



OMINVEST

**OMAN INTERNATIONAL DEVELOPMENT
AND INVESTMENT COMPANY SAOG
AND ITS SUBSIDIARIES (OMINVEST)**

**UNAUDITED INTERIM CONDENSED
CONSOLIDATED AND PARENT COMPANY
FINANCIAL STATEMENTS**

30 JUNE 2019

Directors' report For the period ended 30 June 2019

Dear shareholders,

On behalf of the Board of Directors, I am pleased to present to you the unaudited financial results of the Group and the parent company for the six-month period ended 30 June 2019. In the following sections, major developments of the Group and its overall financial performance for the period are highlighted.

The Group continues to deliver strong results in the prevailing challenging economic environment. The consolidated profit for the six-month period ended 30 June 2019 amounted to RO 24.3 million representing a 10.1% growth compared to the profit reported during the corresponding period of the previous year. During the period, Capital Intelligence (CI) has affirmed the investment grade Long-Term Corporate rating of BBB- with stable outlook, thereby placing our company amongst the highest rated companies in Oman. Our international rating is principally constrained by the sovereign rating for Oman. Further, CI has also assigned National Scale Long-Term rating of omAA+ with a Stable Outlook, which represents "very high credit quality". The ratings achieved and continued exceptional performance of the Group are testimony of:

- A strong and experienced management team
- Robust business model with a well-defined strategy and solid risk management architecture
- High quality and diversified asset base with attractive dividend yield
- Strong capital structure with low debt to equity ratio and a prudent maturity profile of the funding base.

The Group is progressing well on the execution of its strategic and diversification initiatives and set out below is a summary of our financial performance during the period ended 30 June 2019:

Group's consolidated performance

Total revenue and profit for the six-month period ended 30 June 2019 increased by 11.8% and 10.1%, respectively as compared to the corresponding period of 2018. The growth is attributable to the strong performance of our major subsidiaries namely, Oman Arab Bank and Oman National Investment Corporation (Jabreen).

Parent company's performance

Total revenue and profit for the six-month period ended 30 June 2019 increased by 32.2% and 19.4%, respectively as compared to the corresponding period of 2018. The growth is attributable to the improved share of result contribution from our subsidiary companies and interest income.

Oman Arab Bank (OAB), our banking subsidiary, reported a profit of RO 14.7 million for the period ended 30 June 2019 compared to RO 13.3 million for the corresponding period of 2018 representing a growth of 11.2%. The loan book of OAB increased by 6.7% and amounted to RO 1.95 billion as of 30 June 2019. Customers' deposits increased by 3.6% as of 30 June 2019 and amounted to RO 1.94 billion. OAB's potential merger discussions with Alizz Islamic Bank are progressing well. If

Directors' report For the period ended 30 June 2019

completed, the merger will further strengthen OAB's market position and enable it to offer a wider array of products and services to both conventional and Islamic customers.

Oman National Investment Corporation SAOC (Jabreen) is our fully owned private equity arm with a focus on international investments in diverse growth sectors. Jabreen reported an impressive 179.4% growth in profit for the six-month period ended 30 June 2019 amounting to RO 10.9 million as compared to a profit of RO 3.9 million for the corresponding period of 2018. The strong performance of Jabreen is attributable to its steady share of results contribution from its investment in robust associate companies. Jabreen's total assets as of 30 June 2019 amounted to RO 295.2 million and it holds sizeable stakes in blue chip companies.

Jabreen has recently signed a SPA to acquire 43% stake in EastBridge Partners Singapore, subject to regulatory approvals in Singapore. This strategic investment will be our platform for further investments in the South East Asia market and we are excited about its growth potential. Jabreen maintains a healthy pipeline of deals and continues to explore opportunistic transactions in the growth sectors and diverse markets.

National Life & General Insurance Company (NLGIC), our subsidiary in the insurance sector, reported gross written premium of RO 89 million, of which Oman contributed 45.2%, UAE 51.2%, and Kuwait 1.4%. Profit for the period amounted to RO 5.1 million representing a modest growth of 1% as compared to the corresponding period of 2018.

NLGIC continues to innovate its business model and is progressing well on its digital strategy. NLGIC has received an award for "Innovative Digital Services - Insurance" at Oman Banking and Finance Awards 2019. In May 2019, AM Best has affirmed NLGIC's Financial Strength Rating of B++ (Good) and the Long-Term Issuer Credit Rating of "bbb+" with stable outlook. In accordance with the recently published Oman Insurance Sector Annual Statistical Report for 2018 by the Capital Market Authority, NLGIC continues to maintain its number one position in Oman for gross written premiums, investment income and net profit after tax.

National Finance Company (NFC), our largest associate company, reported a profit of RO 4.2 million as compared to RO 5.8 million for the corresponding period of 2018 representing a decline of 28.6%. The decrease is primarily due to somewhat tightening of the liquidity resulting in reduced net interest margin and relatively higher provisioning requirement on account of a general economic slowdown. NFC follows a prudent provisioning policy and continues to adopt a conservative approach to the credit approvals. NFC is well positioned to deal with the challenging business environment.

Directors' report For the period ended 30 June 2019

Oman Real Estate Services (ORIS), our real estate investment arm is a niche player delivering high quality projects. After successful completion of our iconic Ominvest Business Center, ORIS is in the process of commencing its new projects. ORIS has swiftly sold or leased out substantially all the floors of Ominvest Business Center at attractive valuations. This is a remarkable achievement considering the difficult market conditions and demonstrates that there is strong demand for quality projects at reasonable price.

Ubhar Capital, our investment banking associate, was recently awarded the "Brokerage Excellence Award - No.1 in Omanization" and "Brokerage Excellence Award - No.1 in Service" by the Muscat Securities Market (MSM) and "FEAS Champion League Award" by the Federation of Euro-Asian Exchanges. Further, Ubhar Capital was ranked as the top broker on MSM with a market share of 18.68% for the first half of 2019. Ubhar Capital is also progressing well with its transaction advisory services and maintains a healthy pipeline.

Acknowledgements

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 vision and wise leadership for the steady growth, stability and enduring prosperity of our great country. We also extend our heartfelt greetings to His Majesty Sultan Qaboos Bin Said and the people of Oman on the blessed occasion of the 49th Renaissance day.



Khalid Muhammad Al Zubair
Chairman

UNAUDITED INTERIM CONDENSED CONSOLIDATED AND PARENT COMPANY STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

	Notes	Consolidated		Parent Company	
		(Unaudited) 30-Jun-19 (RO'000)	(Audited) 31-Dec-18 (RO'000)	(Unaudited) 30-Jun-19 (RO'000)	(Audited) 31-Dec-18 (RO'000)
Assets					
Balances with banks and money at call	5	215,636	212,686	758	2,363
Deposits with banks	6	105,134	121,637	-	-
Premium and insurance balance receivable	7	77,235	43,122	-	-
Re-insurance share in insurance funds	17	26,792	28,129	-	-
Investment securities	8	218,272	175,799	3,240	2,271
Investment in associates	9	222,389	219,055	36,927	36,982
Investment in subsidiaries	10	-	-	308,707	307,702
Loans and advances to customers	11	1,954,717	1,826,817	-	-
Due from subsidiaries		-	-	199,543	188,260
Other assets		73,024	61,270	5,235	2,842
Investment properties		13,846	17,043	-	-
Projects work in progress		3,231	3,260	-	-
Property and equipment		47,137	36,727	1,171	404
Intangible assets		18,865	16,537	-	-
Total assets		2,976,278	2,762,082	555,581	540,824
Equity and liabilities					
Equity					
Share capital	12	80,777	76,931	80,777	76,931
Share premium		43,838	47,684	43,838	47,684
Treasury shares		(81,464)	(81,464)	-	-
Legal reserve		34,423	34,423	34,423	34,423
General reserve		13,033	13,033	13,033	13,033
Other non-distributable reserves	14	34,092	33,323	12,360	11,591
Cumulative changes in fair value reserve		(12,097)	(8,391)	(25,679)	(20,452)
Retained earnings		64,020	64,359	84,444	84,763
Equity attributable to equity holders of the Parent Company		176,622	179,898	243,196	247,973
Perpetual Tier I capital bonds		129,641	129,641	60,638	60,638
		306,263	309,539	303,834	308,611
Non-controlling interests		153,866	154,495	-	-
Total equity		460,129	464,034	303,834	308,611
Liabilities					
Due to banks	15	349,936	238,007	247,100	228,800
Deposits from customers	16	1,930,247	1,862,768	-	-
Insurance funds	17	102,963	78,011	-	-
Subordinated debt		20,000	20,000	-	-
Other liabilities		108,316	91,504	4,647	3,405
Taxation		4,687	7,758	-	8
Total liabilities		2,516,149	2,298,048	251,747	232,213
Total equity and liabilities		2,976,278	2,762,082	555,581	540,824
Net assets per share (Rial Omani)	28	0.288	0.308	0.301	0.322


KHALID MUHAMMAD AL ZUBAIR
CHAIRMAN


ABDUL AZIZ AL BALUSHI
GROUP CEO

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

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2019

	Notes	6 months ended 30-Jun-19 (RO'000)	Consolidated (Unaudited) 6 months ended 30-Jun-18 (RO'000)	3 months ended 30-Jun-19 (RO'000)	3 months ended 30-Jun-18 (RO'000)
Gross premium earned	18	71,354	63,061	34,615	30,791
Interest income	19	56,508	48,895	29,316	25,299
Investment income	21	2,391	8,221	728	3,919
Fee and commission income - net		4,076	8,691	2,081	4,557
Other operating income		4,781	3,451	2,413	1,735
Share of results from associates	9(b)	12,933	3,702	6,612	1,698
Total revenue		152,043	136,021	75,765	67,999
Premium ceded to re-insurers	18	(19,919)	(24,555)	(8,512)	(11,967)
Net claims	17	(37,716)	(28,283)	(19,742)	(14,194)
Interest expense	20	(25,651)	(19,961)	(13,325)	(10,327)
Operating expenses	22	(35,818)	(32,895)	(18,207)	(16,604)
Allowance for loan impairment, net of recoveries		(4,679)	(4,769)	(2,758)	(3,141)
Total expenses		(123,783)	(110,463)	(62,544)	(56,233)
Profit before tax		28,260	25,558	13,221	11,766
Income tax expense		(3,942)	(3,472)	(2,194)	(1,735)
Profit for the period		24,318	22,086	11,027	10,031
Profit for the period attributable to:					
Equity holders of the Parent Company		16,076	14,524	6,872	6,131
Non-controlling interests		8,242	7,562	4,155	3,900
		24,318	22,086	11,027	10,031
Basic earnings per share attributable to the equity holders of the Parent Company (RO)	27	0.020	0.024	0.005	0.010
Other comprehensive (expense) / income :					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Foreign currency translation reserve		(1)	(71)	64	(141)
<i>Items not to be reclassified subsequently to profit or loss:</i>					
Fair value changes of financial assets fair value through other comprehensive income		(3,651)	(5,965)	(1,599)	(3,997)
Other comprehensive expense for the period		(3,652)	(6,036)	(1,535)	(4,138)
Total comprehensive income for the period		20,666	16,050	9,492	5,893
Total comprehensive income for the period attributable to:					
Equity holders of the Parent Company		12,369	8,885	5,399	2,279
Non-controlling interests		8,297	7,165	4,093	3,614
		20,666	16,050	9,492	5,893

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

UNAUDITED INTERIM CONDENSED PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2019

	Notes	6 months ended 30-Jun-19 (RO'000)	6 months ended 30-Jun-18 (RO'000)	3 months ended 30-Jun-19 (RO'000)	3 months ended 30-Jun-18 (RO'000)
Interest income	19	5,277	3,265	2,669	1,693
Investment income	21	34	56	(6)	41
Other income		175	120	103	79
Share of results from subsidiaries		22,779	17,401	9,012	7,011
Share of results from associates	9(b)	1,379	1,578	698	807
Total revenue		29,644	22,420	12,476	9,631
Interest expense	20	(5,784)	(3,128)	(3,014)	(1,666)
Operating expenses	22	(3,675)	(2,590)	(2,310)	(1,758)
Total expenses		(9,459)	(5,718)	(5,324)	(3,424)
Profit before tax		20,185	16,702	7,152	6,207
Income tax expense		(250)	-	(250)	-
Profit for the period		19,935	16,702	6,902	6,207
Basic earnings per share attributable to the equity holders of the Parent Company (RO)	27	0.020	0.021	0.004	0.008
Other comprehensive (expense) / income					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Foreign currency translation reserve		(1)	(71)	64	(141)
<i>Items not to be reclassified subsequently to profit or loss:</i>					
Fair value changes of financial assets fair value through other comprehensive income		(5,227)	(20,439)	505	(3,713)
Other comprehensive (expense) / income for the period		(5,228)	(20,510)	569	(3,854)
Total comprehensive income / (expense) for the period		14,707	(3,808)	7,471	2,353

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

UNAUDITED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2019

Consolidated	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)	60,948	165,320	30,000	195,320	149,514	344,834
Profit for the period	-	-	-	-	-	-	-	14,524	14,524	-	14,524	7,562	22,086
Other comprehensive expense for the period	-	-	-	-	-	(71)	(5,568)	-	(5,639)	-	(5,639)	(397)	(6,036)
Total comprehensive (expense) / income for the period	-	-	-	-	-	(71)	(5,568)	14,524	8,885	-	8,885	7,165	16,050
Transfer to / from retained earnings	-	-	-	-	-	2,263	-	(2,263)	-	-	-	-	-
Issue of perpetual bonds	-	-	-	-	-	-	-	-	-	58,338	58,338	-	58,338
Perpetual bonds coupon payments	-	-	-	-	-	-	-	(944)	(944)	-	(944)	(580)	(1,524)
Movements related to subsidiaries and FVTOCI investment	-	-	-	-	-	-	(1)	1,166	1,165	-	1,165	1,257	2,422
Bonus shares issued (note 12)	6,994	(6,994)	-	-	-	-	-	-	-	-	-	-	-
Dividend paid relating to 2017 (note 13)	-	-	-	-	-	-	-	(10,491)	(10,491)	-	(10,491)	(8,170)	(18,661)
Treasury Shares adjustment (note 13)	-	-	-	-	-	-	-	2,518	2,518	-	2,518	-	2,518
At 30 June 2018	76,931	47,684	(81,464)	30,714	13,033	30,759	(16,662)	65,458	166,453	88,338	254,791	149,186	403,977
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	-	-	-	-	-	-	-	16,076	16,076	-	16,076	8,242	24,318
Other comprehensive (expense) / income for the period	-	-	-	-	-	(1)	(3,706)	-	(3,707)	-	(3,707)	55	(3,652)
Total comprehensive (expense) / income for the period	-	-	-	-	-	(1)	(3,706)	16,076	12,369	-	12,369	8,297	20,666
Non-controlling interest addition (note 9(a))	-	-	-	-	-	-	-	-	-	-	-	1,171	1,171
Transfer to / from retained earnings	-	-	-	-	-	770	-	(770)	-	-	-	-	-
Movements related to subsidiaries and FVTOCI investment	-	-	-	-	-	-	-	(340)	(340)	-	(340)	(327)	(667)
Perpetual bond interest payment	-	-	-	-	-	-	-	(3,612)	(3,612)	-	(3,612)	(1,361)	(4,973)
Bonus shares issued (note 12)	3,846	(3,846)	-	-	-	-	-	-	-	-	-	-	-
Dividend paid relating to 2018 (note 13)	-	-	-	-	-	-	-	(15,386)	(15,386)	-	(15,386)	(8,409)	(23,795)
Treasury Shares adjustment (note 13)	-	-	-	-	-	-	-	3,693	3,693	-	3,693	-	3,693
At 30 June 2019	80,777	43,838	(81,464)	34,423	13,033	34,092	(12,097)	64,020	176,622	129,641	306,263	153,866	460,129

UNAUDITED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2019

Parent company	<i>Share capital</i>	<i>Share premium</i>	<i>Legal reserve *</i>	<i>General reserve</i>	<i>Other non- distributable reserves</i>	<i>Cumulative changes in fair value</i>	<i>Retained earnings</i>	<i>Total</i>	<i>Perpetual Tier I capital bonds</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>	<i>(RO'000)</i>	<i>(RO'000)</i>	<i>(RO'000)</i>
At 1 January 2018	69,937	54,678	30,714	13,033	6,835	(6,410)	77,490	246,277	-	246,277
Profit for the period	-	-	-	-	-	-	16,702	16,702	-	16,702
Other comprehensive expense for the period	-	-	-	-	(71)	(20,439)	-	(20,510)	-	(20,510)
Total comprehensive (expense) / income for the period	-	-	-	-	(71)	(20,439)	16,702	(3,808)	-	(3,808)
Transfer to / from retained earnings	-	-	-	-	2,263	-	(2,263)	-	-	-
Issue of perpetual bonds	-	-	-	-	-	-	-	-	60,638	60,638
Perpetual bond issue expense	-	-	-	-	-	-	(340)	(340)	-	(340)
Movements related to subsidiaries and FVTOCI investments	-	-	-	-	-	(1)	573	572	-	572
Bonus shares issued (note 12)	6,994	(6,994)	-	-	-	-	-	-	-	-
Dividend paid relating to 2017	-	-	-	-	-	-	(10,491)	(10,491)	-	(10,491)
At 30 June 2018	76,931	47,684	30,714	13,033	9,027	(26,850)	81,671	232,210	60,638	292,848
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	-	-	-	-	-	-	19,935	19,935	-	19,935
Other comprehensive expense for the period	-	-	-	-	(1)	(5,227)	-	(5,228)	-	(5,228)
Total comprehensive income / (expense) for the period	-	-	-	-	(1)	(5,227)	19,935	14,707	-	14,707
Transfer to / from retained earnings	-	-	-	-	770	-	(770)	-	-	-
Movements related to subsidiaries and FVTOCI investment	-	-	-	-	-	-	(340)	(340)	-	(340)
Perpetual bond interest payment	-	-	-	-	-	-	(3,758)	(3,758)	-	(3,758)
Bonus shares issued (note 12)	3,846	(3,846)	-	-	-	-	-	-	-	-
Dividend paid relating to 2018 (note 13)	-	-	-	-	-	-	(15,386)	(15,386)	-	(15,386)
At 30 June 2019	80,777	43,838	34,423	13,033	12,360	(25,679)	84,444	243,196	60,638	303,834

* Transfer to legal reserve is made on annual basis

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

UNAUDITED INTERIM CONDENSED CONSOLIDATED AND PARENT COMPANY STATEMENTS OF CASH FLOWS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2019

		<i>Consolidated</i>		<i>Parent Company</i>	
	Notes	<i>(Unaudited)</i> 30-Jun-19 <i>(RO'000)</i>	<i>(Unaudited)</i> 30-Jun-18 <i>(RO'000)</i>	<i>(Unaudited)</i> 30-Jun-19 <i>(RO'000)</i>	<i>(Unaudited)</i> 30-Jun-18 <i>(RO'000)</i>
Operating activities					
Profit before tax		28,260	25,558	20,185	16,702
<u>Adjustments for:</u>					
Depreciation on property and equipment	22	3,503	2,247	32	12
Amortization of intangible assets	22	482	473	347	-
Share of results from associates	9(b)	(12,933)	(3,702)	(1,379)	(1,578)
Share of results from subsidiaries		-	-	(22,779)	(17,401)
Allowance for loan impairment net of recoveries		4,679	4,769	-	-
Loss / (gain) on sale of property and equipment		68	(3)	-	-
Gains on investment property	21	(713)	(3,600)	-	-
Change in the fair value of financial assets at fair value through profit or loss	21	265	261	-	(20)
(Profit) / loss on sale of investments	21	(24)	(26)	-	1
Income from amortised cost investments		(3,105)	(2,194)	-	-
Operating results before working capital changes		20,482	23,783	(3,594)	(2,284)
Changes in operating assets and liabilities					
Investment securities		(43,879)	(45,356)	(969)	17,386
Loans and advances to customers		(132,579)	(178,261)	-	-
Due from subsidiaries		-	-	(11,252)	(39,837)
Other assets		(10,896)	(4,738)	607	28
Deposits from customers		67,479	17,967	-	-
Premiums and insurance balances receivables		(34,113)	(17,074)	-	-
Re-insurance share in insurance funds		1,337	(12,886)	-	-
Insurance funds		24,952	29,258	-	-
Other liabilities		5,510	(4,679)	444	220
Cash used in operations		(101,707)	(191,986)	(14,764)	(24,487)
Tax paid		(7,060)	(6,044)	(279)	-
Net cash used in operating activities		(108,767)	(198,030)	(15,043)	(24,487)
Investing activities					
Purchase of associates shares	9(b)	(4,939)	(9,737)	-	(7,065)
Purchase of subsidiary	9(a)	(2,490)	-	-	-
Dividend received from associates	9(b)	13,358	1,102	1,434	30
Dividend received from subsidiaries		-	-	11,443	10,638
Capital expenditure on investment property		(102)	(6,484)	-	-
Investment in subsidiary		-	-	-	(60,000)
Proceeds from partial disposal of an investment property		4,012	-	-	-
Proceeds from disposal of property and equipment		511	3	-	-
Projects work in progress		29	(1)	-	-
Additions to property and equipment		(3,190)	(2,430)	(10)	(3)
Net cash generated / (used in) from investing activities		7,189	(17,547)	12,867	(56,400)
Financing activities					
Bank borrowings		30,200	57,800	18,300	59,300
Perpetual bond issue		-	31,964	-	34,264
Non-controlling interest	9(a)	1,171	-	-	-
Dividends paid		(20,102)	(16,143)	(15,386)	(10,491)
Coupon payments / expenses on perpetual bonds		(4,973)	(1,524)	(2,343)	(340)
Net cash generated from financing activities		6,296	72,097	571	82,733
Net change in cash and cash equivalents		(95,282)	(143,480)	(1,605)	1,846
Cash and cash equivalents at the beginning of the period		318,616	319,056	2,363	878
Cash and cash equivalents at the end of the period	5	223,334	175,576	758	2,724

The accompanying notes form an integral part of these unaudited interim condensed consolidated and parent company 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 PO Box 3886, Ruwi, Postal Code 112, Sultanate of Oman.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES.

The unaudited interim condensed financial statements for the six month period ended 30 June 2019 comprise the Parent company and its subsidiaries (together referred to as the Group) and the Group's interest in associates. The separate financial statements represent the financial statements of the Parent company on stand-alone basis. 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 condensed financial statements are consistent with those used in the preparation of the audited annual financial statements for the year ended 31 December 2018 unless indicated below. The interim financial information should be read in conjunction with the annual 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. The related adjustments are not material.

The unaudited interim condensed 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 30 June 2019 are not necessarily indicative of the results that may be expected for the financial year 2019.

3. ESTIMATES

The preparation of unaudited interim condensed 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 condensed 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 2019

For the period ended 30 June 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 periods 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 2019 (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:

	Consolidated		Parent Company	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	30-Jun-19	31-Dec-18	30-Jun-19	31-Dec-18
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Balances with banks and money at call	215,636	212,686	758	2,363
Deposits with banks (note 6)	105,134	121,637	-	-
Due to banks – current accounts (note 15)	(96,936)	(15,207)	-	-
Capital deposits (note 6)	(500)	(500)	-	-
	223,334	318,616	758	2,363

6. DEPOSITS WITH BANKS

	Consolidated		Parent Company	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	30-Jun-19	31-Dec-18	30-Jun-19	31-Dec-18
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Money market placements	52,130	83,978	-	-
Current accounts	23,189	7,294	-	-
Capital deposits	500	500	-	-
Deposits	29,315	29,865	-	-
	105,134	121,637	-	-

7. PREMIUM AND INSURANCE BALANCES RECEIVABLE

	Consolidated (Unaudited)			Consolidated (Audited)		
	30-Jun-19			31-Dec-18		
	Medical/	General	Total	Medical/	General	Total
	life			life		
	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000
Premiums receivable	54,507	3,754	58,261	29,781	3,279	33,060
Reinsurance balances receivable	20,213	70	20,283	11,013	105	11,118
	74,720	3,824	78,544	40,794	3,384	44,178
Allowance for impaired debts	(913)	(396)	(1,309)	(735)	(321)	(1,056)
	73,807	3,428	77,235	40,059	3,063	43,122

8. INVESTMENT SECURITIES

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

	Consolidated		Parent Company	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	30-Jun-19	31-Dec-18	30-Jun-19	31-Dec-18
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Financial assets at fair value through profit or loss (note 8a)	9,382	8,260	1,735	767
Financial assets at fair value through other comprehensive income (note 8b)	56,795	42,406	1,505	1,504
Investments at amortised cost (note 8c)	152,095	125,133	-	-
	218,272	175,799	3,240	2,271

8. INVESTMENT SECURITIES (continued)

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

	<i>Consolidated</i>		<i>Parent Company</i>	
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>30-Jun-19</i>	<i>31-Dec-18</i>	<i>30-Jun-19</i>	<i>31-Dec-18</i>
	<i>(RO'000)</i>	<i>(RO'000)</i>	<i>(RO'000)</i>	<i>(RO'000)</i>
Financial sector	4,382	5,927	-	-
Industrial sector	869	1,096	484	485
Local quoted investments	5,251	7,023	484	485
Foreign quoted investments	187	171	21	15
Quoted investments	5,438	7,194	505	500
Unquoted local investments	1,854	799	995	-
Unquoted foreign investments	2,090	267	235	267
Financial assets at fair value through profit or loss	9,382	8,260	1,735	767

(b) Financial assets at fair value through other comprehensive income

	<i>Consolidated</i>		<i>Parent Company</i>	
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>30-Jun-19</i>	<i>31-Dec-18</i>	<i>30-Jun-19</i>	<i>31-Dec-18</i>
	<i>(RO'000)</i>	<i>(RO'000)</i>	<i>(RO'000)</i>	<i>(RO'000)</i>
Local investments				
Quoted investments (cost)	55,068	37,879	-	-
Fair value reserve	(10,313)	(6,625)	-	-
Unquoted investments (cost)	1,148	1,149	861	861
Fair value reserve	575	583	581	581
Total local investments	46,478	32,986	1,442	1,442
Foreign investments				
Quoted investments (cost)	10,732	9,858	-	-
Fair value reserve	(1,212)	(1,256)	-	-
Unquoted investments (cost)	1,672	1,693	205	205
Fair value reserve	(875)	(875)	(142)	(143)
Total foreign investments	10,317	9,420	63	62
Total Investments at fair value through other comprehensive income	56,795	42,406	1,505	1,504

(c) Investment at amortised cost

	<i>Consolidated</i>		<i>Parent Company</i>	
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>30-Jun-19</i>	<i>31-Dec-18</i>	<i>30-Jun-19</i>	<i>31-Dec-18</i>
	<i>(RO'000)</i>	<i>(RO'000)</i>	<i>(RO'000)</i>	<i>(RO'000)</i>
Oman Government Development Bonds & Sukuks	131,162	119,874	-	-
Banks and Corporate Bonds	20,933	5,259	-	-
Total Investments at amortised cost	152,095	125,133	-	-

9. INVESTMENT IN ASSOCIATES

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

<i>Consolidated</i>	<i>Country of incorporation</i>	<i>30-Jun-19 (Unaudited) Holding %</i>	<i>31-Dec-18 (Audited) Holding %</i>
Quoted			
Bank Muscat SAOG	Sultanate of Oman	9.99	9.60
National Finance Company SAOG	Sultanate of Oman	34.60	34.60
Al Ahlia Insurance Company SAOG	Sultanate of Oman	24.30	24.30
Takaful Oman Insurance SAOG	Sultanate of Oman	18.14	18.14
Unquoted			
International General Insurance Holding Limited	United Arab Emirates	20.00	20.00
Ubhar Capital SAOC	Sultanate of Oman	36.00	36.00
National Finance House B.S.C.	Kingdom of Bahrain	17.47	17.47
Modern Steel Mill LLC	Sultanate of Oman	19.49	19.49
Horizon (AD) Investment Ltd	Cayman Islands	14.85	14.85
Shamal Plastic Industries LLC (SPIL)(note 9(a))	Sultanate of Oman	-	15.00
Gulf Acrylic Industries LLC (GAIL)(note 9(a))	Sultanate of Oman	-	15.00
Parent Company			
	<i>Country of incorporation</i>	<i>30-Jun-19 (Unaudited) Holding %</i>	<i>31-Dec-18 (Audited) Holding %</i>
Quoted			
National Finance Company SAOG	Sultanate of Oman	34.60	34.60
Unquoted			
Ubhar Capital SAOC	Sultanate of Oman	36.00	36.00

9(a) During the period, Oman National Investment Corporation SAOC (Jabreen) gained control of SPIL and GAIL by acquiring additional 36.65% stake in SPIL and 36.7% stake in GAIL. Consequently, these companies became subsidiaries of Jabreen. The purchase consideration amounted to RO 2.883 million and the transaction resulted in the goodwill of RO 2.812 million and addition to non-controlling Interest of RO 1.171 million.

9(b) Details regarding movement in investment in associates is set out below:

	<i>Consolidated (Unaudited) 30-Jun-19 (RO'000)</i>		<i>Parent Company (Unaudited) 30-Jun-19 (RO'000)</i>	
	<i>(Unaudited) 30-Jun-18 (RO'000)</i>		<i>(Unaudited) 30-Jun-18 (RO'000)</i>	
At beginning of the period	219,055	72,807	36,982	69,962
Add : purchases/transfer from FVTPL	4,939	9,866	-	7,065
Less : transfer to Jabreen	-	-	-	(52,060)
Add : share of results	12,933	3,702	1,379	1,578
Less : dividends accrued	(13,358)	(1,102)	(1,434)	(30)
Conversion to subsidiaries	(1,180)	-	-	-
At the end of the period	222,389	85,273	36,927	26,515

10. INVESTMENT IN SUBSIDIARIES

As at the reporting date, investments held by the Parent Company in subsidiaries are as set out below:

<i>Parent Company</i>	<i>Country of incorporation</i>	<i>Principal activity</i>	<i>30-Jun-19 (Unaudited) Holding (%)</i>	<i>31-Dec-18 (Audited) Holding (%)</i>
Oman Arab Bank SAOC	Sultanate of Oman	Banking	50.99	50.99
National Life and General Insurance Co SAOG	Sultanate of Oman	Insurance	73.45	73.45
Oman National Investment Corporation SAOC (Jabreen Capital)	Sultanate of Oman	Investment	99.60	99.60
Oman Real Estate Investment and Services SAOC	Sultanate of Oman	Real Estate	100.00	100.00
Salalah Resorts SAOG	Sultanate of Oman	Integrated Tourism Project	99.99	99.99
Al Jabal Al Aswad Investment LLC	Sultanate of Oman	Real Estate	99.98	99.98
Budva Beach Properties doo	Montenegro	Tourism Project	100.00	100.00

11. LOANS AND ADVANCES TO CUSTOMERS

a. At 30 June 2019, loans and advances to customers extended by the banking subsidiary were as follows:

	<i>(Unaudited) 30-Jun-19 RO 000</i>	<i>(Audited) 31-Dec-18 RO 000</i>
Commercial loans	1,103,024	978,479
Overdrafts	148,042	136,148
Personal loans	761,944	763,594
Credit cards	3,886	3,815
	2,016,896	1,882,036
Less: Allowance for loan impairment and reserved interest	(62,179)	(55,219)
	1,954,717	1,826,817

11. LOANS AND ADVANCES TO CUSTOMERS (continued)

b. Allowance for loan impairment and contractual interest not recognized.

The movements in the provision for loan impairment and contractual interest not recognized were as follows:

	<i>30-Jun-19 (Unaudited)</i>		
	<i>Allowance for loan impairment</i>	<i>Contractual interest not recognized</i>	<i>Total</i>
	<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>
Balance at beginning of period	47,596	7,623	55,219
Provided during the period	9,117	2,223	11,340
Amounts written off during the period	(17)	(1)	(18)
Amounts recovered during the period	(3,900)	(462)	(4,362)
Balance at end of period	<u>52,796</u>	<u>9,383</u>	<u>62,179</u>

	<i>30-Jun-18 (Unaudited)</i>		
	<i>Allowance for loan impairment</i>	<i>Contractual interest not recognized</i>	<i>Total</i>
	<i>RO' 000</i>	<i>RO' 000</i>	<i>RO' 000</i>
Balance at beginning of period	39,772	7,312	47,084
Provided during the period	7,859	1,674	9,533
Amounts written off during the period	(997)	(246)	(1,243)
Amounts recovered during the period	(2,345)	(651)	(2,996)
Balance at end of period	<u>44,289</u>	<u>8,089</u>	<u>52,378</u>

12. SHARE CAPITAL

	<i>(Unaudited) 30-Jun-19 (RO'000)</i>	<i>(Audited) 31-Dec-18 (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)	<u>90,000</u>	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)	<u>80,777</u>	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 (2018 – 69,936,998) shares at 100 baisa per share were approved to be issued by transferring RO 3,846,535 (2018 – RO 6,993,699) from share premium account balance.

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 – RO 2,517,732) is adjusted at the consolidation level.

14. OTHER NON-DISTRIBUTABLE RESERVES

Consolidated	<i>Capital reserve</i>	<i>Impairment reserve</i>	<i>Contingency reserve</i>	<i>Special reserve</i>	<i>Sub. debt reserve</i>	<i>Foreign currency revaluation Reserve</i>	<i>Others</i>	<i>Total</i>
At 1 January 2018	21,732	-	2,061	1,408	4,079	(947)	234	28,567
Net changes in fair values	-	-	-	-	-	(71)	-	(71)
Other comprehensive expense	-	-	-	-	-	(71)	-	(71)
Transfer to / from retained earnings	-	1,317	709	237	-	-	-	2,263
At 30 June 2018	21,732	1,317	2,770	1,645	4,079	(1,018)	234	30,759
At 1 January 2019	21,732	-	3,251	1,996	6,119	(9)	234	33,323
Net changes in fair values	-	-	-	-	-	(1)	-	(1)
Other comprehensive expense	-	-	-	-	-	(1)	-	(1)
Transfer to / from retained earnings	-	-	770	-	-	-	-	770
At 31 June 2019	21,732	-	4,021	1,996	6,119	(10)	234	34,092

Parent Company	<i>Impairment reserve</i>	<i>Contingency reserve</i>	<i>Special reserve</i>	<i>Sub. debt reserve</i>	<i>Foreign currency revaluation reserve</i>	<i>Others</i>	<i>Total</i>
At 1 January 2018	-	2,061	1,408	4,079	(947)	234	6,835
Net changes in fair values	-	-	-	-	(71)	-	(71)
Other comprehensive expense	-	-	-	-	(71)	-	(71)
Transfer to / from retained earnings	1,317	709	237	-	-	-	2,263
At 30 June 2018	1,317	2,770	1,645	4,079	(1,018)	234	9,027
At 1 January 2019		3,251	1,996	6,119	(9)	234	11,591
Net changes in fair values		-	-	-	(1)	-	(1)
Other comprehensive expense		-	-	-	(1)	-	(1)
Transfer to / from retained earnings		770	-	-	-	-	770
At 31 June 2019		4,021	1,996	6,119	(10)	234	12,360

15. DUE TO BANKS

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

	<i>Consolidated</i>		<i>Parent Company</i>	
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>30-Jun-19</i>	<i>31-Dec-18</i>	<i>30-Jun-19</i>	<i>31-Dec-18</i>
	<i>(RO'000)</i>	<i>(RO'000)</i>	<i>(RO'000)</i>	<i>(RO'000)</i>
Due to banks – current accounts	96,936	15,207	-	-
Terms loans	253,000	222,800	247,100	228,800
	349,936	238,007	247,100	228,800

The maturity profile of terms loans is as follows:

	<i>Consolidated</i>		<i>Parent Company</i>	
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>30-Jun-19</i>	<i>31-Dec-18</i>	<i>30-Jun-19</i>	<i>31-Dec-18</i>
	<i>(RO'000)</i>	<i>(RO'000)</i>	<i>(RO'000)</i>	<i>(RO'000)</i>
Due within one year	80,150	87,650	74,250	93,650
Due in more than one year	172,850	135,150	172,850	135,150
	253,000	222,800	247,100	228,800

16. DEPOSITS FROM CUSTOMERS

	<i>Consolidated</i>		<i>Parent Company</i>	
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>30-Jun-19</i>	<i>31-Dec-18</i>	<i>30-Jun-19</i>	<i>31-Dec-18</i>
	<i>(RO'000)</i>	<i>(RO'000)</i>	<i>(RO'000)</i>	<i>(RO'000)</i>
Term deposits	696,827	700,476	-	-
Demand and call accounts	930,645	871,785	-	-
Saving accounts	302,775	2,90507	-	-
	1,930,247	1,862,768	-	-

17. INSURANCE FUNDS

	<i>Consolidated</i>					
	<i>30-Jun-2019 (Unaudited)</i>			<i>31-Dec-18 (Audited)</i>		
	<i>Gross</i>	<i>Reinsurers</i>	<i>Net</i>	<i>Gross</i>	<i>Reinsurers</i>	<i>Net</i>
	<i>RO '000</i>	<i>share</i> <i>RO '000</i>	<i>RO'000</i> <i>0</i>	<i>RO '000</i>	<i>share</i> <i>RO '000</i>	<i>RO'000</i>
Actuarial / mathematical and unexpired risk reserve – life assurance	63,250	(15,840)	47,410	45,399	(17,893)	27,506
Unexpired risk reserve – general insurance	7,383	(533)	6,850	7,564	(515)	7,049
Closing claims outstanding (including IBNR)	32,330	(10,419)	21,911	25,048	(9,721)	15,327
	102,963	(26,792)	76,171	78,011	(28,129)	49,882

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

	<i>30-Jun-2019 (Unaudited)</i>			<i>30-Jun-2018 (Unaudited)</i>		
	<i>Gross</i>	<i>Reinsurers</i>	<i>Net</i>	<i>Gross</i>	<i>Reinsurers</i>	<i>Net</i>
	<i>outstanding</i>	<i>share of</i>	<i>outstanding</i>	<i>outstanding</i>	<i>share of</i>	<i>outstanding</i>
	<i>claims</i> <i>RO '000</i>	<i>outstanding</i> <i>claims</i> <i>RO '000</i>	<i>claims</i> <i>RO '000</i>	<i>claims</i> <i>RO '000</i>	<i>outstanding</i> <i>claims</i> <i>RO '000</i>	<i>claims</i> <i>RO '000</i>
At acquisition date claims outstanding (including IBNR)	25,048	(9,721)	15,327	22,422	(8,655)	13,767
Claims provided during the period	56,052	(18,336)	37,716	47,085	(18,802)	28,283
Claims paid during the period	(48,770)	17,638	(31,132)	(36,468)	14,237	(22,231)
Closing claims outstanding (including IBNR)	32,330	(10,419)	21,911	33,039	(13,220)	19,819

18. GROSS PREMIUMS AND PREMIUMS CEDED TO REINSURERS

<i>Consolidated</i>	<i>30-Jun-2019 (Unaudited)</i>			<i>30-Jun-2018 (Unaudited)</i>		
	<i>Life</i>	<i>General</i>	<i>Total</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>
Gross written premiums	80,552	8,472	89,024	73,660	8,042	81,702
Movement in unearned premiums	(17,850)	180	(17,670)	(18,235)	(406)	(18,641)
Gross premium, earned	62,702	8,652	71,354	55,425	7,636	63,061
Reinsurance premiums ceded	(17,199)	(685)	(17,884)	(32,251)	(625)	(32,876)
Movement in unearned premiums	(2,053)	18	(2,035)	8,290	31	8,321
Premium ceded to reinsurers	(19,252)	(667)	(19,919)	(23,961)	(594)	(24,555)
Net insurance premium revenue	43,450	7,985	51,435	31,464	7,042	38,506

19. INTEREST INCOME

	Consolidated (Unaudited)			
	6 months ended 30-Jun-19 (RO'000)	6 months ended 30-Jun-18 (RO'000)	3 months ended 30-Jun-19 (RO'000)	3 months ended 30-Jun-18 (RO'000)
Loans and advances to customers	50,783	44,718	26,127	23,068
Placements with banks and other money market placements	1,660	1,443	965	648
Other interest income	4,065	2,734	2,224	1,583
	56,508	48,895	29,316	25,299

	Parent company (Unaudited)			
	6 months ended 30-Jun-19 (RO'000)	6 months ended 30-Jun-18 (RO'000)	3 months ended 30-Jun-19 (RO'000)	3 months ended 30-Jun-18 (RO'000)
Interest income	5,277	3,265	2,669	1,693
	5,277	3,265	2,669	1,693

20. INTEREST EXPENSE

	Consolidated (Unaudited)			
	6 months ended 30-Jun-19 (RO'000)	6 months ended 30-Jun-18 (RO'000)	3 months ended 30-Jun-19 (RO'000)	3 months ended 30-Jun-18 (RO'000)
Time deposits	15,501	11,283	8,058	5,713
Subordinated bonds	545	545	274	274
Call, savings and other accounts	3,721	3,744	1,891	1,912
Bank Borrowings	5,884	4,389	3,102	2,428
	25,651	19,961	13,325	10,327

	Parent Company (Unaudited)			
	6 months ended 30-Jun-19 (RO'000)	6 months ended 30-Jun-18 (RO'000)	3 months ended 30-Jun-19 (RO'000)	3 months ended 30-Jun-18 (RO'000)
Bank Borrowings	5,784	3,128	3,014	1,666
	5,784	3,128	3,014	1,666

21. INVESTMENT INCOME

	Consolidated (Unaudited)			
	6 months ended 30-Jun-19 (RO'000)	6 months ended 30-Jun-18 (RO'000)	3 months ended 30-Jun-19 (RO'000)	3 months ended 30-Jun-18 (RO'000)
Dividend from investments	1,746	4,755	73	405
<u>Quoted local investments</u>				
Profit on sale	24	52	-	5
Change in fair value	(327)	(316)	(92)	(181)
<u>Unquoted local investments</u>				
Loss on sale	-	(3)	-	(3)
Change in fair value	62	57	(30)	42
<u>Quoted foreign investments</u>				
(Loss) / Profit on sale	-	(23)	-	2
Change in fair value	-	(2)	(6)	1
<u>Investment properties</u>				
Gains on investment properties	713	-	713	-
Revaluation of investment property	-	3,600	-	3,600
Rental income	173	101	70	48
	2,391	8,221	728	3,919

	Parent Company (Unaudited)			
	6 months ended 30-Jun-19 (RO'000)	6 months ended 30-Jun-18 (RO'000)	3 months ended 30-Jun-19 (RO'000)	3 months ended 30-Jun-18 (RO'000)
Dividend from investments	34	37	-	35
<u>Quoted local investments</u>				
Change in fair value	(5)	22	(5)	6
<u>Quoted foreign investments</u>				
Loss on sale	-	(1)	-	-
Change in fair value	5	(2)	(1)	-
	34	56	(6)	41

22. OPERATING EXPENSES

	Consolidated (Unaudited)			
	6 months ended 30-Jun-19 (RO'000)	6 months ended 30-Jun-18 (RO'000)	3 months ended 30-Jun-19 (RO'000)	3 months ended 30-Jun-18 (RO'000)
Staff costs	21,763	19,319	11,221	9,913
Other operating expenses	9,873	10,611	4,938	5,281
Depreciation and amortization	3,985	2,720	1,957	1,318
<u>Directors' sitting fees and remuneration:</u>				
Parent Company	100	100	50	50
Subsidiaries and adjustments	97	145	41	42
	35,818	32,895	18,207	16,604

	Parent Company (Unaudited)			
	6 months ended 30-Jun-19 (RO'000)	6 months ended 30-Jun-18 (RO'000)	3 months ended 30-Jun-19 (RO'000)	3 months ended 30-Jun-18 (RO'000)
Staff costs	2,773	2,115	1,842	1,465
Other operating expenses	423	363	249	238
Depreciation and amortization	379	12	169	5
Directors' sitting fees and remuneration	100	100	50	50
	3,675	2,590	2,310	1,758

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 and treasury and investment banking activities carried out by the Group's banking subsidiary;
- 3) Insurance Segment – incorporating insurance related activities for 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>
30 June 2019						
Segment revenues	46,410	67,011	70,129	975	(32,482)	152,043
Segment results	30,836	14,745	5,143	583	(26,989)	24,318
Segment assets	654,310	2,478,939	195,250	24,253	(376,474)	2,976,278

30 June 2018

Segment revenues	31,119	59,939	64,908	3,918	(23,863)	136,021
Segment results	20,603	13,260	5,362	3,454	(20,593)	22,086

31 December 2018

Segment assets	626,985	2,328,818	161,314	27,420	(382,455)	2,762,082
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24. RELATED PARTY TRANSACTIONS

Related party transactions are as follows:

<i>Consolidated</i>	<i>Directors</i>	<i>Associates</i>	<i>Other related parties</i>	<i>Non-controlling interests</i>
	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>	<i>RO'000</i>
<u>Statement of comprehensive income</u>				
<i>30-June-2019</i>				
Interest and commission income	120	860	827	141
Interest and other expense	40	3,950	209	223
Directors' sitting fees and remuneration	197	-	-	-
Premiums received	4	199	659	-
Claims paid	-	95	447	-

30-June-2018

Interest and commission income	129	774	588	154
Interest and other expense	-	362	519	292
Directors' sitting fees and remuneration	245	-	-	-
Premiums received	10	103	652	-
Claims paid	-	40	248	-
Re-insurance claims received	-	1	-	-

Statement of financial positions

30-June-2019

Purchase of investments	-	-	2,490	-
Borrowing arrangements	-	144,000	-	-
Loans and advances	5,129	21,004	33,144	23,177
Current and deposits from customers	1,278	35,667	6,387	1,491
Insurance balance receivables	4	442	519	-
Payables	-	73	644	-

Off balance sheet

Letters of credit and guarantees	5	-	827	125,952
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31-December-2018

Borrowing arrangements	-	134,800	-	-
Loans and advances	4,799	25,060	31,332	33,460
Current and deposits from customers	1,536	35,430	6,325	878
Insurance balance receivables	-	397	210	-
Payables	-	35	430	-

Off balance sheet

Letters of credit and guarantees	-	-	3,610	155,661
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24. RELATED PARTY TRANSACTIONS (continued)

<i>Parent Company</i>	<i>30-Jun-2019 (Unaudited)</i>			<i>30-Jun-18 (Unaudited)</i>		
	<i>Subsidiaries</i>	<i>Associates</i>	<i>Directors/ Others</i>	<i>Subsidiaries</i>	<i>Associates</i>	<i>Directors/ Others</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>
<u>Statement of comprehensive income</u>						
Directors' sitting fees and remuneration	-	-	100	-	-	100
Sale of Associates	-	-	-	52,059	-	-
Perpetual bond issue	-	-	-	2,300		
Operating expenses/capex	56	-	14	-	-	163
Interest and other income	5,277	-	-	3,273	-	-
Interest expenses	40	-	3,423	245	-	
Premiums	102	-	-	101	-	-
Claims	26	-	-	17	-	-
<u>Other transactions</u>						
Dividend from subsidiaries	14,443	-	-	10,638	-	-
Dividend from associates	-	1,434	-		30	-
	<i>30-Jun-2019 (Unaudited)</i>			<i>31-Dec-18 (Audited)</i>		
<u>Statement of financial positions</u>						
Bank borrowings	-	-	140,000	6,000	-	134,800
Bank balances	317		-	1,603	-	-
Due from subsidiaries (Net)	199,543	-	-	188,260	-	-
Payables	-	-	1	-	-	3

25. CONTINGENT LIABILITIES

The Contingent liabilities for the Group were as follows:

	<i>(Unaudited)</i> 30 June 2019 <i>(RO'000)</i>	<i>(Audited)</i> 31 December 2018 <i>(RO'000)</i>
Letters of credit	221,097	210,776
Guarantees and other contingent liabilities	559,664	576,448
	780,761	787,224

Letters of credit and guarantees amounting to RO 439,129 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 unaudited interim condensed financial statements do not include all financial and insurance risk management information and disclosures required in the annual financial statements and should be read in conjunction with the annual 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.

	<i>Consolidated</i>		<i>Parent Company</i>	
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>30-Jun-19</i>	<i>30-Jun-18</i>	<i>30-Jun-19</i>	<i>30-Jun-18</i>
	<i>(RO'000)</i>	<i>(RO'000)</i>	<i>(RO'000)</i>	<i>(RO'000)</i>
Profit for the period attributable to shareholders of the parent (RO'000)	16,076	14,524	19,935	16,702
Less: Perpetual bond interest	(3,613)	-	(3,758)	-
Profit for the year attributable to equity holders of the Group / Parent Company after interest on Perpetual bonds	12,463	14,524	16,177	16,702
Weighted average number of shares outstanding during the period	613,906,970	613,906,970	807,772,329	807,772,329
Basic earnings per share (RO)	0.020	0.024	0.020	0.021

During the period, the Parent Company issued stock dividend of 38,465,349 (2017 – 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 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>Consolidated</i>		<i>Parent Company</i>	
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>30-Jun-19</i>	<i>31-Dec-18</i>	<i>30-Jun-19</i>	<i>31-Dec-18</i>
	<i>(RO'000)</i>	<i>(RO'000)</i>	<i>(RO'000)</i>	<i>(RO'000)</i>
Equity attributable to shareholders of the parent (RO'000)	176,622	179,898	243,196	247,973
Number of shares outstanding at the end of the period	613,906,970	584,673,305	807,772,329	769,306,980
Net assets per share (RO)	0.288	0.308	0.301	0.322

29. APPROVAL OF FINANCIAL STATEMENTS

These unaudited condensed interim financial statements were approved and authorized for release by the Board of Directors on 31 July 2019.