291
31 March 2019	659,840	2,393,689	194,310	23,975	(372,463)	2,899,351
Segment assets						
<i>31 March 2018</i>						
Segment revenue	20,614	28,934	33,186	201	(14,913)	68,022
Segment results	16,157	6,251	3,006	4	(13,363)	12,055
<i>31 December 2018</i>						
Segment assets	626,985	2,328,818	161,314	27,420	(382,455)	2,762,082

24. RELATED PARTY TRANSACTIONS

Related party transactions are as follows:

	<i>Directors</i> <i>RO'000</i>	<i>Associates</i> <i>RO'000</i>	<i>Other related</i> <i>parties</i> <i>RO'000</i>	<i>Non-</i> <i>controlling</i> <i>interests</i> <i>RO'000</i>
<i>Statement of comprehensive income</i>				
31-March-2019				
Interest and other income	62	519	414	23
Interest and other expense	40	1,870	30	116
Directors' sitting fees and remuneration	106	-	-	-
Premiums received	-	196	36	-
Claims paid	-	52	211	-
31-March-2018				
Interest and other income	68	407	283	178
Interest and other expense	-	204	204	205
Directors' sitting fees and remuneration	137	-	-	-
Premiums received	10	101	47	-
Claims paid	-	18	133	-
Re-insurance claims received	-	1	-	-
<i>Statement of financial positions</i>				
31-March-2019				
Current account and deposits	1,506	33,978	8,611	12,723
Loans and advances	5,686	21,388	42,350	15,905
Receivables	-	415	174	-
Due to banks	-	146,500	-	-
Payables	-	72	612	-
<i>Off balance sheet</i>				
Letters of credit and guarantees	5,000	-	1,471	136,053
31-December-2018				
Current account and deposits	1,536	35,430	6,325	878
Loans and advances	4,799	25,060	31,332	33,460
Receivables	-	397	210	-
Payables	-	35	430	-
<i>Off balance sheet</i>				
Letters of credit and guarantees	-	-	3,610	155,661

25. CONTINGENT LIABILITIES

The Contingent liabilities for the Group were as follows:

	<i>(Unaudited)</i> 31-Mar-19 <i>(RO'000)</i>	<i>(Audited)</i> 31-Dec-18 <i>(RO'000)</i>
Letters of credit	199,312	210,776
Guarantees and other contingent liabilities	606,043	576,448
	805,355	787,224

Letters of credit and guarantees amounting to RO 436,895 thousand (2018 - RO 464,392 thousand) were counter guaranteed by other banks.

26. RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk, liquidity risk and insurance risks. The interim unaudited condensed financial statements do not include all financial and insurance risk management information and disclosures required in the annual audited financial statements and should be read in conjunction with the annual audited financial statements as at 31 December 2018. There have been no changes in the risk management policies since year end.

27. BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period by the weighted average number of shares outstanding during the period (net of treasury shares).

	<i>(Unaudited)</i> 31-Mar-19 <i>(RO'000)</i>	<i>(Unaudited)</i> 31-Mar-18 <i>(RO'000)</i>
Profit for the period attributable to shareholders of the parent (RO'000)	9,204	8,393
Weighted average number of shares outstanding during the period	613,906,970	613,906,970
Basic earnings per share (RO)	0.015	0.014

During the period, the Parent Company issued stock dividend of 38,465,349 (2018 – 69,936,998) shares without consideration. According to IAS 33 - Earnings per share, the weighted average number of ordinary shares outstanding during the period and for all periods presented shall be adjusted for stock dividend. In the present unaudited interim condensed consolidated financial statement, the issue of stock dividend has been treated as if it had occurred at the beginning of 2018 and the basic earnings per share was recalculated accordingly. As there were no dilutive potential shares, the diluted earnings per share is identical to the basic earnings per share.

28. NET ASSETS PER SHARE

The calculation of net assets per share is as follows:

	<i>(Unaudited)</i> 31-Mar-19 <i>(RO'000)</i>	<i>(Audited)</i> 31-Dec-18 <i>(RO'000)</i>
Equity attributable to shareholders of the parent (RO'000)	174,870	179,898
Number of shares outstanding at the end of the period, net of treasury shares	613,906,970	584,673,305
Net assets per share (RO)	0.285	0.308

29. APPROVAL OF FINANCIAL STATEMENTS

These unaudited interim condensed financial statements were approved and authorised for release by the Board of Directors on 7 May 2019.



**Parent company's
unaudited interim
standalone financial details
presented for information purpose**



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**UNAUDITED INTERIM CONDENSED PARENT COMPANY
STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2019**

	<i>(Unaudited)</i> 31-Mar-19 <i>(RO'000)</i>	<i>(Audited)</i> 31-Dec-18 <i>(RO'000)</i>
Assets		
Balances with banks and money at call	7,880	2,363
Investment securities	2,277	2,271
Investments in associates	36,229	36,982
Investments in subsidiaries	300,749	307,702
Due from subsidiaries	209,018	188,260
Other assets	10,715	2,842
Property and equipment	1,198	404
Total assets	568,066	540,824
Equity and liabilities		
Equity		
Share capital	80,777	76,931
Share premium	43,838	47,684
Legal reserve	34,423	34,423
General reserve	13,033	13,033
Other non-distributable reserves	11,982	11,591
Cumulative changes in fair value reserve	(26,184)	(20,452)
Retained earnings	81,648	84,763
Equity attributable to equity holders of the Parent Company	239,517	247,973
Perpetual Tier I capital bonds	60,638	60,638
Total equity	300,155	308,611
Liabilities		
Due to banks	249,300	228,800
Other liabilities	18,603	3,405
Taxation	8	8
Total liabilities	267,911	232,213
Total equity and liabilities	568,066	540,824
Net assets per share (Rial Omani)	0.297	0.322



**UNAUDITED INTERIM CONDENSED PARENT COMPANY STATEMENT
OF COMPREHENSIVE INCOME FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

	(Unaudited) 31-Mar-19 (RO'000)	(Unaudited) 31-Mar-18 (RO'000)
Interest income	2,608	1,572
Investment income – net	40	15
Other operating income	72	41
Share of results from subsidiaries	13,767	10,434
Share of results from associates	681	727
Total revenue	17,168	12,789
Interest expense	(2,770)	(1,462)
Operating expenses	(1,365)	(832)
Total expenses	(4,135)	(2,294)
Profit before tax for the period	13,033	10,495
Income tax expense	-	-
Profit after tax for the period	13,033	10,495
Basic earnings per share attributable to the equity holders of the Parent Company (RO)	0.016	0.013
Other comprehensive income / (expense):		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Foreign currency translation reserve	(65)	70
<i>Items not to be reclassified subsequently to profit or loss:</i>		
Fair value changes of financial assets fair value through other comprehensive income	(5,732)	(16,726)
Other comprehensive expense for the period	(5,797)	(16,656)
Total comprehensive income / (expense) for the period	7,236	(6,161)

**UNAUDITED INTERIM CONDENSED PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

	<i>Share capital (RO'000)</i>	<i>Share premium (RO'000)</i>	<i>Legal reserve * (RO'000)</i>	<i>General reserve (RO'000)</i>	<i>Other non-distributable reserves (RO'000)</i>	<i>Cumulative changes in fair value (RO'000)</i>	<i>Retained earnings (RO'000)</i>	<i>Total (RO'000)</i>	<i>Perpetual bonds (RO'000)</i>	<i>Total (RO'000)</i>
At 1 January 2018	69,937	54,678	30,714	13,033	6,835	(6,410)	77,073	245,860	-	245,860
Profit for the period	-	-	-	-	-	-	10,495	10,495	-	10,495
Other comprehensive expense for the period	-	-	-	-	70	(16,726)	-	(16,656)	-	(16,656)
Total comprehensive income for the period	-	-	-	-	70	(16,726)	10,495	(6,161)	-	(6,161)
Transfer to / from retained earnings	-	-	-	-	618	-	(618)	-	-	-
Movements related to subsidiaries and fair value through other comprehensive income investments	-	-	-	-	-	(8)	1,172	1,164	-	1,164
Bonus shares issued during the period	6,994	(6,994)	-	-	-	-	-	-	-	-
Dividend paid relating to 2017	-	-	-	-	-	-	(10,491)	(10,491)	-	(10,491)
At 31 March 2018	76,931	47,684	30,714	13,033	7,523	(23,144)	77,631	230,372	-	230,372
At 1 January 2019	76,931	47,684	34,423	13,033	11,591	(20,452)	84,763	247,973	60,638	308,611
Profit for the period	-	-	-	-	-	-	13,033	13,033	-	13,033
Other comprehensive expense for the period	-	-	-	-	(65)	(5,732)	-	(5,797)	-	(5,797)
Total comprehensive income for the period	-	-	-	-	(65)	(5,732)	13,033	7,236	-	7,236
Transfer to / from retained earnings	-	-	-	-	456	-	(456)	-	-	-
Movements related to subsidiaries and fair value through other comprehensive income investments	-	-	-	-	-	-	(306)	(306)	-	(306)
Bonus shares issued during the period	3,846	(3,846)	-	-	-	-	-	-	-	-
Dividend paid relating to 2018	-	-	-	-	-	-	(15,386)	(15,386)	-	(15,386)
At 31 March 2019	80,777	43,838	34,423	13,033	11,982	(26,184)	81,648	239,517	60,638	300,155

* Transfer to legal reserve is made on annual basis



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UNAUDITED INTERIM CONDENSED PARENT COMPANY STATEMENT OF CASH FLOW FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

	<i>(Unaudited)</i> 31-Mar-19 <i>(RO'000)</i>	<i>(Unaudited)</i> 31-Mar-18 <i>(RO'000)</i>
Operating activities		
Profit before tax	13,033	10,495
<u>Adjustments for:</u>		
Depreciation on property and equipment and investment property	36	7
Amortization of intangible assets	174	-
Share of results from associates	(681)	(727)
Share of results from subsidiaries	(13,767)	(10,434)
Change in the fair value of financial assets at fair value through profit or loss	(6)	(14)
Loss on sale of FVTPL investments	-	1
Operating loss before working capital changes	(1,211)	(672)
Changes in operating assets and liabilities		
Investment securities	-	24
Due from subsidiaries	(20,758)	1,432
Other assets	454	186
Other liabilities	(1,018)	(961)
Cash used in operations	(22,533)	9
Tax paid	-	-
Net cash (used in) / from operating activities	(22,533)	9
Investing activities		
Additional investment in an associate	-	(7,065)
Dividend received from subsidiaries	7,550	-
Additions to property and equipment	-	(1)
Net cash generated / (used in) from investing activities	7,550	(7,066)
Financing activities		
Bank borrowings	20,500	6,751
Net cash generated from financing activities	20,500	6,751
Net change in cash and cash equivalents	5,517	(306)
Cash and cash equivalents at the beginning of the period	2,363	878
Cash and cash equivalents at the end of the period	7,880	572