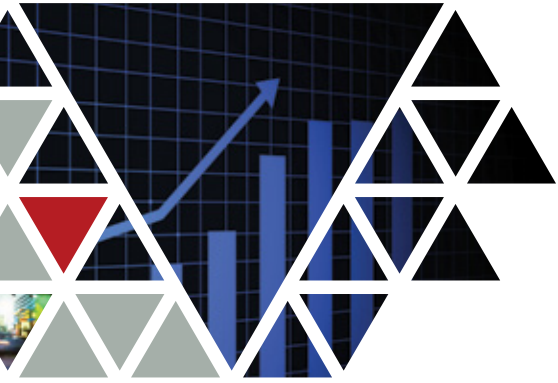




OMINVEST



Annual Report 2020

**Transforming Businesses
to Enrich Societies**





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PURPOSE

Transforming Businesses to Enrich Societies

Our purpose aligns with our strong belief that business can be a significant catalyst for creating scalable economic, social and environmental value. It provides clear direction for our daily actions; unites our people together; and guides us towards fulfilling our vision.

We **transform businesses** in ways that contribute to their growth and excellence. In addition to providing our affiliate companies with growth capital, we work closely with them to build their operational and technical expertise. We support them in expanding their portfolios of products and services; we assist them in accessing new markets; and we push our management teams beyond their comfort zones and encourage them to think outside the box and innovate.

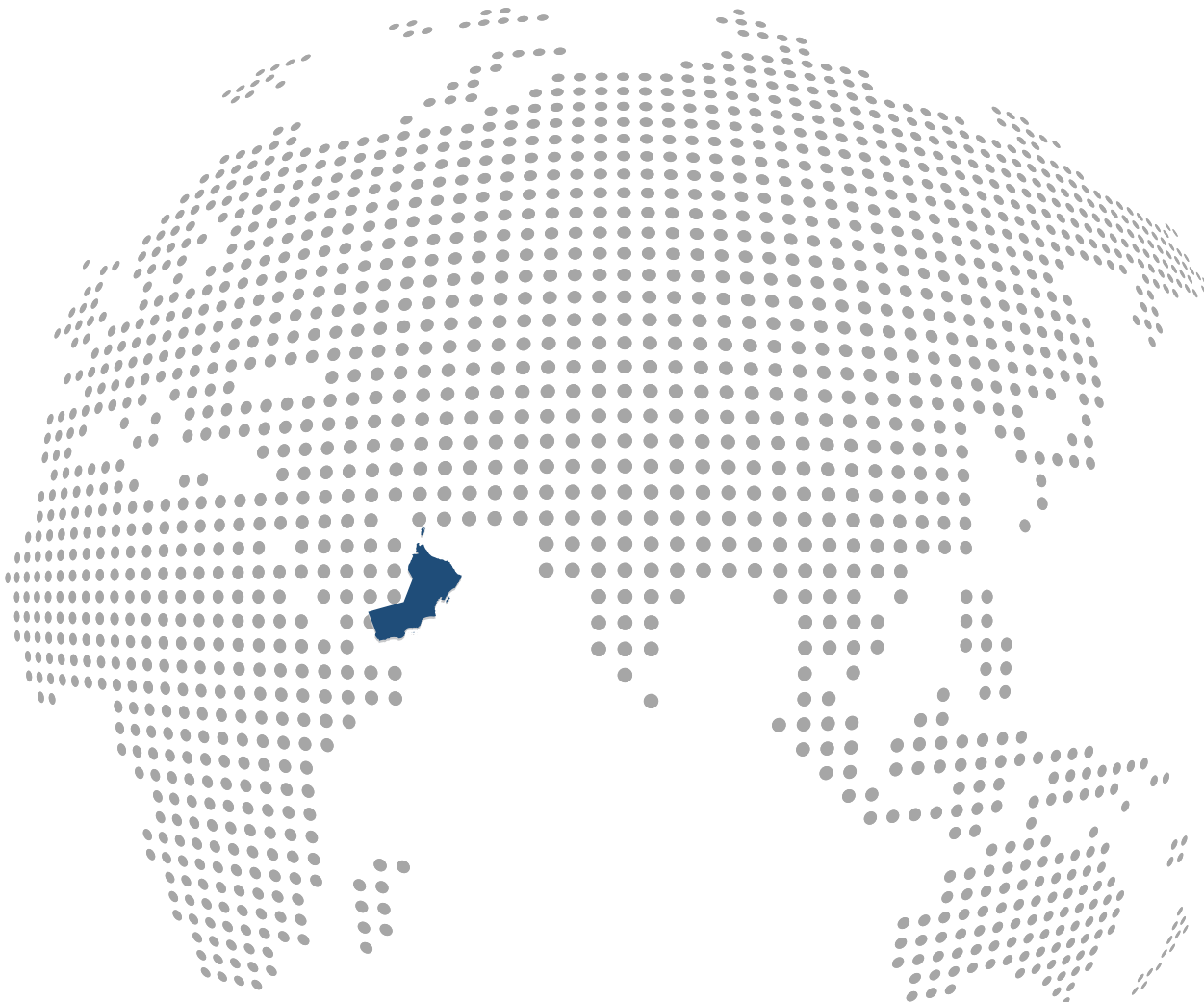
We strongly believe in the important role of business in **enriching societies**; our investment philosophy underpins that belief. Through our portfolio companies we provide societies with valuable services and solutions. We help create jobs, nourish talents, build expertise, foster innovation, encourage knowledge exchange, embrace ESG best practices, and support local communities.

VISION

To be an eminent investment group in the MENA region with significant global reach and impact

MISSION

To create value for our stakeholders by prudently investing in growth sectors and markets while implementing innovative solutions, scalable platforms, and impactful ESG initiatives



VALUES



INTEGRITY



COLLABORATION

Promoting our core values of integrity, collaboration, excellence, innovation, and good citizenship



EXCELLENCE



INNOVATION



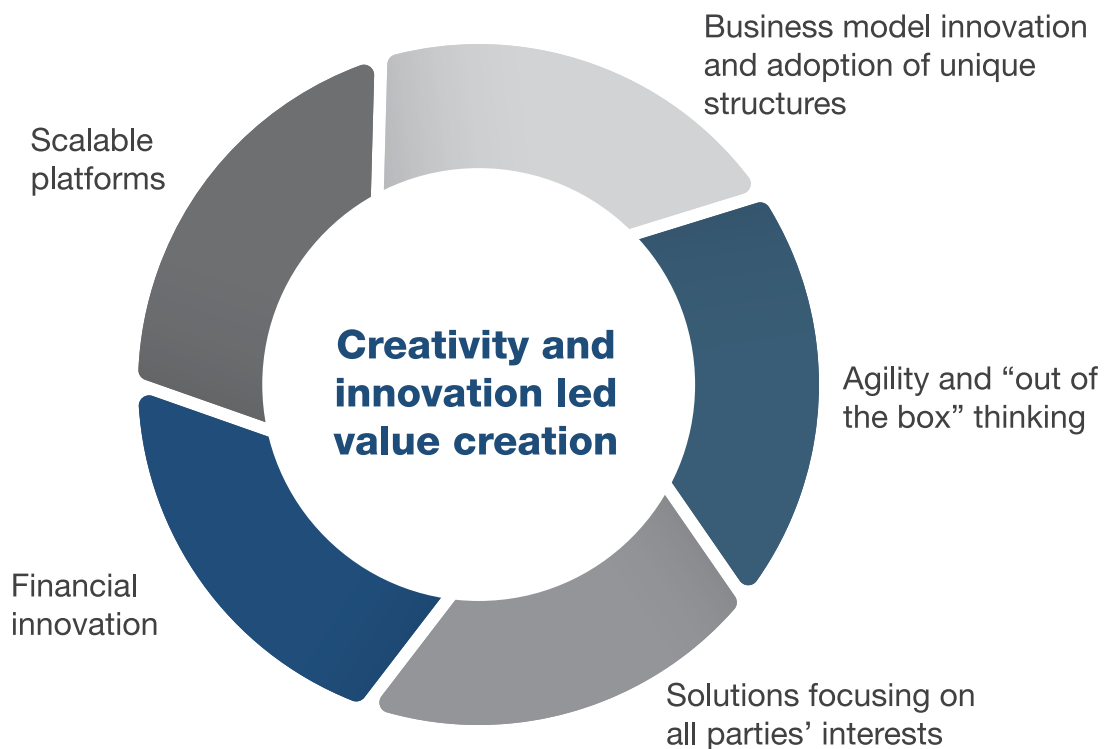
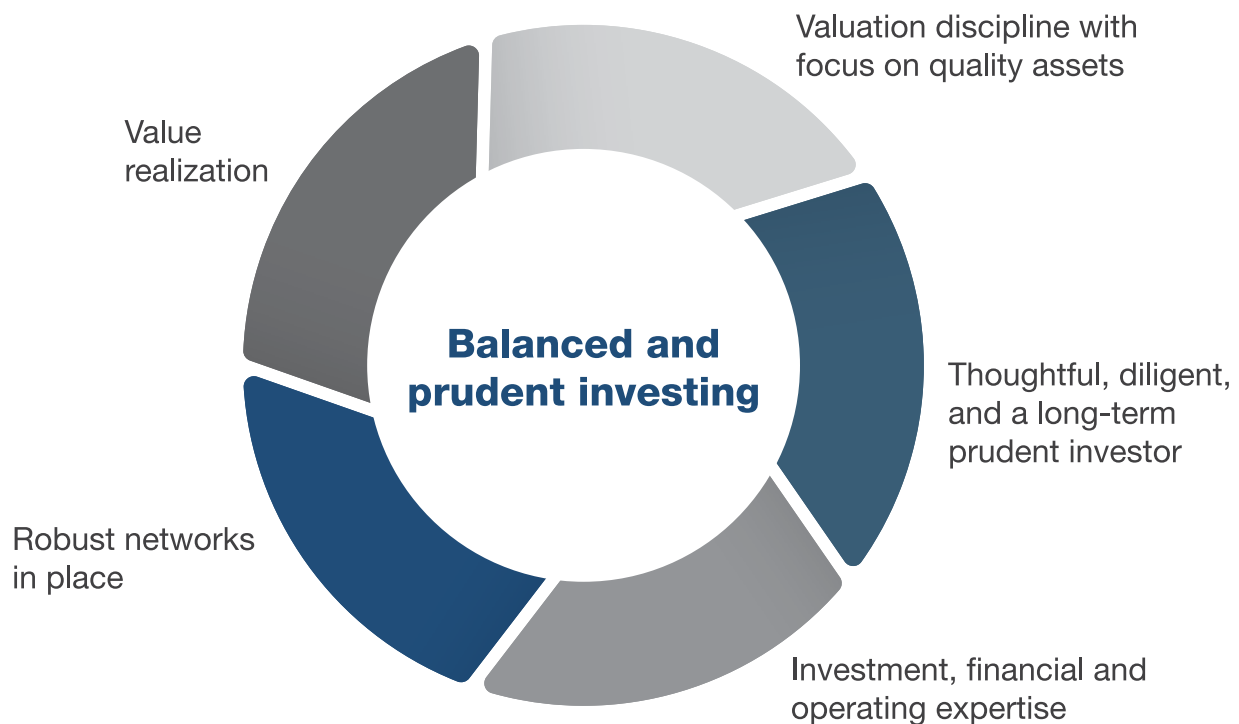
GOOD CITIZENSHIP

BUSINESS VERTICALS



Synergies amongst business verticals

CORE COMPETENCIES



MAJOR MILESTONES & ACHIEVEMENTS

In Past Five Years

- The Founding Chairman and Board Members laid the foundations of OMINVEST and set a great vision and enduring values to follow

- The Founders started the process of Institution Building, putting the company on a long-term growth trajectory

1983

2015

- Transformation of OMINVEST through merger with ONIC Holding, resulting in the addition of new entities

2016

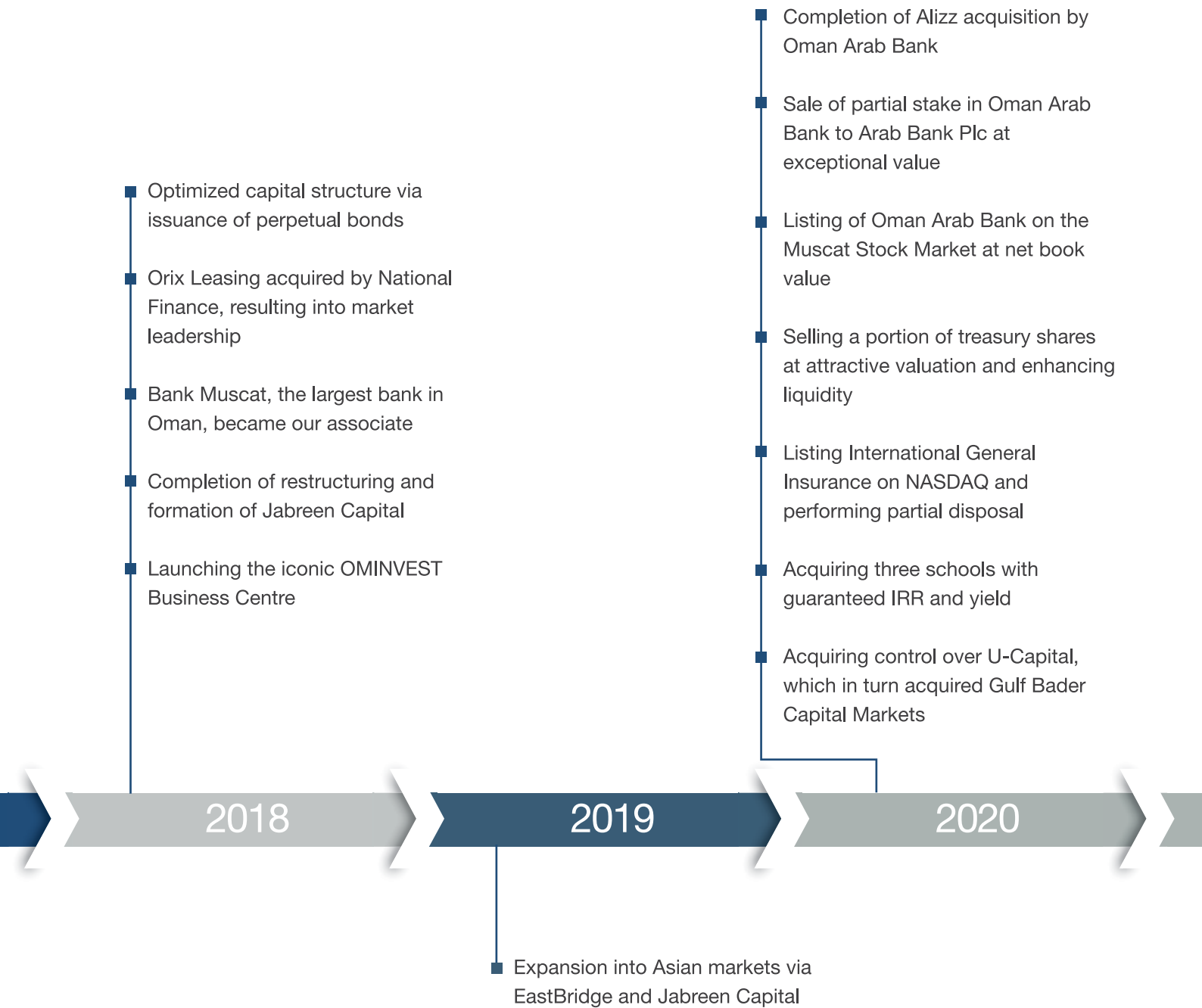
- Boosting National Life's capital to grow regionally, thus achieving market leadership in Oman with significant regional operations

- Spin-off of Oman Arab Bank's investment banking division and formation of U-Capital

2017

- Disposal of non-core industrial investments and purchase of treasury shares resulting in shareholder value accretion

- Successful IPO of National Life and Al Ahlia Insurance



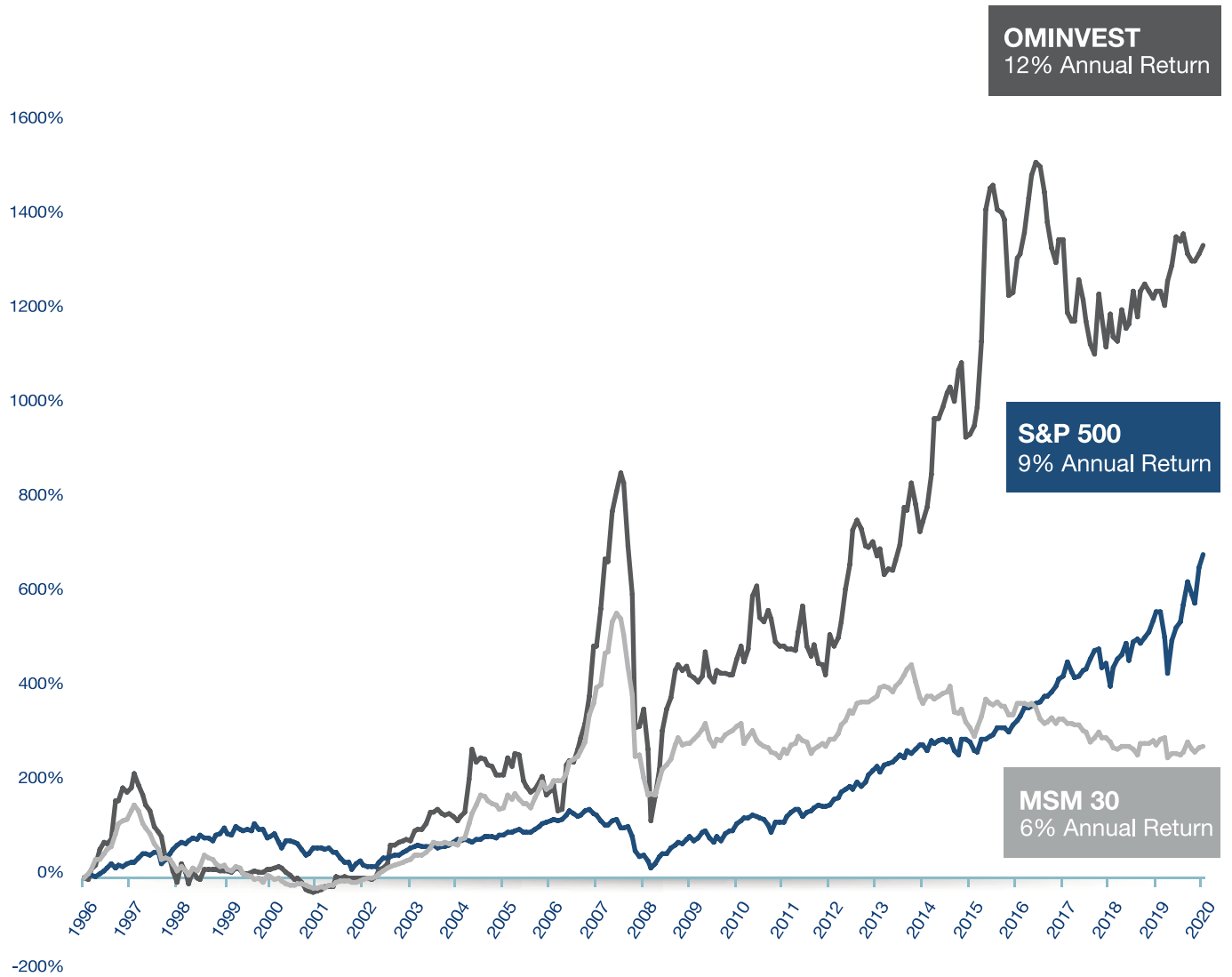


Transforming Businesses to Enrich Societies

TRACK RECORD

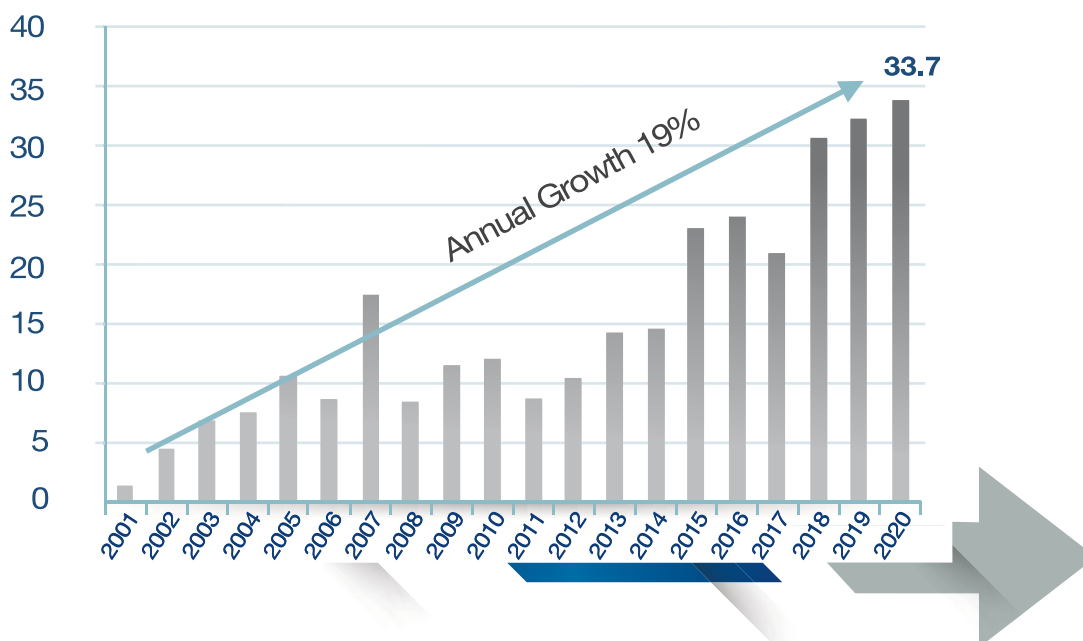
STOCK PERFORMANCE – TOTAL RETURN

Dec 1996 – Dec 2020



NET INCOME

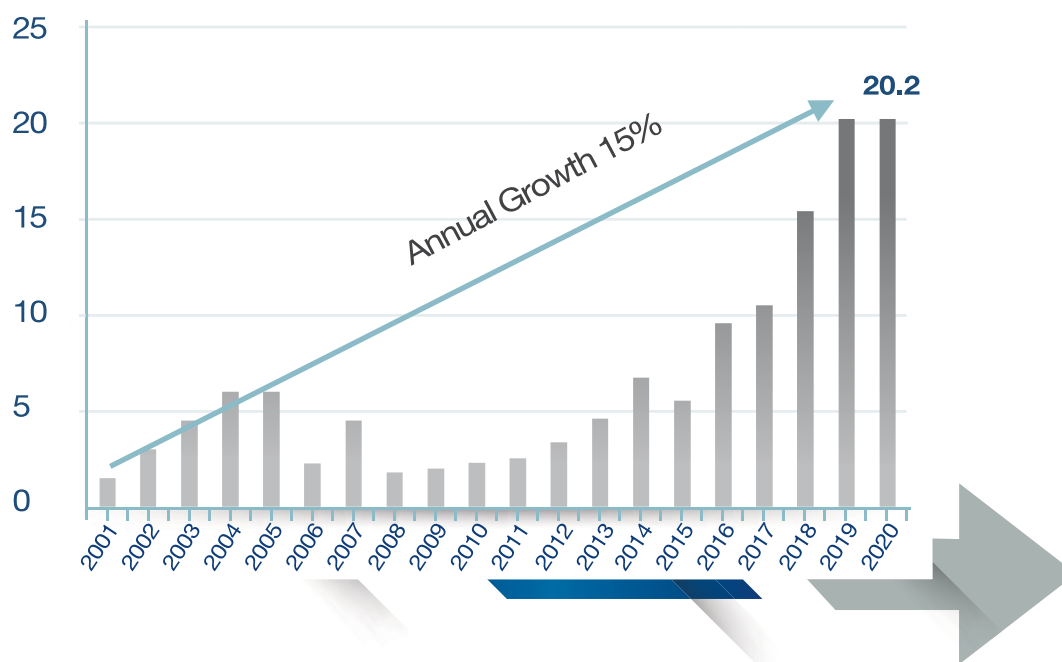
(RO m)



In spite of the economic downturn in 2020 due to the pandemic and the drop in oil prices, OMINVEST achieved healthy performance at Group and Parent levels, and ended the year with a strong financial position

CASH DIVIDENDS

(RO m)

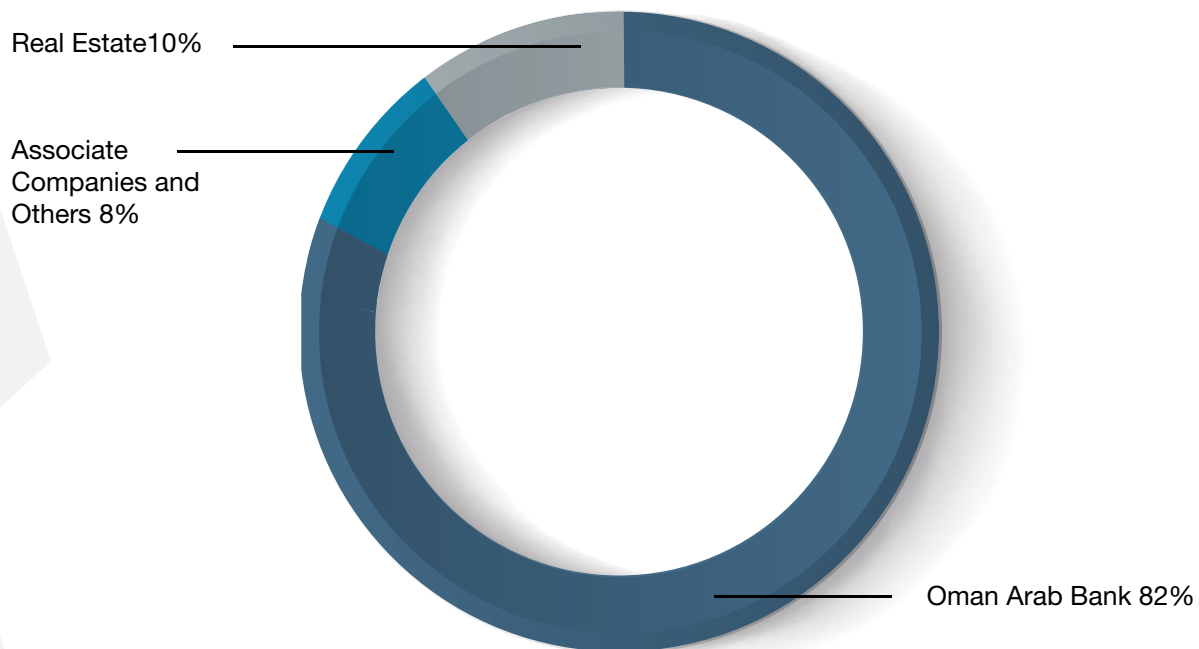


OMINVEST has an enviable track record of uninterrupted dividend payments to shareholders

NET REVENUE GROWTH & DIVERSIFICATION

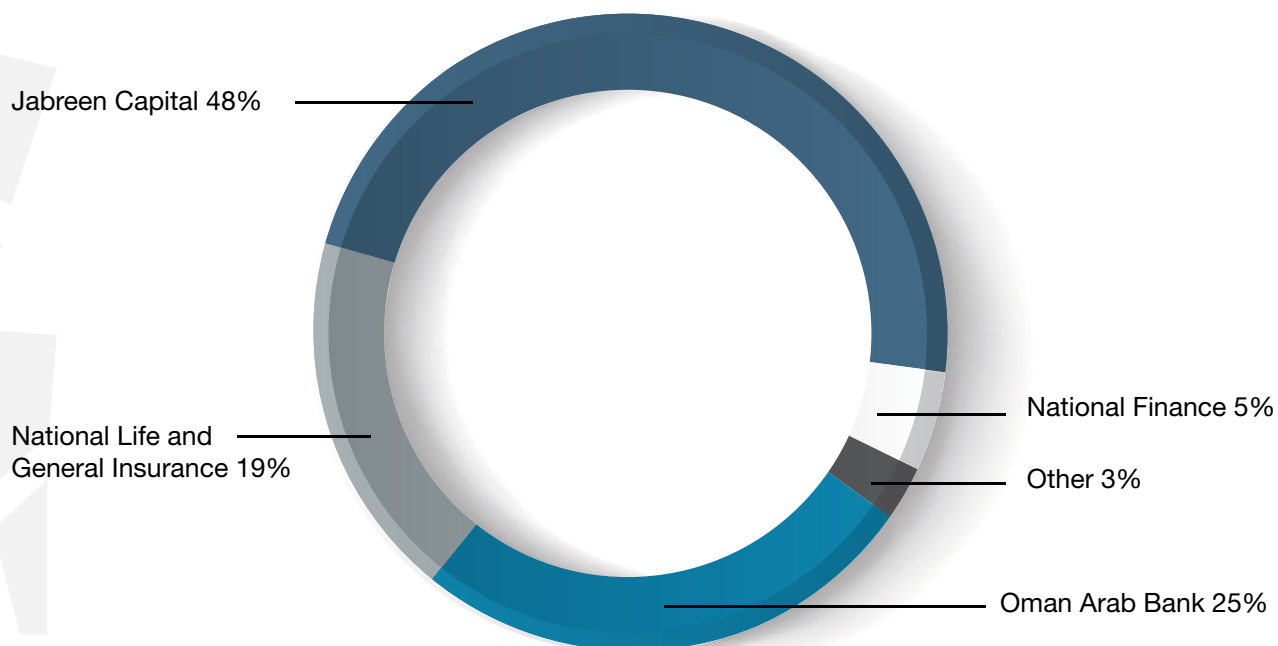
Net Revenues FY 2014

RO 18m



Net Revenues FY 2020

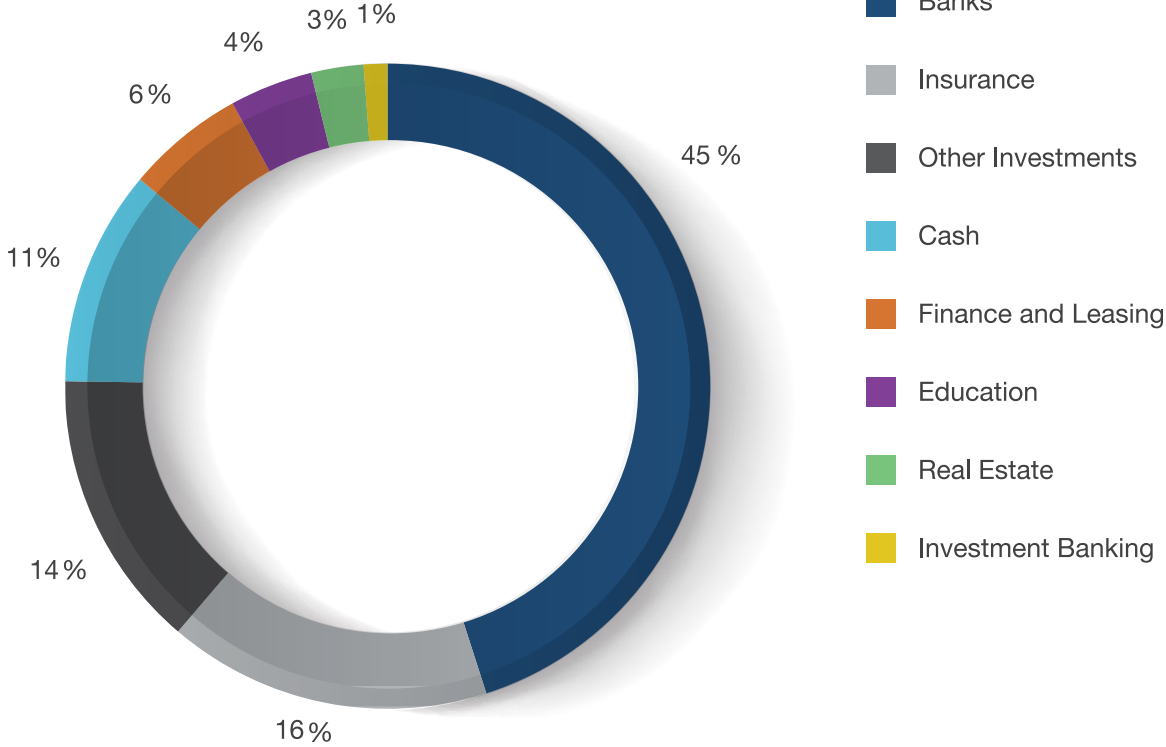
RO 55m



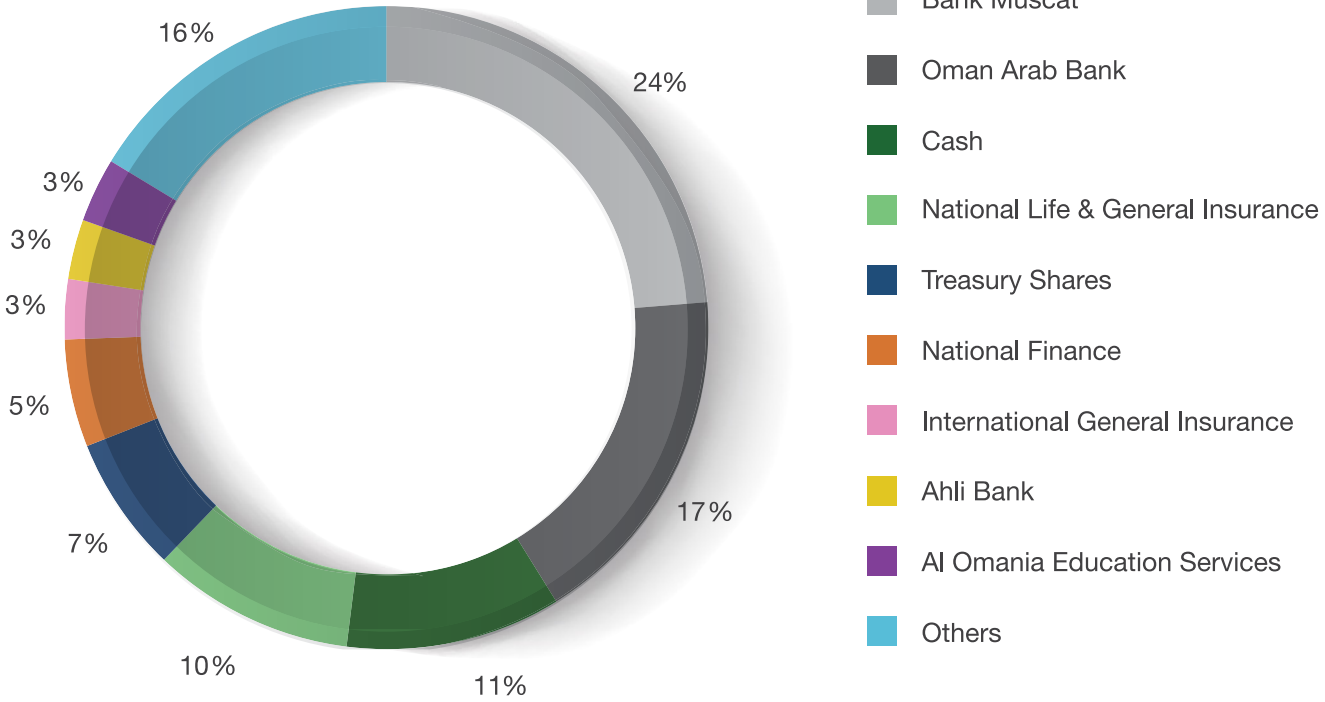
Net revenues (after Group adjustments) are based on profit contributions from each of the businesses

ASSET DIVERSIFICATION

By Sector



By Investment





Generating long term value for our stakeholders

**BOARD OF
DIRECTORS'
REPORT**

BOARD OF DIRECTORS' REPORT

For the Year ended 31 December 2020



Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Audited Financial Results of Oman International Investment and Development Company SAOG (OMINVEST) for the year ended 31 December 2020. Notwithstanding a protracted economic weakness and a broader slowdown witnessed by the local and regional businesses, OMINVEST achieved healthy performance both at the Group and the Parent level in 2020. Below, I would like to apprise you of the challenges we faced during the year, major transactions completed during an otherwise challenging market environment, our major areas of focus, and the company's future direction.

Macro Overview

Oil prices are the key driver of business and economic activities in the Sultanate and the region. In 2020, oil prices experienced wild swings. The Brent oil price started the year at around \$70 per barrel. However, hammered by the onslaught of COVID-19 pandemic, the oil prices crashed below \$20 per barrel in April 2020 before recovering to around \$45 per barrel during the 3Q 2020. Led by OPEC's supply cuts and glimmers of recovery in the global economy, oil prices ended the year a tad above \$50 per barrel. After all the dramatic ups and downs, oil prices averaged at about \$43 per barrel for the full year 2020. Going forward, we foresee elements of stability in the oil market and expect the Brent oil benchmark to mostly trade between \$50 and \$60 range, during the year 2021. This will likely bring some relief to our economy.

Although oil prices have recovered decently, the globally

witnessed second wave of COVID-19 infections has clouded the near-term economic outlook of GCC economies. Consequently, budget deficits and government debt levels continue to rise while liquidity conditions remain tight. Omani and regional businesses across all key sectors continue to operate under extremely challenging circumstances. We do not foresee any meaningful reprieve in the near term and expect that the cumulative adverse impact of low oil prices and the rise in COVID-19 cases will linger well into 2021.

Amid the aforementioned challenges, the visionary leadership of His Majesty Sultan Haitham bin Tarik has boosted confidence of the nation. Businesses across the sectors are encouraged by the prudent policies and reforms initiated by the Government to restore the Sultanate to sustainable social and economic growth.

Current Focus and Future Direction

In view of the prolonged weakness in the macro environment, OMINVEST and our Group Companies are taking pro-active measures to minimize the negative impact of such difficult operating conditions on our future performance. Anticipating the prevailing and evolving situation precipitated by COVID-19 and low oil prices, OMINVEST has built a robust liquidity position with a cash balance of OMR 68.4m at the end of 2020, translating into a net debt to equity ratio of just 0.72x. We will prudently deploy the available cash into new investments to further strengthen our growth prospects and enhance our diversification profile. Our other strategic initiatives

include building fee-based businesses, optimizing existing portfolios and realizing synergies between our platforms to lift our overall return on capital to even higher and more sustainable levels

Major Transactions Update

One of the most remarkable transactions during the year was the successful completion of the merger between Oman Arab Bank (OAB) and Alizz Islamic Bank (AIB). In line with the merger's terms, OAB issued its shares to the shareholders of AIB, bringing their shareholding to 19.36% in the share capital of OAB post-merger. I am pleased to share with you that pursuant to the merger, OAB was successfully listed on the Muscat Securities Market and transformed into an SAOG. As part of the steps leading up to the merger, OMINVEST also sold 11.76% stake in OAB to Arab Bank Plc (ABP) for RO 46 million and generated a profit of RO 12 million. As a result of the above transactions, OMINVEST's stake in OAB was reduced to 31.64% and OAB is now classified as an Associate in OMINVEST's financials.

After the successful completion of the merger between Oman Arab Bank (OAB) and Alizz Islamic Bank (AIB), we are now focusing on enhancing operational efficiencies and realizing synergies between the platforms. In addition, OMINVEST Group and our subsidiaries and associate companies are working tirelessly and utilizing technologies to serve the needs of their customers with greater efficiencies while ensuring safety and wellbeing of their staff. During the year, Jabreen International Development Company SAOC (Jabreen Capital) sold 6.74% of treasury shares at an attractive price, which further boosted our liquidity position. In addition, International General Insurance (IGI), a portfolio company of Jabreen Capital in the insurance sector, completed its listing on Nasdaq in March 2020.

Below, I would like to present the financial performance of OMINVEST Group and our major portfolio companies for the year 2020:

Group Consolidated Performance

During the year ended 31 December 2020, total Group revenues declined by 17% to RO 261.5m and the net profit attributable to OMINVEST's shareholders increased by 5% to RO 33.7m from RO 32.1m, over the same period in 2019. The Group revenues declined during the year as Oman Arab Bank (OAB) was converted to an associate and the Group discontinued the consolidation of OAB's financials and commenced equity accounting for OAB's results in accordance with the requirements of International Financial Reporting Standards from 1st July

2020. The increase in Group Profits is due to the realized gain on partial disposal of our stake in Oman Arab Bank and strong performance of our key subsidiaries: National Life and General Insurance Company SAOG (NLGIC), and Jabreen Capital.

Parent Company Performance

During the year ended 31 December 2020, total revenues increased by 10% to RO 59.8m and net profit increased by 6% to RO 38.0m, over the same period in 2019. The increase in profits is due to realized gains on partial disposal of our stake in Oman Arab Bank and an increase in the interest income. As at 31 December 2020, total assets of the Parent Company stood at RO 636m compared to RO 601m as at 31 December 2019. Increase in total assets was due to growth in the investment portfolios and business activities of our key subsidiaries.

Performance of Key Subsidiaries & Associates

National Life & General Insurance Company SAOG (NLGIC), our subsidiary in the insurance sector, reported a strong profit of RO 15.0m for the year ended 31 December 2020 compared to RO 10.2m for the same period in 2019; a growth of 47%. The growth is due to optimized re-insurance strategy, higher investment income and lower claims reported during COVID-19 related lockdown. NLGIC reported Gross Written Premium (GWP) of RO 134m, of which Oman contributed 46%, UAE 51%, and Kuwait 3%. NLGIC achieved a net insurance premium of RO 113.8m compared to RO 105.9m for the same period in 2019; a growth of 7%. NLGIC continues to maintain leadership position in Oman in terms of assets, gross written premiums, investment income and net profits. We believe that NLGIC's growth prospects remain strong and its recurring revenues from insurance business are on an upward trajectory.

Jabreen International Development Company SAOC (Jabreen Capital), our subsidiary, is focused on making private equity investments in diverse sectors and expanding into new growth markets in Asia. Jabreen Capital reported a net profit of RO 23.8m for the year ended 31 December 2020 compared to RO 20.7m for the same period in 2019; a growth of 15%. The profit growth was mainly attributable to the gain on disposal of partial stake in IGI, good performance of private equity portfolio, and dividend income received from Jabreen Capital's public and private equity portfolios. As at 31 December 2020, Jabreen Capital's total assets stood at RO 334m compared to RO 331m at 31 December 2019. We expect Jabreen Capital to further enhance and diversify its investment income in the years ahead.

Oman Arab Bank (OAB), our associate in the banking sector, reported a profit of RO 14.2m for the year ended 31 December 2020 compared to RO 32.6m for the same period in 2019; a decline of 56%. The decline is due to higher Expected Credit Losses (ECL) provisions being created as a precautionary measure, given the stress in the economic and business conditions on account of COVID-19 and lower oil prices. In addition, as an exceptional item, a provision of RO 6.2m was created on account of a fraud incident, which is being investigated, and has also been reported to the concerned insurance company. Post the merger with Alizz Islamic Bank, loans and advances rose by 31% to RO 2.64bn compared to RO 2.01bn, and customer deposits rose by 38% to RO 2.76bn compared to RO 2.00bn, as at 31 December 2019. The equity shareholders' funds were RO 359m compared to RO 296m, as at 31 December 2019. We believe that OAB's revenues and profits will see significant rebound in 2021 and the bank will resume its growth trend after an exceptionally difficult 2020.

National Finance Company (NFC), our associate in the leasing sector, reported net profit of RO 8.0m for the year ended 31 December 2020 compared to a net profit of RO 10.0m for the same period in 2019; a decrease of 20%. NFC's revenues fell by 1.6% to RO 43.9m in 2020 compared with RO 44.6m in 2019. NFC continues to adopt a conservative approach to credit approvals keeping in view the overall macroeconomic scenario and perceived increase in credit risk. Lower levels of credit offtake combined with increased interest costs has impacted the profitability levels. NFC will continue to focus on strengthening its efficiencies, customer experience, product offerings and quality of service delivery. We expect NFC to further consolidate its position as the leading finance company in Oman.

Corporate Citizenship

Today more than ever before, businesses need to join forces to create a positive impact and leave a better world for future generations. Therefore, we are placing great importance on becoming an impactful player in the Environmental, Social and Governance (ESG) framework and contribute more to our communities and the society.

In line with OMINVEST's Purpose of **Transforming Businesses to Enrich Societies**, we believe that business can be a significant catalyst for creating scalable economic, social, and environmental value. Our investment philosophy, strategies, and ESG efforts will continue to reflect this conviction throughout our various initiatives, creating value for all our stakeholders going forward.

As a corporate citizen and considering our responsibility towards the safety and well-being of our communities,

OMINVEST contributed in the first half of the year RO 500,000 to "The Endowment Fund to Support Health Services" to address the challenges caused by the COVID-19 pandemic. In addition, our Subsidiaries and Associate companies combinedly contributed another RO 1.85m towards this important national cause. Accordingly, OMINVEST's share of contribution at the Group Level amounted to RO 1.1 million.

In 2020, we continued supporting active social impact partners – Zubair SEC, Injaz Oman, and Oman Environment Society. On the philanthropic side, OMINVEST supported several associations that align with our social impact pillars: Education, Small Businesses, Youth, the Environment.

Acknowledgements

We are profoundly thankful to our beloved leader His Majesty Sultan Haitham bin Tarik for his great vision and initiatives as he continues to lead the Sultanate on the path of development, peace, and enduring prosperity.

On behalf of the Board, I would like to thank the Capital Market Authority, Muscat Securities Market, Central Bank of Oman, and Ministry of Commerce, Industry and Investment Promotion for their continued support and guidance. I also take this opportunity to thank the management teams and employees at OMINVEST and across our Group companies for their dedication and hard work.



Khalid Muhammad AlZubair
Chairman



Transforming Businesses to Enrich Societies

BOARD OF DIRECTORS



Khalid Muhammad AlZubair
Chairman



Sheikh Khalid Abdullah Al Khalili
Deputy Chairman



Taya Jandal Ali
Director



Jamal Shamis Al Hooti
Director



Ceruseri Srinivasan Badrinath
Director



Jamal Said Mohamed Al Tai
Director



Al Wadhah Sulaiman
Mohamed Al Adawi
Director



Khaula Hamood Abdullah
Al Harthi
Director



Najat Ali Al Lawati
Director



*Providing trusted
thought leadership*



*Adhering to highest standards of Governance
and compliance*

**CORPORATE
GOVERNANCE
REPORT**



KPMG LLC
Children's Public Library Building
4th Floor, Shatti Al Qurum
P O Box 641, PC 112
Sultanate of Oman
Tel. +968 24 749600, www.kpmg.com/om

REPORT OF FACTUAL FINDINGS TO THE SHAREHOLDERS OF OMAN INTERNATIONAL DEVELOPMENT AND INVESTMENT COMPANY SAOG

Agreed upon procedures on Code of Corporate Governance (the "Code") to assist in compliance of requirements prescribed in the Capital Market Authority ("CMA") Circular No. E/10/2016 dated 1 December 2016 (together the "Governance Code")

We have performed the procedures agreed with you pursuant to the Capital Market Authority's (CMA) circular no. E/4/2015, dated 22 July 2015, with respect to the Board of Directors' Corporate Governance Report of Oman International Development and Investment Company SAOG (the "Company") as at and for the year ended 31 December 2020 and its application of the corporate governance practices in accordance with amendments to CMA Code of Corporate Governance issued under circular no. E/10/2016 dated 1 December 2016 (collectively the "Code").

Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements. The procedures were performed solely to assist you in evaluating the extent of the Company's compliance with the Code as issued by the CMA and are summarized as follows:

1) We checked that the Corporate Governance Report (the "Report") issued by the Board of Directors included as a minimum, all items suggested by CMA to be covered by the report as detailed in the Annexure 3 of the Code by comparing the report with such suggested content in the Annexure 3; and

2) We obtained the details regarding areas of non-compliance with the Code identified by the Company's Board of Directors for the year ended 31 December 2020.

With respect to procedure 2 above, we inquired from and obtain written representation from management and those charged with governance on completeness of information related to non-compliances with the Code for the year ended 31 December 2020.

Page 1 of 2

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KPMG LLC is registered and licensed under the laws of Sultanate of Oman.

CR No. 1358131

Tax Card No. 8063052



We report our findings below:

As a result of performing the above procedures, we have no exceptions to report.

The above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements respectively and consequently, we do not express any assurance on the Report. Had we performed additional procedures, or had we performed an audit or a review in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not be used for any other purpose. The report relates only to the accompanying corporate governance report of the Company to be included in its annual report for the year ended 31 December 2020 and does not extend to any financial statements of the Company, taken as a whole.

15 March 2021



CORPORATE GOVERNANCE REPORT

For the Year ended 31 December 2020

The purpose of Corporate Governance is to set out the system by which the Company is directed and controlled, through processes and procedures, by identifying and allocating the rights and obligations within an organisation and of its stakeholders and setting out the required framework for internal controls and mechanisms to achieve the Company objectives. A Company that applies the core values of Corporate Governance will be able to attract the right investors and help build the Company, local community and national economy. Oman International Development & Investment Co. SAOG (OMINVEST) applies core values of integrity, collaboration, excellence, innovation and good citizenship. The philosophy is to apply the highest standards of Corporate Governance throughout the Company.

The Board of Directors of OMINVEST and its sub-committees are responsible for approving and monitoring the Company's overall strategy and policies, including risk management policies, control systems, business plan and annual budget. The Management is responsible to provide the Board with appropriate and timely information to monitor and maintain effective control over strategic, financial, operational and compliance issues. The Board confirms that OMINVEST applies the principles set out in the Capital Market Authority's (CMA) Code of Corporate Governance for Public Listed Companies (the "Code") and other rules and guidelines issued by the CMA as applicable.

Board of Directors

The Articles of Association ("AoA") of the Company provide for nine (9) directors. The directors are severally and jointly liable before the shareholders in achieving the company's goals and objectives and to ensure the interests of the Company are protected.

Nomination of Directors

The Nomination, Remuneration and Executive Committee assists the General Meeting in the nomination of proficient directors and assist in the election of those determined as fit for the purpose. Election to the Board is based on nomination forms filed by the candidate, who meets the minimum qualification requirements as per CMA guidelines. The current Board of Directors has been elected in the Annual General Meeting ("AGM") held on 27 March 2018 for a term of three (3) years. The next election shall be held in the AGM to be held on 31st of March 2021.

Composition of the Board

During the year 2020, the Board consisted of ten (10) directors until 30 June 2020. In the Extraordinary General Meeting ("EGM") held on 30 June 2020, it was resolved to amend the AoA to nine (9) Directors in line with the new Commercial Companies Law issued by Royal Decree (18/2019). As of 31 December 2020, the composition and the independence of the Board of Directors is in accordance with the Code and is as follows:

- i) All Directors, including the Chairman, are non-executive. Three (3) out of the nine (9) Directors are independent which is in compliance with existing regulations.
- ii) Two (2) out of the nine (9) Directors represent institutional shareholders, while seven (7) Directors were elected by the shareholders in their individual capacities.

Number of Board Meetings

OMINVEST held nine (9) Board meetings during the year ended 31 December 2020. These were held on 13 February, 26 February, 11 May, 17 May, 14 June, 23 July, 13 August, 11 November and 20 December. The maximum interval between any two meetings was eighty-nine (89) days. This is in compliance with the Code which requires meetings to be held within a maximum time gap of four (4) months.

Directors' Attendance Record

Director	No. of Board meetings attended	Whether attended last AGM
Khalid Muhammad AlZubair ⁽¹⁾	9	Yes
Sheikh Khalid Abdullah Al Khalili	9	Yes
Taya Jandal Ali	9	Yes
Jamal Shamis Al Hooti	9	Yes
Ceruseri Sreenivas Badrinath	9	Yes
Anwar Hilal Al Jabri ⁽²⁾	5	Yes
Abdulaziz Khalifa Al Saadi ⁽³⁾	8	Yes
Jamal Said Al Tai	9	Yes
Khaula Hamood Al Harthi	9	Yes
Al Wadhah Sulaiman Al Adawi	8	Yes
Najat Ali Al Lawati ⁽⁴⁾	0	No

⁽¹⁾ Representing juristic person until 4th March 2020 at which point the juristic person resigned. Appointed as Temporary Director on 5th March 2020 and then appointed as a director at the AGM on 17th May 2020.

⁽²⁾ Representing juristic person until 30th June 2020 at which point the juristic person resigned.

⁽³⁾ Representing juristic person until 27th December 2020, at which point the juristic person replaced the director.

⁽⁴⁾ Commenced directorship on 27th December 2020 representing a juristic person.

None of the Directors during their directorship was a member of the Board of Directors of more than four (4) public joint stock companies whose principal place of business is in the Sultanate of Oman, or a chairman of more than two (2) such companies. Particulars of directorships of other joint stock companies and memberships of other Board Committees is set out in Appendix 1 of this Report. Further, no director was a member of the Board of Directors of a joint stock company which practices similar activities to the Company and whose principal place of business is in the Sultanate of Oman.

Directors with materially significant related party transactions, pecuniary or business relationship with the company

All details relating to financial and commercial transactions where directors may have a potential interest are provided to the Board, and the interested directors neither participate in the discussion, nor do they vote on such matters. All such matters are also discussed in detail by the Audit and Control Committee.

The company has its Related-Party Policy and Procedure as per the Code and all Related-Party Transactions are reviewed by the Audit and Control Committee and approved by the Board and AGM as applicable.

The following shareholders have 10% or more of the voting power in the Company:

Shareholder	At 31 Dec 2020 (% Holding)
Ubhar Capital – Asset Management/ Local Trust	17.28
Khalid Muhammad AlZubair	16.5
Al Hilal Investment Company LLC	16.02
Civil Service Employees' Pension Fund	11.74

Committees of the Board

Audit and Control Committee (AC)

The AC as of 31 December 2020 consists of four (4) non-executive members, of which three (3) are independent and one (1) non-independent. All members of the committee are familiar with finance, industry, Omani laws and regulations governing public joint stock companies.

Name of Committee Member	Position	Status
Jamal Shamis Al Hooti	Chairman	Independent
Jamal Said Al Tai	Deputy Chairman	Independent
Khaula Hamood Al Harthi	Member	Independent
Anwar Hilal Al Jabri ⁽¹⁾	Member	Non- Independent
Al Wadhah Al Adawi	Member	Non- Independent

⁽¹⁾ Resigned in June 2020

During the year 2020, the AC met six (6) times on 13 February, 25 February, 14 June, 11 August, 11 November and 17 December and the attendance record is tabled below.

Attendance record of Audit and Control Committee Members:

Name of Committee Member	Meetings attended during the year
Jamal Shamis Al Hooti	6
Jamal Said Al Tai	6
Khaula Hamood Al Harthi	4
Anwar Hilal Al Jabri ⁽¹⁾	3
Al Wadhah Al Adawi	5

⁽¹⁾ Resigned in June 2020

The committee meets with external auditors at least once (1) every year. The Committee recommend the appointment of the statutory auditors to the board, reviews their audit plan, scope, findings, and effectiveness of the Company's statutory audit. It also ensures the independence and objectivity of the work carried out by external auditors.

As part of the committee role of overseeing the internal control system and financial reporting, it reviews any changes to the accounting policies and its impact on the Company's financial position. Moreover, it reviews the unaudited financial statements and related party transactions on quarterly basis as well as the audited financial statements for the year end and recommends for Board approval.

The Committee continuously assess the independence and objectivity of the Internal Audit and periodically reviews the internal audit plan, audit reports, audit actions. In addition, received reports on the department internal and external quality assurance activities to assess the effectiveness compliance of internal audit department with International Auditing standards. The committee periodically update the Board with their activities and submit an annual report to the Board on the effectiveness of the Company's system of internal control, corporate governance, and risk management process.

The Internal Audit Department ("IAD") was externally assessed in December 2017 by the Institute of Internal Auditors, USA. The principal objectives of the quality assurance were to assess IAD activity's conformance to The IIA's mandatory guidance of the International Professional Practices Framework ("IPPF"), evaluate the IAD activity's effectiveness in carrying out its mission and identify opportunities to enhance its management and work processes, as well as its value to OMINVEST. The overall opinion of the assessor was General Conformance on a scale of "generally conforms," "partially conforms," and "does not conform." "Generally conforms" is the top rating and means that an internal audit activity has a charter, policies, and processes that are judged to be in conformance with the Standards in all material aspects. As required by the CMA, the next external assessment is planned in 2021. Meanwhile, IAD periodically conducts internal quality assurance reviews and report the result to the AC and senior management.

[Nomination, Remuneration and Executive Committee \(NREC\)](#)

The NREC is delegated authorities to facilitate the smooth operation of the Company and exercise certain responsibilities of the Board between its meetings within the limits set out in the Delegation of Authority approved by the Board. The NREC is also responsible for assisting in the nomination of competent directors and developing appropriate remuneration policies.

The exceptions to the delegated powers include the following:

- i) Approval of the Company's annual budget and business plan;
- ii) Approval of the Group's and Company's quarterly unaudited financial statements and the annual audited financial statements; and
- iii) Acquisition and disposal of strategic investments.

The NREC as of 31 December 2020 consists of four (4) non-executive members.

During the year 2020, the Committee met four (4) times on 16 March, 29 March, 11 May and 14 July and the attendance record of the members is tabled below:

Name of Committee Member	Position	Meetings attended during the year
Khalid Muhammad AlZubair	Chairman	3
Sheikh Khalid Abdullah Al Khalili	Deputy Chairman	4
Taya Jandal Ali	Member	4
Ceruseri Sreenivas Badrinath	Member	4
Abdulaziz Khalifa Al Saadi	Member	4

Remuneration of Directors

During the year, following the approval by the shareholders at the AGM held on 17 May 2020, the Directors were paid a remuneration of RO 153,000 for 2019.

Directorship sitting fees of RO 500 was paid to the Directors for each Board and Board Committee meeting attended during the year. Total sitting fees for Board and Board Committee meetings held during 2020 were as follows:

	(RO)
Board	42,000
NREC	9,500
AC	12,000
	63,500

There was no other remuneration paid by the Company to any of the Directors.

Remuneration for 2019 paid in 2020 and sitting fees paid for 2020 relating to individual Directors was (in RO):

Director	Board	NREC	AC	Total	Remuneration for 2019	Total
Khalid Muhammad AlZubair	4,500	1,500	0	6,000	21,349	27,349
Sheikh Khalid Abdullah Al Khalili	4,500	2,000	0	6,500	17,791	24,291
Taya Jandal Ali	4,500	2,000	0	6,500	14,233	20,733
Jamal Shamis Al Hooti	4,500	0	3,000	7,500	14,233	21,733
Anwar Hilal Al Jabri	2,500	0	1,500	4,000	14,233	18,233
Ceruseri Sreenivas Badrinath	4,500	2,000	0	6,500	14,233	20,733
Abdulaziz Khalifa Al Saadi ⁽¹⁾	4,000	2,000	0	6,000	14,233	20,233
Jamal Said Al Tai	4,500	0	3,000	7,500	14,233	21,733
Khaula Hamood Al Harthi	4,500	0	2,000	6,500	14,233	20,733
Al Wadhah Sulaiman Al Adawi	4,000	0	2,500	6,500	14,233	20,733
Total	42,000	9,500	12,000	63,500	153,000	216,500

⁽¹⁾ Shareholder, Civil Service Employees' Pension Fund, has advised that its representatives can be paid a maximum of 5,000 RO as Directors Remuneration, and the balance, if any, should be paid to the Fund. However, sitting fees shall be paid in full to the Director.

Directors' Remuneration proposed for 2020 is RO 136,500/- and this is subject to shareholders' approval at the AGM scheduled to be held on Wednesday, 31 March 2021.

Internal Control Review

The Code requires that the directors should, at least annually, review the effectiveness of the Company's system of internal controls and report to the shareholders that they have done so. The Board attach great importance to maintaining a strong control and governance environment and confirm that its review has covered the financial statements, all controls, including financial, operational, compliance and risk management. The Board has reviewed the Company's internal control policies and procedures and is satisfied that appropriate procedures are in place to implement the requirements of the Code.

Management

Management Discussion and Analysis

A copy of the Management Discussion and Analysis is included as part of the Annual Report.

Management Remuneration

At 31 December 2020, the Company had (52) full-time employees. The expense (salaries, allowances, other statutory payments and bonuses) incurred for 2020 relating to the (5) full-time executive management team of the Company was RO 2,314,078.

All employees are employed on two-year (2) renewable employment contracts. Notice period is three (3) months for all positions.

Shareholders

Communication to Shareholders and Investors

Information relating to the Company and its quarterly and annual financial statements are uploaded on the Muscat Securities Market ("MSM") website and posted on the Company's website at www.ominvest.net. Financial statements, in Arabic and English, are also available at the Company's offices during the Company's business hours. The quarterly unaudited and annual audited sections of the financial statements of the Group and Parent Company are published in leading Arabic and English newspapers in the Sultanate of Oman.

Audited financial statements (abridged), in Arabic together with the Notice and Agenda for the AGM are uploaded to the Muscat Clearing and Depository Company SAOC portal and have also been disclosed on the MSM website. Extracts from the financial statements are published in an Arabic and English newspaper within five (5) days of filing it through electronic transmission system of MSM.

Distribution of Shareholding

The shareholding pattern as of 31 December 2020 was:

Number of Shares	% Held	Number of shareholders	Total Shares	% of Share Capital
Above 80,777,233	Above 10%	4	497,184,649	61.55
40,388,616 - 80,777,233	5% to 10%	1	46,244,048	5.72
8,077,723 - 40,388,616	1% to 5%	5	82,598,201	10.23
Below 8,077,723	Below 1%	1,995	181,745,431	22.50
		2,005	807,772,329	100.00

Professional Profile of the Statutory Auditor

The shareholders of the Company appointed KPMG as its auditors for 2020.

KPMG LLC in Oman was established in 1973 and is part of KPMG Lower Gulf Limited. KPMG in Oman employs more than 180 people, amongst whom are six partners and six directors, including Omani nationals. KPMG is a global network of professional services firms providing Audit, Tax and Advisory services. It operates in 146 countries and territories and have 227,000 people working in member firms around the world. KPMG Lower Gulf is part of KPMG International Cooperative's global network of professional member firms.

The professional fees paid or payable to KPMG LLC for the financial year 2020, after their appointment as statutory auditors is RO 21,588. This amount represents RO 20,000 for the audit services and RO 1,588 paid for non-audit services.

Legal Advisor

Curtis, Mallet-Prevost, Colt and Mosle LLP

For over twenty one years, Curtis Oman has been helping Omani and international companies, financial institutions and governments to do business in the Sultanate of Oman. Curtis remains the only US-headquartered law firm licensed to practice in Oman. The Muscat office is the hub of their wider Middle East practice and offers the full range of international and domestic legal services.

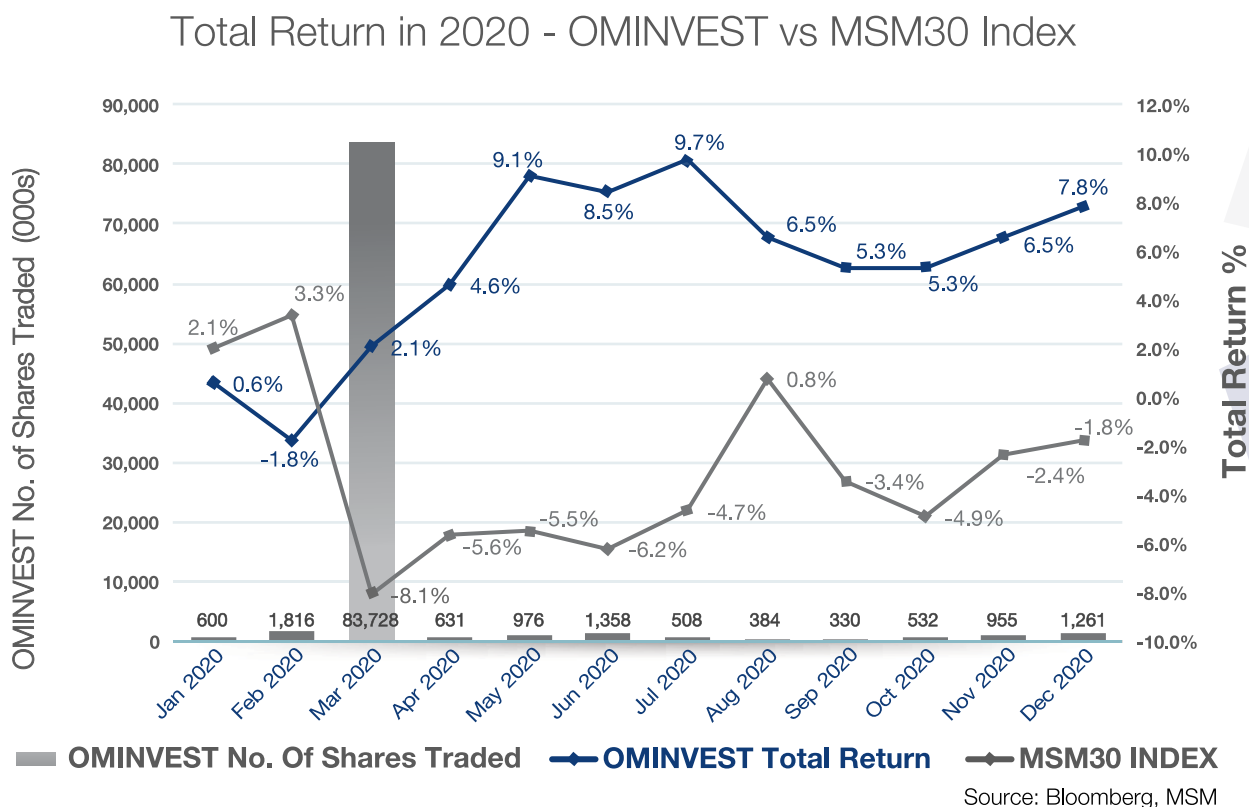
Curtis Oman partners are ranked highly by Chambers Global and Legal 500 EMEA and the team continues to be ranked in the leading legal directories year on year. Clients appoint Curtis for its “excellent quality of service, timeliness, very good understanding of the issues and expert advice” (Chambers Global).

Curtis has extensive knowledge of local regulations and significant international capabilities, so it is well-positioned to help clients deal effectively and creatively with all kinds of regulatory and compliance issues.

In particular, Curtis has deep experience in banking and financial services, the firm advises on all aspects of contentious issues and regulatory compliance involving the banking, capital markets and investment fund sectors. The firm develops strategies that safeguard its clients’ assets and reputations enabling them to focus on pursuing their business objectives with confidence.

Market Price Data

The performance of the Company’s share price (Total Return) in 2020 versus MSM-30 Index is shown below:



Details of OMINVEST’s high, low and closing share prices during each month are as follows:

	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20
High	0.340	0.340	0.332	0.374	0.330	0.348	0.354	0.348	0.338	0.334	0.330	0.340	0.340
Low	0.330	0.340	0.332	0.298	0.300	0.320	0.332	0.322	0.332	0.322	0.314	0.330	0.328
Close	0.340	0.340	0.332	0.320	0.328	0.342	0.340	0.344	0.334	0.332	0.330	0.334	0.338

Source: MSM Monthly Bulletin

Details of Non-Compliance

There have been no instances of non-compliance on any matter relating to the Commercial Companies Law No. (18/2019), CMA's Code of Corporate Governance for Public Listed Companies, CMA regulations or the MSM listing agreements. No Penalties and strictures have been imposed on the Company by the MSM, CMA or any other regulatory authority during the past (3) three years.

Acknowledgement by the Board

The Board acknowledges its responsibilities and confirm that:

- a. The Audited Group and Parent Company financial statements have been prepared in accordance with the IFRS, the applicable requirements of the Commercial Companies Laws No. (18/2019) and the disclosure requirements of the CMA;
- b. The internal controls and procedures have been reviewed through an established process of regular internal audit, review by the Audit and Control Committee and the final clearance by the Board;
- c. The Parent Company and the Group have a strong financial standing to carry on their successful operations in the foreseeable future.

Date: 24 February 2021

APPENDIX 1

PARTICULARS OF DIRECTORSHIPS OF OTHER JOINT STOCK COMPANIES AND MEMBERSHIPS OF THEIR COMMITTEES AS OF 31 DECEMBER 2020

Director	Company	Position	Committee	Position
Khalid Muhammed AlZubair	National Life and General Insurance Company SAOG	Chairman	NREC	Chairman
Sheikh Khalid Abdullah Ali Al Khalili	Bank Nizwa SAOG	Chairman	N/A	N/A
	Al Ahlia Insurance Company SAOG	Chairman	N/A	N/A
	Jabreen International Development Company SAOC	Chairman	NREC	Chairman
	Oman Telecommunications Company SAOG	Director	SIC	Member
Taya Jandal Ali	National Finance Company SAOG	Chairman	NREC	Chairman
Jamal Said Al Tai	Oman National Investments Development Company SAOC	Director	AC	Member
Al Wadhah Sulaiman Al Adawi	Hydrocarbon Finder SAOC	Deputy Chairman	N/A	N/A
	Jabreen International Development Company SAOC	Director	AC	Member
Ceruseri Sreenivas Badrinath	Jabreen International Development Company SAOC	Director	NREC	Member
Najat Ali Al Lawati	National Bank of Oman SAOG	Director	CC	Member
	Oman Cement Company SAOG	Director	AC	Chairman

NREC = Nomination, Remuneration and Executive Committee

SIC = Strategy & Investment Committee

AC = Audit Committee

CC = Credit Committee



*Investing in our employees through capacity building
and career development*

EXECUTIVE MANAGEMENT

EXECUTIVE MANAGEMENT



AbdulAziz Mohammed Al Balushi
Group CEO - OMINVEST

AbdulAziz Mohammed Al Balushi is the Group CEO of Oman International Development and Investment Company SAOG (OMINVEST). With over 34 years of professional experience, AbdulAziz has extensive and in-depth knowledge of the global financial services industry.

Since joining OMINVEST in 2014, AbdulAziz together with the Management Team transformed the Company by implementing the new Vision set forth by the Board of Directors, formulating a new organizational culture, structure, and policies. Under the leadership of AbdulAziz, the Management Team successfully accomplished the merger between OMINVEST and ONIC Holding, creating the largest publicly listed investment company in Oman. AbdulAziz and the Management Team were also responsible for several key initiatives at OMINVEST, such as, the IPO of its flagship insurance company National Life; the development of its iconic headquarters OMINVEST Business Centre; the merger of National Finance and Orix Leasing Company; Capital Raising initiatives such as the issuance of perpetual bond for OMINVEST; and the merge of Oman Arab Bank with Alizz Islamic Bank, which led to Oman Arab Bank's listing on the Muscat Securities Market and becoming an SAOG.

Prior to joining OMINVEST, AbdulAziz was the CEO of Ahli Bank SAOG from 2007 to 2013 and was primarily responsible for converting a single-product mortgage bank into a full-fledged commercial bank with assets of over US\$ 3 billion and equity of over US\$ 450 million. In November 2012, AbdulAziz was ranked "Second Best CEO in the Arab Banking World" by Forbes Middle East. In April 2019, he was conferred the "CEO of the Year" Award at the Oman Banking & Finance Awards by Oman Economic Review.

AbdulAziz holds a Master of Science Degree in Finance from the University of Strathclyde (UK) and is a Fellow of Chartered Institute of Bankers (UK). AbdulAziz served at various Boards across the Sultanate and as an Advisory Board Member in the college of Agriculture and Marine Services at Sultan Qaboos University.

Currently, AbdulAziz is the Chairman of Oman Real Estate Investments and Services SAOC; and Deputy Chairman of National Life and General Insurance SAOG, Jabreen International Development Company SAOC, and Salalah Resorts SAOC. He is also a Board member at Oman Arab Bank SAOG and National Finance Company SAOG. Additionally, he is a member of Oman American Business Centre, an organization formed to foster the development of commercial activity between the United States of America and the Sultanate of Oman. He is also a Fellow of the Institute of Financial Services, an organisation supporting professionalism in Financial Services.



Shahid Rasool

Group President -International
Strategic Business

Deputy CEO

Shahid joined OMINVEST Group in 2014. Over the last 24 years, he has held leadership responsibilities at prominent Investment Banks and Investment Firms in the Middle East. He has managed substantially large investment platforms across public equities, private equity, fixed income and alternative investments across regional and international markets.

Before joining OMINVEST, Shahid was Head of Public Securities at QInvest (Qatar's largest investment bank) and managed the bank's proprietary capital and client portfolios focusing on MENA and Global Equities. Earlier, he was Head of Investments Group at First Gulf Bank (now First Abu Dhabi Bank) in Abu Dhabi, where he led a large team and managed multi-asset investment portfolios covering MENA and Global markets.

Shahid is a CFA charter holder and received his MBA from The University of Chicago, Booth School of Business, Illinois, USA.



Sanjay Kawatra

Group President - Regional
Business

COO

Sanjay has 20 plus years of solid experience in providing financial, strategic, growth and operating leadership. He is well connected globally and possesses deep sector knowledge of banking, leasing and insurance.

Sanjay currently serves as Group President – Regional Business and COO of OMINVEST Group. He is responsible for managing OMINVEST Group's regional investments. Earlier, he was a partner in EY MENA and has led EY's assurance practice in Qatar and Oman. He has extensive experience in matters relating to mergers and acquisitions, restructuring, divestments, performance improvement, valuation, IPOs and cross border fund raising transactions.

Sanjay has served as an advisor to several regulatory committees in Oman. He is an active presenter in business forums and contributes articles to business magazines. He is also a Board member of several companies including listed and regulated companies. He holds a Bachelor of Commerce degree and is a Member of the Institute of Chartered Accountants of India.



Anwar Al Jabri

Group President - Investment
Banking & Private Equity

CEO - Jabreen Capital

Anwar Al Jabri is Group President - Investment Banking & Private Equity at OMINVEST; Chief Executive Officer of Jabreen Capital - a subsidiary of OMINVEST; Chairman of Ubhar-Capital - a leading investment Banking firm in Oman; and serves as Deputy Chairman of Ahli Bank. He previously held various senior positions prior to Jabreen Capital including Investment Director at Oman Investment Fund (OIF) CEO of National Pioneer Investment & Development Company. He served within other premier institutions such as the Central Bank of Oman and Oman Refinery.

Anwar has more than 21 years of experience in the Investment and Finance industry where he has held various leadership positions. He holds a Bachelor of Science degree in Accounting, a Master's degree in Business Administration, and is a Certified Public Accountant (CPA).



Nasser Al Shibli

EVP - Real Estate

General Manager - Oman Real Estate Investment Services (ORIS)

Nasser Al Shibli is the General Manager of ORIS – a Subsidiary of OMINVEST Group. He has over 20 years of experience in real estate development and investment as well as project management. He previously worked in a reputable real estate company, Oman Telecommunications Company, and the Ministry of Endowments & Religious Affairs.

Nasser holds a Bachelor's degree in Civil Engineering from Sultan Qaboos University, MBA from the University of Bedfordshire, a Master's degree in Project Management from George Washington University, and has completed a Real Estate Management Program from Harvard Business School.



Neelmani Bhardwaj

EVP - Insurance

Business Executive Officer - Insurance & Fintech

Neelmani has over 27 years of extensive international experience in the Financial Services industry. Prior to that, Neelmani was with the American International Group (AIG) in varied roles and geographies across South Asia, GCC, Africa, Russia, and Europe. He has successfully built a collaborative and effective working environment across culturally diverse teams and geographies.

Neelmani is currently a Director at National Life and General Insurance Company, NSSPL in India, and Inayah TPA LLC in UAE. He is also the Treasurer and Board Director at The American British Academy in Muscat, Oman. He has completed his Master's degree in Business Management from Amity Business School, India and Oxford Fintech Programme from Saïd Business School, University of Oxford.



Badar Al Shanfari

EVP - Int'l Strategic Business

Deputy CEO – EastBridge

Badar Al Shanfari has over 15 years of experience in the field of Investments and Financial Services. Throughout his career Badar has held various leadership positions including the CEO of Uzbek-Oman Investment Company, which is the leading private equity firm based in Tashkent. More recently and in addition to his role at Jabreen Capital, Badar is the Deputy CEO of EastBridge Partners based out of Singapore to lead its South East Asian initiatives. Badar has served and is currently on multiple Boards of various companies, in different sectors and geographies.

Badar earned his Bachelor's degree in Business Administration from Duquesne University and his MBA from Strathclyde University. In addition, Badar is a Certified Public Accountant from the United States of America - state of Delaware.



Hamid Al Harthi

EVP - People, Tech and Culture

Chief Human Resource Officer

Hamid joined OMINVEST in 2009 as a Vice President Internal Audit, reporting to the Audit Committee. He is a Certified Internal Auditor (CIA) – from the Institution of Internal Auditors (IIA), United State of America (USA) and a Certified Internal Quality Auditor (CIQA). He is a member of the Institution of Internal Auditors (IIA), USA, and a member of the Information Systems Audit and Control Association (ISACA), USA. He has over 12 years of professional experience in internal audit in various institutions in Oman including Oman Development Bank; Gulf Investment Services (GIS) as Head of Internal Audit and Group Compliance Officer; and Gulf Baadar Capital Markets as Management representative of GIS. Hamid graduated from Sultan Qaboos University with a Bachelor's degree in Accounting.



Muneer Al Mughairy

EVP - Chief Audit Executive

Muneer has deep executive experience in internal audit, risk management and corporate governance. Muneer is providing strategic direction to the audit department that also covers other subsidiaries within the group. He is the president of the institute of internal Auditors-Oman. He is also a member of the advisory board at the department of accounting at Sultan Qaboos University. Muneer holds a master's degree in Business Administration from Strathclyde University and is a Certified Internal Auditor, a Certified Fraud Examiner and a Certified Information System Auditor.



Sarah Lashkoo

Company Secretary and Head of Legal and Compliance

Sarah joined the Group in June 2014 as the Head of Compliance Affairs. She has over 12 years of experience in Commercial, Economic and Business Law and oversees various legal and compliance aspects relating to OMINVEST Group by advising in complex transactions and regulatory affairs including Board Secretarial and Corporate Governance matters.

Prior to joining OMINVEST, Sarah was part of the team that was handling international treaties and government contracts in the Ministry of Justice and Legal Affairs (previously the Ministry of Legal Affairs). Sarah has a Master of Law degree in International Business and Economic Law from Georgetown University, USA and a Bachelor of Law degree from the University of Reading, UK.



Promoting our core values of integrity, collaboration, excellence, innovation, and good citizenship

**MANAGEMENT
DISCUSSION
AND ANALYSIS**

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

For the Year ended 31 December 2020

Company Overview

Oman International Development and Investment Company SAOG (OMINVEST) is one of the oldest, highly successful and largest investment firms in the region. Founded in 1983, it has been consistently profitable and has an enviable track record of uninterrupted dividend payments to shareholders. OMINVEST has long owned high-quality assets producing healthy cash flows. Listed on the Muscat Securities Market, OMINVEST serves over two thousand shareholders. The company is led by a visionary board and a capable management team – dedicated to enhancing value for all stakeholders.

Business Model

OMINVEST has formed three strategic verticals to work towards achieving the company's vision of becoming an eminent investment group in the MENA region with significant global reach and impact. These verticals comprise (i) Regional Businesses, (ii) International Businesses, and (iii) Investment Banking and Private Equity. The three verticals are led by highly experienced, well reputed, and qualified Group CEO, Group Presidents, and their respective teams.

Our Regional Businesses will continue to focus on Financial Services in the Banking, Leasing, and Insurance Sectors. We see opportunity to optimize existing investments within these sectors and to enhance our overall returns and yields. This will be achieved by driving technological advancements in our Group companies, evaluating market consolidation through mergers and acquisitions as we have done in the past, and providing growth capital to Group companies for business and regional expansion.

As part of our International Businesses vertical, OMINVEST's focus is to diversify its portfolio to international markets to enhance our profitability and to better shield against regional economic downturns and geopolitical risks. We will utilize our circle of competence in the Financial Services sector to seek strategic investments in Banking and Insurance while also looking into high growth sectors such as Technology, Healthcare, Logistics, Food and Consumer. Our focus is on high-growth markets with rising GDP, attractive demographics, and markets with sound governance frameworks. We have also allocated capital to a Global Public Equities Program focusing on generating attractive cash returns by investing in highly liquid international blue-chip companies.

As part of our Investment Banking and Private Equity vertical, our plan is to grow our business in the region. This vertical will be responsible for Group's financial investments with a short-to-medium term investment horizon and generating fee income through services that include Corporate Finance, Brokerage, Asset Management, Research, and other Advisory services.

We see significant potential for collaboration between the three verticals and synergies between Group companies, access to expertise and co-investment opportunities.

Investment Philosophy

We are a long-term value investor seeking to achieve capital preservation and high-risk adjusted investment returns. Our investment philosophy entails making few and focused outstanding investments by maintaining a high level of valuation discipline and to own these investments over a long-term horizon. Our goal is to invest in high-quality durable businesses that can withstand economic downturns. We prefer to diversify our investments across companies, sectors, and geographies. We avoid taking excessive leverage and maintain a high level of liquidity at all times. The companies in which we invest are simply as good as their management, and that is why we invest alongside smart management teams that demonstrate a high level of integrity.

Business Profile

Over the past six years, OMINVEST has successfully implemented its investment philosophy and business model. As a result, OMINVEST has attained remarkable revenue diversification and significantly reduced downside risks to its profitability. In December 2014, Oman Arab Bank accounted for 82% of OMINVEST's revenues, while by December 2020, Oman Arab Bank accounted for just 25% of its revenues, as OMINVEST's new businesses in other banking assets and sectors including insurance, leasing, and real estate have added additional revenue streams.

OMINVEST's track record is demonstrated through its solid growth in assets, steady increase in its share price and a history of uninterrupted dividends to shareholders since inception. Our subsidiaries and associates comprise of companies with leading market shares in their respective sectors. Our job is to support them by carrying out value enhancing initiatives such as growth capital, consolidation through mergers & acquisitions and expansion in international markets.

Key Developments during 2020

During 2020, OMINVEST continued to deliver strong results amid a challenging economic environment. Specifically, we achieved the following milestones:

(i) During the year, OMINVEST's banking subsidiary Oman Arab Bank (OAB) successfully merged with Alizz Islamic Bank (Alizz) and completed its listing on the Muscat Securities Market. Importantly, Alizz was seamlessly integrated into OAB as its Islamic Banking subsidiary, offering a wider array of products and services to its clients and realizing mutual synergies across the platforms. Preceding the merger transaction, OMINVEST also sold a 11.76% stake in OAB to Arab Bank plc at attractive valuation, resulting in OMINVEST's shareholding in OAB declining from 51% (before the merger) to 31.64% in the combined entity (after the merger).

(ii) Our fully owned subsidiary Jabreen Capital sold 6.74% of the Treasury Shares at attractive terms. The transaction enhanced OMINVEST liquidity and contributed positively to improving Group's profitability.

(iii) International General Insurance (IGI), a portfolio company of Jabreen Capital, successfully listed on Nasdaq, resulting in partial liquidation of our stake, and generating decent cash proceeds. The transaction further boosted OMINVEST's cash position and the overall strength of its balance sheet.

(iv) Jabreen Capital also continued to strengthen its education platform through further acquisitions in Oman. Jabreen Capital acquired a 40% stake in an education platform in Oman comprising three schools at attractive terms.

(v) As part of the diversification strategy, OMINVEST initiated a program to invest in Global Public Equities. OMINVEST acquired shares of Global Blue-Chip Companies immediately post the market crash in Q1 2020. As a result, the program generated significant returns as markets recovered strongly driven by global central bank stimulus and growth in technology companies.

(vi) Our subsidiaries continue to innovate their business models and are progressing well on the digital strategy of the Group.

(vii) National Life, our insurance subsidiary, aims to maintain its leadership position in Oman in the medical business and establish itself as one of the top medical insurance companies in the UAE. National Life continues to explore new avenues for growth and profitability either through new markets or through other opportunities such as digital and non-digital business transformation or innovation.

(viii) Our real estate subsidiary, ORIS, after successfully completing its major project – OMINVEST Business Centre (OBC) in 2018 is now exploring other opportunities to develop landmark projects in Oman.

(ix) National Finance, our associate company, continues to lead the finance and leasing segment in Oman with market share of over 40%.

(x) OMINVEST strengthened and optimized its capital structure by negotiating additional banking facilities at attractive terms from leading local and international banks.

During 2020, the initiatives outlined above further strengthened OMINVEST as a highly robust institutional investor, putting in place recurring income streams for the years ahead.

Key Performance Indicators

Our focus remains on delivering superior and sustainable returns to our shareholders over the long term. This can be measured by:

- Stock price performance:

Despite weak market conditions, OMINVEST stock has delivered a total return of 82% since Jan 2014 to Dec 2020, while MSM Index fell by 23%, over the same period.

- Dividend distribution:

Since its inception, OMINVEST has a track record of distributing an uninterrupted stream of dividends to its shareholders. For 2020, OMINVEST proposed to distribute a cash dividend of RO 20m (25 baizas cash per share).

- Key performance indicators:

Average return on Equity exceeded 12%, Debt / Equity remained below 1x and we continued to drive operational efficiencies by maintaining a low cost / income ratio.

Internal Controls

OMINVEST has well-established and robust internal control systems in place which are commensurate with the nature of its businesses, size, scale, and complexity of its operations. The Company's business is conducted within a regulated control framework, underpinned by delegation of authority, policy guidelines and written procedures.

The Board has established a management structure which clearly defines roles, responsibilities and reporting lines. Delegated authorities are documented and communicated. The Board of Directors of OMINVEST plays an active role in policy formulation and in ensuring that a system of Internal Controls provides reasonable assurance of effective operations, internal financial controls, and compliance with the applicable Laws and Regulations. The Audit and Control Committee reviews the adequacy and effectiveness of internal control systems and provides guidance for further strengthening them.

The business performance of the Company is monitored regularly by the management and the Board. Performance trends, actual performance against budgets and prior periods and forecasts are closely monitored. Financial information is prepared using appropriate accounting policies fully in compliance with the IFRS which are adhered to consistently.

Risk Management

OMINVEST has a robust Board-approved Risk Management Framework in place that adheres to industry best practices. Risk Management is embedded in all core business functions and is an integral part of the Business Strategy.

OMINVEST follows a proactive Risk Management approach in remediating internal and external risks. OMINVEST does this by conducting regular risk assessment of its portfolio companies and the operating environment and taking proactive action to address risk issues. For instance, in view of the current tightened liquidity conditions in the market, OMINVEST has been proactive in securing adequate funding arrangements, mostly through long-term credit facilities, to mitigate its funding and interest rate risks, whilst also ensuring that its assets-liabilities maturity profile is well-managed.

Risk issues impacting portfolio companies are proactively managed through close working relationships with the Management teams of the portfolio companies and the prudent oversight of our Board representatives.

Regular risk updates are provided to the Audit and Control Committee and the Board, ensuring robust risk oversight. Further, the Risk Management Framework is periodically reviewed to assess its effectiveness and to align with changes in the operating environment.

Corporate Social Responsibility (CSR) and ESG

OMINVEST has always put special emphasis on its social impact and Corporate Social Responsibility (CSR). Embedded in our corporate culture is a strong belief that business has a key role in creating sustainable and scalable economic, social and environmental value; more so amid very challenging circumstances the world has witnessed in 2020.

In line with the requirements of the CMA issued Code of Corporate Governance for Public Listed Companies, and together with various stakeholders, we made sure to implement the CSR initiatives that were approved by the Board in the CSR Plan for the year, which closely align with OMINVEST's purpose and objectives. Our esteemed Board of Directors also gave approval on a special contribution in response to Covid-19.

OMINVEST contributed RO 500,000 to The Endowment Fund to Support Health Services, to address the challenges caused by the COVID-19 pandemic. Our Subsidiaries and Associate companies also combinedly contributed another RO 1,850,000 towards the same national cause. Accordingly, OMINVEST's share of contribution at the Group Level amounted to RO 1.1 million.

During the year, OMINVEST renewed its commitment to support its CSR partners, considering the significant impact they have been creating year on year. We have also included ESG framework (Environment, Social, and Governance) in our 5 year strategic plan.

Our partner Injaz Oman successfully implemented its signature curriculum "The Company Programme" for 2020. The programme is structured as a business laboratory where students experience the entire lifecycle of a start-up company. In 2020 the programme covered 10 student companies run by 115 students from 9 schools. Just before the outbreak of Covid-19, Injaz Oman managed to hold its annual student companies' exhibition showcasing 67 student companies from 39 educational institutions across the Sultanate and attracted more than 8,200 visitors. Injaz Oman student companies projects also won first places in four award categories at the Injaz Al Arab regional competition for 2020. To encourage the nourishment of an entrepreneurship culture amongst youth in Oman, OMINVEST renewed its sponsorship of Injaz Oman's Company Programme by contributing RO 30,000.

Furthermore, the Direct Support Programme by Zubair Small Enterprises Centre (Zubair SEC) was postponed due to the pandemic. Nevertheless, and as part of our commitment to support small businesses, OMINVEST exclusively supported a new capacity building initiative by Zubair SEC that aims at equipping small and medium enterprises (SMEs) to manage their VAT. The VAT law which will be implemented by April 2021 will apply to a majority of SMEs across sectors. Knowing that many SMEs could be unprepared for the introduction of VAT, Zubair SEC will provide a handholding approach through the "Know Your VAT" program to prepare SMEs in anticipation of the implementation of the new law. OMINVEST contributed RO 14,750 as the exclusive partner for this program.

Our in-house internship program was interrupted for few months during the pandemic, but we managed to resume in the fourth quarter of the year. The program receives young university graduates and provides them with opportunities to gain practical knowledge, build expertise, and have a first-hand-experience of how listed investment companies operate.

OMINVEST has also supported various associations that align with our social impact objectives. Donations included RO 4,840 to Al Noor Association for the Blind in Al Dakhilya; RO 5,000 to the Association of Early Intervention for Children with Disability; RO 5,750 to Oman Association for the Disabled in Muscat; and RO 2,000 to Al Yarmouk Elementary School in Al Suweiq.

In support of the environment, OMINVEST renewed its corporate membership with the Environmental Society of Oman and is in discussions with them for joint initiatives in 2021.

Before proceeding with any initiative or donation, we make sure that our contribution aligns with our CSR criteria and serves the social causes we aim to serve. Our objective is to create long term value for all our stakeholders and align with our purpose statement in everything we do.



*Providing trusted thought leadership
in our areas of expertise*

FINANCIAL STATEMENTS



KPMG LLC
Children's Public Library Building
4th Floor, Shatti Al Qurum
P O Box 641, PC 112
Sultanate of Oman
Tel. +968 24 749600, www.kpmg.com/om

Independent Auditors' Report

To the Shareholders of Oman International Development and Investment Company SAOG

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Oman International Development and Investment Company SAOG (the Parent Company) and its subsidiaries, (together referred to as the Group) set out on pages 13 to 95, which comprise the consolidated and separate statements of financial position as at 31 December 2020, the consolidated and separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and Parent Company as at 31 December 2020, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in the Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matters (continued)

Description	How our audit addressed the key audit matter
<p><i>Disposal of a subsidiary - Oman Arab Bank SAOG (OAB)</i></p> <p>Effective 29 June 2020, the Group's shareholding in OAB reduced from 50.99% to 31.64% which resulted in loss of control for the Group in OAB. Accordingly, the investment in OAB has been derecognised as a subsidiary and recorded as an equity accounted investee on the date of disposal. In accordance with the accounting policy of the Group, the resulting gain on disposal of OAB amounting to RO 11.968 million has been recognised in the profit or loss for the year.</p> <p>We have determined this to be a key audit matter based on the materiality, the complexities involved in accounting for the disposal of a subsidiary and the significant management's judgment in assessing the fair value of retained interest in OAB for initial recognition as equity accounted investee.</p> <p>Refer to the accounting policy note 2.7.1, disclosure for disposal of subsidiary note 4(i) and investment in equity accounted investee note 9 of the consolidated and separate financial statements.</p>	<ul style="list-style-type: none"> ■ Reviewed the sale and purchase agreement, regulatory approvals and other relevant documentation to assess the appropriateness of the date of disposal and loss of control; ■ Verified the consideration received for the disposal of shares from the underlying documents; ■ Reviewed the terms and conditions stipulated in the agreement for transfer of control and impact on the classification of the investment as an associate of the Group and to assess the appropriateness of the gain recorded on disposal of the subsidiary; ■ Assessed management's conclusion that the retained interest in OAB enables the Group to have significant influence over OAB and performed relevant procedures to determine the appropriateness of the fair value determined by the management for initial recognition of the retained interest; and ■ Assessed the adequacy of disclosures in the consolidated and separate financial statements.



Key Audit Matters (continued)

Description	How our audit addressed the key audit matter
<p>Valuation of insurance contract liabilities</p> <p>Valuation of these liabilities involves significant judgement, and requires a number of assumptions to be made that have high estimation uncertainty. This is particularly the case for those liabilities that are recognised in respect of claims that have occurred, but have not yet been reported (“IBNR”) to the Group. IBNR is calculated by an independent qualified external actuary for the Group.</p> <p>Small changes in the assumptions used to value the liabilities, particularly those relating to the amount and timing of future claims, can lead to a material impact on the valuation of these liabilities and a corresponding effect on consolidated and separate profit or loss. The key assumptions that drive the reserve calculations include loss ratios, estimates of the frequency and severity of claims and, where appropriate, the discount rates for longer tail classes of business.</p> <p>The valuation of these liabilities depends on accurate data about the volume, amount and pattern of current and historical claims since they are often used to form expectations about future claims. If the data used in calculating insurance liabilities, or for forming judgements over key assumptions, is not complete and accurate then material impacts on the valuation of these liabilities may arise.</p> <p>Refer to note 3.7, 3.8 and 23 to the separate and consolidated financial statements.</p>	<ul style="list-style-type: none"> ▪ Evaluated and tested key controls around the claims handling and case reserve setting processes of the Group. Examining evidence of the operation of controls over the valuation of individual reserve for outstanding claims and consider if the amount recorded in the consolidated financial statements is valued appropriately; ▪ Obtained an understanding of and assessing the methodology and key assumptions applied by the management. Independently re-projecting the liabilities balance for certain classes of business; ▪ Assessed the experience and competence of the Group’s actuary and degree of challenge applied through the reserving process; ▪ Checked sample of reserves for outstanding claims through comparing the estimated amount of the reserves for outstanding claims to appropriate documentation, such as reports from loss adjusters; and ▪ Assessed the adequacy of Group’s disclosure in relation to these liabilities including claims development table in the financial statements.



Key Audit Matters (continued)

Description	How our audit addressed the key audit matter
<p><i>Impairment of investment in equity accounted investees</i></p> <p>The carrying value of the Group's equity accounted investees (associates) amounted to RO 323 million (RO 142 million of the Parent Company), representing 45% of the Group's total assets (23% of the Parent Company's total assets) as at 31 December 2020. The Group has recorded an impairment provision of RO 4.3 million against these balances during the year.</p> <p>Management has assessed the existence of any impairment indicators against each of these investments. If there are indicators of impairment, the management has performed an exercise to determine the estimated recoverable amount and recorded an impairment allowance when such recoverable amount is lower than the carrying value of the investment. The impairment allowance has been recognised in profit and loss.</p> <p>The assessment of indicators of impairment and where such indicators exist, the determination of the recoverable amounts (higher of value in use and fair value less cost to sell) of the investment requires significant judgement. In particular, the determination of value in use requires the management to estimate forecasted revenues, growth rates, profit margins and discount rates for each of the relevant investment. Given the complexity and significant judgement, we have considered this to be a key audit matter.</p> <p>Refer to the accounting policy note 2.7.9, disclosures relating to the balances and impairment of associates note 9 of the consolidated and separate financial statements.</p>	<ul style="list-style-type: none"> ▪ Enquired and evaluated management's assessment of impairment indicators for each of the equity accounted investee by reference to the available information in the relevant markets and industries; ▪ Where such indicators of impairment existed, obtained and reviewed the impairment assessment performed by the Management to determine the recoverable amount. In addition, we reviewed the investee's historical performances and held discussions with management to understand their assessment of the future performance of the investee; ▪ We challenged management's forecasted revenues, growth rates, profit margins and discount rates based on our knowledge of the investee's operations and compared them against historical forecasts and performance; and ▪ We assessed the adequacy of the disclosures in the consolidated and separate financial statements.

Other Matter

The consolidated and separate financial statements of the Group and Parent Company as at and for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified audit opinion on those consolidated and separate financial statements on 12 March 2020.



Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon:

- Directors' report;
- Management Discussion and Analysis Report; and
- Corporate Governance Report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS and their preparation in compliance with the relevant disclosure requirements of the Capital Market Authority and the applicable provisions of the Commercial Companies Law of 2019, and for such internal control as management determines is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Parent Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Group's and the Parent Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements (continued)

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Further, we report that the financial statements of the Parent Company as at and for the year ended 31 December 2020, comply, in all material respects, with the:

- relevant disclosure requirements of the Capital Market Authority; and
- applicable provisions of the Commercial Companies Law of 2019.

15 March 2021




STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Notes	Group		Parent Company	
		2020 (RO'000)	2019 (RO'000)	2020 (RO'000)	2019 (RO'000)
Assets					
Balances with banks and money at call	5	40,874	191,505	24,125	4,549
Deposits with banks	6	85,885	80,916	44,289	-
Premium and reinsurance balance receivable	7	43,156	62,642	-	-
Re-insurance share in insurance funds	23	16,175	19,565	-	-
Investment securities	8	142,903	242,197	5,328	3,215
Investments in associates	9	323,368	239,635	142,250	38,937
Investments in subsidiaries	10	-	-	299,391	432,664
Loans and advances to customers	4(i)	-	2,006,330	-	-
Due from subsidiaries	11	-	-	112,173	115,876
Other assets	12	14,400	67,274	1,140	300
Investment properties	13	11,139	10,776	2,100	2,100
Property and equipment	14	12,579	50,904	969	1,102
Intangible assets	15	21,795	18,377	-	-
Total assets		712,274	2,990,121	631,765	598,743
Equity and liabilities					
Equity					
Share capital	16	80,777	80,777	80,777	80,777
Share premium	19	43,838	43,838	43,838	43,838
Treasury shares	18	(58,580)	(81,464)	-	-
Legal reserve	19	19,859	38,871	19,859	38,871
General reserve	4(i)	-	13,033	-	13,033
Other non-distributable reserves	20	5,641	41,350	5,641	19,618
Cumulative changes in fair value reserve		(13,155)	(8,384)	(23,004)	(21,891)
Retained earnings		136,953	64,268	135,185	84,461
Equity attributable to equity holders of the Parent Company		215,333	192,289	262,296	258,707
Perpetual bonds	17	52,098	116,762	60,638	60,638
		267,431	309,051	322,934	319,345
Non-controlling interests	21	21,268	162,522	-	-
Total equity		288,699	471,573	322,934	319,345
Liabilities					
Due to banks	22	302,470	307,994	302,470	274,529
Deposits from customers	4(i)	-	1,978,832	-	-
Insurance funds	23	74,713	80,108	-	-
Subordinated debt	4(i)	-	20,000	-	-
Other liabilities	24	43,555	122,467	5,722	4,730
Taxation	25	2,837	9,147	639	139
Total liabilities		423,575	2,518,548	308,831	279,398
Total equity and liabilities		712,274	2,990,121	631,765	598,743
Net assets per share (RO)	26	0.322	0.313	0.325	0.320

The financial statements were authorised for issue by the Board of Directors on 24 February 2021 and signed by:


Khalid Muhammad AlZubair
Chairman


Sheikh Khalid Abdullah Al Khalili
Deputy Chairman


Shahid Rasool
Group President -International
Strategic Business/ Deputy CEO

The attached notes 1 to 46 form part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Group		Parent Company	
		2020 (RO'000)	2019 (RO'000)	2020 (RO'000)	2019 (RO'000)
Gross premium earned	27	140,890	143,159	-	-
Interest income	28	63,834	116,583	6,996	5,439
Investment income – net	29	17,866	3,858	7,965	(37)
Fee and commission income	30	9,518	20,052	-	-
Other operating income	31	7,350	6,985	451	192
Share of results of subsidiaries	10	-	-	40,387	45,239
Share of results of associates	9	22,080	25,699	3,956	3,389
Total revenues		261,538	316,336	59,755	54,222
Premium ceded to re-insurers	27	(27,088)	(37,173)	-	-
Net claims	23	(80,077)	(79,922)	-	-
Fee and commission expenses	30	(10,876)	(11,870)	-	-
Interest expense	32	(36,526)	(53,647)	(14,851)	(12,258)
Operating expenses	33	(48,697)	(69,715)	(5,859)	(5,640)
COVID-19 contribution	33	(1,175)	-	(500)	-
Allowance for loan impairment of a subsidiary (net)	4(i)	(9,237)	(5,527)	-	-
Total expenses		(213,676)	(257,854)	(21,210)	(17,898)
Profit before tax		47,862	58,482	38,545	36,324
Income tax expense	25	(5,463)	(8,358)	(500)	(410)
Profit for the year		42,399	50,124	38,045	35,914
Profit for the year attributable to:					
Equity holders of the Parent Company		33,700	32,121	38,045	35,914
Non-controlling interests	21	8,699	18,003	-	-
		42,399	50,124	38,045	35,914
Basic earnings per share attributable to the equity holders of the Parent Company (RO)	35	0.044	0.041	0.040	0.035
Other comprehensive (loss) / income:					
<i>Items that are or may be reclassified subsequently to profit or loss:</i>					
Cash flow hedges – effective portion of change in fair value	20	(475)	-	(475)	-
Changes in fair value of debt instruments at fair value through other comprehensive income		350	-	257	-
Equity accounted investee – share of OCI		(685)	-	(685)	-
Exchange differences on translation of foreign operations	20	(1)	(15)	(1)	(15)
<i>Items that will not be reclassified to profit or loss:</i>					
Changes in fair value of equity instruments at fair value through other comprehensive income and share of OCI from equity accounted investee– net of tax		(5,915)	(481)	(4,436)	(2,076)
Other comprehensive loss for the year		(6,726)	(496)	(5,340)	(2,091)
Total comprehensive income for the year		35,673	49,628	32,705	33,823
Total comprehensive income for the year attributable to:					
Equity holders of the Parent Company		27,210	31,476	32,705	33,823
Non-controlling interests	21	8,463	18,152	-	-
		35,673	49,628	32,705	33,823

The attached notes 1 to 46 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF PARENT COMPANY

Group	Share capital RO'000	Share premium RO'000	Treasury shares RO'000	Legal reserve RO'000	General reserve RO'000	Other Non-distributable RO'000	Cum. changes in fair value reserve RO'000	Retained earnings RO'000	Attributable to equity holders RO'000	Perpetual bonds RO'000	Sub-total RO'000	Non-controlling interest RO'000	Total RO'000
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 year	-	-	-	-	-	-	-	32,121	32,121	-	32,121	18,003	50,124
Other comprehensive expense for the year	-	-	-	-	-	(15)	(630)	-	(645)	-	(645)	149	(496)
Total comprehensive income for the year	-	-	-	-	-	(15)	(630)	32,121	31,476	-	31,476	18,152	49,628
Business combination	-	-	-	-	-	-	-	-	-	-	-	1,171	1,171
Purchase of perpetual bond by a subsidiary	-	-	-	-	-	-	-	-	-	(12,879)	(12,879)	-	(12,879)
Profit/(loss) on sale of FVOCI investments	-	-	-	-	-	-	-	(142)	(142)	-	(142)	(174)	(316)
Stock dividend issued during the year (note 44)	3,846	(3,846)	-	-	-	-	-	-	-	-	-	-	-
Dividend paid relating to 2018 (note 44)	-	-	-	-	-	-	(15,386)	(15,386)	(15,386)	-	(15,386)	(8,409)	(23,795)
Adjustment of dividend paid on treasury shares (note 18)	-	-	-	-	-	-	-	3,693	3,693	-	3,693	-	3,693
Transfer to / from retained earnings	-	-	-	4,448	-	8,042	637	(13,127)	(7,250)	-	(7,250)	-	-
Interest paid on Perpetual interest cost	-	-	-	-	-	-	-	(7,250)	(7,250)	-	(7,250)	(2,713)	(9,963)
At 31 December 2019	80,777	43,838	(81,464)	38,871	13,033	41,350	(8,384)	64,268	192,289	116,762	309,051	162,522	471,573
At 1 January 2020	80,777	43,838	(81,464)	38,871	13,033	41,350	(8,384)	64,268	192,289	116,762	309,051	162,522	471,573
Profit for the year	-	-	-	-	-	-	-	33,700	33,700	-	33,700	8,699	42,399
Other comprehensive expense for the year	-	-	-	-	-	(476)	(6,014)	-	(6,490)	-	(6,490)	(236)	(6,726)
Total comprehensive income for the year	-	-	-	-	-	(476)	(6,014)	33,700	27,210	-	27,210	8,463	35,673
Perpetual bonds sold by a subsidiary (note 17)	-	-	-	-	-	-	-	-	-	6,639	6,639	-	6,639
Dividend paid relating to 2019 (note 44)	-	-	-	-	-	-	(20,194)	(20,194)	(20,194)	-	(20,194)	(8,819)	(29,013)
Adjustment of dividend paid on treasury shares (note 18)	-	-	-	-	-	-	-	3,485	3,485	-	3,485	-	3,485
Interest paid on perpetual bonds	-	-	-	-	-	-	-	(4,932)	(4,932)	-	(4,932)	(1,294)	(6,226)
Transfer to / from retained earnings	-	-	-	3,805	-	1,311	-	(5,116)	-	-	-	-	-
Realised gain on FVOCI investments	-	-	-	-	-	-	105	(105)	-	-	-	-	-
Disposal of subsidiary [note 4(ii)]	-	-	-	(22,817)	(13,033)	(36,544)	1,138	71,256	-	(71,303)	(71,303)	(141,473)	(212,776)
Share of equity accounted investee for interest on perpetual bond (note 9)	-	-	-	-	-	-	-	(2,852)	(2,852)	-	(2,852)	-	(2,852)
Sale of Treasury shares (note 18)	-	-	22,884	-	-	-	-	(2,557)	20,327	-	20,327	-	20,327
Business combination [note 4(ii)]	-	-	-	-	-	-	-	-	-	-	-	1,869	1,869
At 31 December 2020	80,777	43,838	(58,580)	19,859	-	5,641	(13,155)	136,953	215,333	52,098	267,431	21,268	288,699

The attached notes 1 to 46 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Parent Company	Share capital RO'000	Share premium RO'000	Legal reserve RO'000	General reserve RO'000	Other Non- distributable RO'000	Cum. change in fair value reserve RO'000	Retained earnings RO'000	Sub-total RO'000	Perpetual bonds RO'000	Total RO'000
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 year	-	-	-	-	-	-	35,914	35,914	-	35,914
Other comprehensive expense for the year	-	-	-	-	(15)	(2,076)	-	(2,091)	-	(2,091)
Total comprehensive income for the year	-	-	-	-	(15)	(2,076)	35,914	33,823	-	33,823
Interest on Perpetual bonds	-	-	-	-	-	-	(7,522)	(7,522)	-	(7,522)
Dividend paid relating to 2018 (note 44)	-	-	-	-	-	-	(15,386)	(15,386)	-	(15,386)
Stock dividend issued during the year	3,846	(3,846)	-	-	-	-	-	-	-	-
Transfer to / from retained earnings	-	-	4,448	-	8,042	637	(13,127)	-	-	-
Movements related to equity accounted investees, fair value through other comprehensive income and others	-	-	-	-	-	-	(181)	(181)	-	(181)
At 31 December 2019	80,777	43,838	38,871	13,033	19,618	(21,891)	84,461	258,707	60,638	319,345
At 1 January 2020	80,777	43,838	38,871	13,033	19,618	(21,891)	84,461	258,707	60,638	319,345
Profit for the year	-	-	-	-	-	-	38,045	38,045	-	38,045
Other comprehensive loss for the year	-	-	-	-	(476)	(4,864)	-	(5,340)	-	(5,340)
Total comprehensive income for the year	-	-	-	-	(476)	(4,864)	38,045	32,705	-	32,705
Interest paid on Perpetual bonds	-	-	-	-	-	-	(6,070)	(6,070)	-	(6,070)
Dividend paid relating to 2019 (note 44)	-	-	-	-	-	-	(20,194)	(20,194)	-	(20,194)
Transfer to / from retained earnings	-	-	3,805	-	1,311	-	(5,116)	-	-	-
Disposal of a subsidiary (note 4(i))	-	-	(22,817)	(13,033)	(14,812)	1,091	49,571	-	-	-
Realised gain on FVOCI investment	-	-	-	-	-	2,660	(2,660)	-	-	-
Share of equity accounted investee for interest on perpetual bond (note 9)	-	-	-	-	-	-	(2,852)	(2,852)	-	(2,852)
At 31 December 2020	80,777	43,838	19,859	-	5,641	(23,004)	135,185	262,296	60,638	322,934

The attached notes 1 to 46 form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Group		Parent Company	
		2020 (RO'000)	2019 (RO'000)	2020 (RO'000)	2019 (RO'000)
Operating activities					
Profit before tax		47,862	58,482	38,545	36,324
<i>Adjustments for:</i>					
Depreciation on property and equipment	14	4,625	7,004	147	150
Amortisation of intangible assets	15	871	969	694	694
Share of results of associates	9	(22,080)	(25,699)	(3,956)	(3,389)
Share of results of subsidiaries	10	-	-	(40,387)	(45,239)
Allowance for impairment, net of recoveries on loans and advances	4(i)	9,237	5,527	-	-
Loss / (gain) on sale of assets and investment property		65	(289)	-	33
Gain on deemed disposal of associate	4(iii) and 29	(5,228)	(291)	-	-
Provisions for impairment of equity accounted investments	9 and 29	4,289	-	4,289	-
Gain on disposal of a subsidiary	4(i) and 29	(11,968)	-	(11,968)	-
Change in the fair value of financial assets at fair value through profit or loss	29	(421)	342	(66)	25
(Profit) / loss on sale of investments	29	-	(697)	-	-
Income from amortised cost investments	24 and 29	(5,543)	(6,861)	-	-
Operating profit / (loss) before working capital changes		21,709	38,487	(12,702)	(11,402)
Changes in operating assets and liabilities					
Investment securities		(51,834)	(72,803)	(2,262)	(969)
Loans and advances to customers		(26,799)	(185,040)	-	-
Due from subsidiaries		-	-	5,788	(29,716)
Other assets		(6,054)	(6,775)	(840)	520
Deposits from customers		29,472	116,064	-	-
Premiums and insurance balances receivables		19,486	(19,520)	-	-
Re-insurance share in insurance funds		3,390	8,564	-	-
Insurance funds		(5,395)	2,097	-	-
Other liabilities		(14,048)	21,782	519	497
Cash used in operations		(30,073)	(97,144)	(9,497)	(41,070)
Tax paid		(7,305)	(8,261)	-	(279)
Net cash used in operating activities		(37,378)	(105,405)	(9,497)	(41,349)
Investing activities					
Investment made in associates	9	(1,182)	(9,954)	-	-
Movement in bank deposits		(11,982)	251	-	-
Net cashflow on disposal of a subsidiary	4(i)	(109,184)	-	45,928	-
Proceeds on deemed disposal of associate	4(iii)	2,408	-	-	-
Proceeds from disposal of treasury shares	18	20,327	-	-	-
Dividend received from associates	9	14,190	14,182	2,037	1,434
Dividend received from subsidiaries	10	-	-	22,376	14,443
Capital expenditure on investment property		(444)	(201)	-	-
Proceeds from disposal of an assets and investment property		-	8,289	-	-
Net cash acquired on acquisition of a subsidiary	4(iii)	2,228	(2,883)	-	-
Additions to property and equipment	14	(5,525)	(9,039)	(14)	(18)
Proceeds from sale of property and equipment		37	(8)	-	11
Net cash (used in) / generated from investing activities		(89,127)	639	70,327	15,870
Financing activities					
Bank borrowings (net)		25,941	55,751	27,941	47,751
Non-controlling interests		-	1,171	-	-
Disposal of perpetual bonds by a subsidiary		6,639	-	-	-
Payment related to perpetual bonds through equity		(6,226)	(9,963)	(4,712)	(4,700)
Dividends paid		(25,528)	(20,102)	(20,194)	(15,386)
Net cash generated from financing activities		826	26,857	3,035	27,665
Net change in cash and cash equivalents		(125,679)	(77,909)	63,865	2,186
Cash and cash equivalents at the beginning of the year		210,842	288,751	4,549	2,363
Cash and cash equivalents at the end of the year	5	85,163	210,842	68,414	4,549

The attached notes 1 to 46 form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 principally engaged in investment related activities. The Parent Company was incorporated on 11 September 1983. The Parent Company's shares are listed on the Muscat Securities Market. The principal activities of the Parent Company is primarily engaging in investment related activities.

The Parent Company and its subsidiaries (together referred as Group) has investments in associates and subsidiaries as disclosed in notes 9 and 10 respectively.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by International Accounting Standards Board (IASB), the requirements of the Commercial Companies Law of 2019 and the disclosure requirements of the Capital Market Authority of the Sultanate of Oman.

These consolidated and separate financial statements for the year ended 31 December 2020 comprises the Parent Company and its subsidiaries (together referred to as the Group) and the Group's interest in associates. The consolidated and separate financial statements are collectively referred to as "the financial statements".

The Group presents its statement of financial position in descending order of liquidity, as this presentation is more appropriate to the Group's operations.

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention except for derivative financial instruments, investment properties, financial instruments at fair value through profit or loss (FVTPL) and financial instruments at fair value through other comprehensive income (FVOCI) which have been measured at fair value.

2.3 Functional and presentation currency

The financial statements are presented in Omani Rials ("RO"), which is the Group's functional and presentation currency, rounded to the nearest thousand unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these financial statements are disclosed in note 3.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 3.

2.5 New and amended standards and interpretations to IFRS relevant to the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards:

- Definition of Material – Amendments to IAS 1 and IAS 8;
- Definition of a Business – Amendments to IFRS 3;
- Interest Rate Benchmark Reform – Amendments to IFRS 7, IFRS 9 and IAS 39; and
- Amendments to references to conceptual framework in IFRS standards.

2. BASIS OF PREPARATION (CONTINUED)

2.6 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early applied the following new or amended standards in preparing these financial statements.

For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Group in future financial periods, the Group is assessing the transition options and the potential impact on its financial statements, and to implement these standards. The Group does not plan to adopt these standards early.

(i) IFRS 17 Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 'Insurance Contracts' as of 1 January 2023.

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided that the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. Retrospective application is required. However, if full retrospective application for a group of insurance contracts is not practical, then the entity is required to choose either a modified retrospective approach or a fair value approach.

Management anticipates that IFRS 17 will be adopted in the Group's financial statements for the annual period beginning 1 January 2023. The application of IFRS 17 may have a significant impact on amounts reported and disclosures made in the Group's financial statements in respect of its insurance contracts. However, it is not practical to provide a reasonable estimate of the effects of the application of this standard until the Group performs a detailed review.

(ii) Other standards

The following amended standards and interpretations are not expected to have a significant impact on the financial statements:

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- COVID-19-Related Rent Concessions (Amendment to IFRS 16)
- IFRS 17 Insurance Contracts;
- Reference to Conceptual Framework (Amendments to IFRS 3)
- Classification of Liabilities as Current or Non-current – Amendments to IAS 1; and
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.

2.7 Summary of Significant Accounting Policies

2.7.1 Basis of consolidation

The financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 31 December 2020. The control is achieved, when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group.

- has power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee that significantly affect their returns);
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect the investee's returns

2. BASIS OF PREPARATION (CONTINUED)

2.7 Summary of Significant Accounting Policies (continued)

2.7.1 Basis of consolidation (continued)

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. The consolidation of subsidiaries begins when the Group obtains control over the subsidiaries and ceases when the Group loses control of the subsidiaries. Assets, liabilities, income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiaries.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of subsidiaries, without a loss of control, is accounted for as an equity transaction. If the Group loses control over subsidiaries, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiaries
- derecognises the carrying amount of any non-controlling interests
- derecognises the cumulative translation differences recorded in equity
- recognises the fair value of the consideration received
- recognises the fair value of any investment retained
- recognises any surplus or deficit in profit or loss
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

In the Parent Company's separate financial statements, the investment in the subsidiaries are accounted for using equity method of accounting.

Non-controlling interests (NCI)

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

The changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

2. BASIS OF PREPARATION (CONTINUED)

2.7 Summary of Significant Accounting Policies (continued)

2.7.1 Basis of consolidation (continued)

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

Transaction eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The considerations made in determining significant influence or joint control is similar to those necessary to determine control over subsidiaries. The Group's investments in its associates are accounted for using the equity method.

Under the equity method, the investment in associates is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The statement profit or loss reflects the Group's / Parent's share of the results of operations of the associates. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Dividend received or receivable from associates are recognised as a reduction in the carrying amount of the associate.

The aggregate of the Group's share of profit or loss of associates is shown on the face of the consolidated statement of profit or loss. When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The financial statements of associates are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the impairment loss in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Parent Company's separate financial statements, the investment in the associates are accounted for using equity method.

2. BASIS OF PREPARATION (CONTINUED)

2.7 Summary of Significant Accounting Policies (continued)

2.7.2 Financial instruments

Initial recognition

Recognition and initial measurement

Financial assets

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group and the Parent Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

On initial recognition, a financial asset is classified as measured at amortized cost; fair value through other comprehensive income – debt instruments; fair value through other comprehensive income – equity instruments; or fair value through profit or loss.

Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Equity instruments which are not held for trading or issued as contingent consideration in business combination, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value through other comprehensive income rather than profit or loss. This election is made on an investment-by-investment basis.

Debt instruments where the contractual cash flows are solely principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets.

Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortized cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. Financial assets, at initial recognition, may be designated at fair value through profit or loss, if the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognizing gains or losses on them on a different basis.

Financial assets - Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

2. BASIS OF PREPARATION (CONTINUED)

2.7 Summary of Significant Accounting Policies (continued)

2.7.2 Financial instruments (continued)

Initial recognition (continued)

Recognition and initial measurement (continued)

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest ('SPPI')

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension terms; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and

Contractual terms that introduce a more than the minimum exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or fair value through profit or loss. A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities, at initial recognition, may be designated at fair value through profit or loss if the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognizing gains or losses on them on a different basis;
- The liabilities are part of a group of financial liabilities which are managed, and their performance evaluated on fair value basis, in accordance with a documented risk management strategy; or
- The financial liability contains an embedded derivative that would otherwise need to be separately recorded.

Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognized in the consolidated statement of profit or loss.

Subsequent measurement and gain or losses

Financial assets

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Any gain or loss on recognition is recognized in statement of profit or loss.

2. BASIS OF PREPARATION (CONTINUED)

2.7 Summary of Significant Accounting Policies (continued)

2.7.2 Financial instruments (continued)

Subsequent measurement and gain or losses (continued)

Financial assets at fair value through other comprehensive income

a) Debt instruments

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in the statement of other comprehensive income. On recognition, gains and losses accumulated in the statement of other comprehensive income are reclassified to the statement of profit or loss.

b) Equity instruments

These assets are subsequently measured at fair value. Dividends are recognized as income in statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in the statement of other comprehensive income and are never reclassified to the statement of profit or loss.

Financial assets at fair value through profit or loss

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in the statement of profit or loss.

Financial liabilities

Financial liabilities are subsequently measured at amortized cost using the effective interest method, if applicable. The effective interest method is the method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on recognition is also recognized in the statement of profit or loss.

Reclassification

Financial assets

The Group only reclassify financial assets if, and only if, the objective of the business model for managing those financial assets is changed. Such changes are expected to be very infrequent as these changes must be significant to the Group's operations and demonstrable to external parties.

The Group determines that its business model has changed in a way that is significant to its operations, than it reclassifies all affected assets prospectively from the first day of the next reporting period (the reclassification date). Prior periods are not restated.

Financial liabilities

The Group determines the classification of financial liabilities on initial recognition. Subsequent reclassification is not allowed.

Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Group and the Parent Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in recognition of the financial asset. In this case, the Group and the Parent Company recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of profit or loss.

2. BASIS OF PREPARATION (CONTINUED)

2.7 Summary of Significant Accounting Policies (continued)

2.7.2 Financial instruments (continued)

Financial liabilities

If the terms of a financial liability are modified and the cash flows of the modified liability are substantially different then, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in the statement of profit or loss.

Derecognition

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Group retains the right to receive cash flows from the asset, but assumes an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been derecognized in the statement of other comprehensive income is recognized in the statement of profit or loss.

Any cumulative gain / loss recognized in the statement of other comprehensive income in respect of equity instrument designated as fair value through other comprehensive is not recognized in the statement of profit or loss on derecognition of such instrument.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group’s continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

The continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

2. BASIS OF PREPARATION (CONTINUED)

2.7 Summary of Significant Accounting Policies (continued)

2.7.2 Financial instruments (continued)

Impairment of financial assets

IFRS 9 introduced forward-looking 'expected credit loss' ('ECL') model. This requires considerable judgement about how changes in economic factors affect expected credit losses, which will be determined on a probability-weighted basis.

The Group recognizes loss allowances for ECLs on financial assets measured at amortized cost.

Measurement of loss allowances

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

For stage 3 financial instruments, the provisions for credit-impairment are determined based on the difference between the net carrying amount and the recoverable amount of the financial asset. The recoverable amount is measured as the present value of expected future cash flows, including amounts recoverable from guarantees and collateral, discounted based on the interest rate at the inception of the credit facility or, for debt instruments, at the current market rate of interest for a similar financial asset.

Provisions for credit-impairment on loan and advances of a banking subsidiary are recognised in the statement of profit or loss and are reflected in an allowance account against loans and advances.

The Group classifies its financial instruments into stage 1, stage 2 and stage 3, based on the applied impairment methodology, as described below:

- Stage 1: for financial instruments where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired on origination, the Group recognises an allowance based on the 12-month ECL.
- Stage 2: for financial instruments where there has been a significant increase in credit risk since initial recognition but they are not credit-impaired, the Group recognises an allowance for the lifetime ECL.
- Stage 3: for credit-impaired financial instruments, the Group recognises the lifetime ECL.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since the initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

The term 'significant increase in credit risk' is not defined in IFRS 9. An entity decides how to define it in the context of its specific types of instruments. An entity assesses at each reporting date whether the credit risk on a financial instrument has increased significantly since initial recognition. To make the assessment, an entity considers changes in the risk of default instead of changes in the amount of expected credit losses.

An entity assesses whether there has been a significant increase in credit risk at each reporting date. The impairment model in IFRS 9 is symmetrical, and assets can move into and out of the lifetime expected credit losses category. To be 'significant', a larger absolute increase in the risk of default is required for an asset with a higher risk of default on initial recognition than for an asset with a lower risk of default on initial recognition.

2. BASIS OF PREPARATION (CONTINUED)

2.7 Summary of Significant Accounting Policies (continued)

2.7.2 Financial instruments (continued)

Impairment of financial assets (continued)

Measurement of loss allowances (continued)

The Group assumes that the credit risk on a financial asset has significantly increased since initial recognition and while estimating expected credit loss, when there is objective evidence or indicator for the financial assets. Examples of such indicators include:

- Significant financial difficulty of the borrower or issuer;
- Delinquency by borrower;
- Restructuring of an amount due to the terms that the Group would not consider otherwise, indications that a borrower or issuer will enter bankruptcy;
- The disappearance of an active market for a security (if any); or
- If it past due for more than 30 days.

IFRS 9 does not define the term 'default', but instead requires each entity to do so. The definition has to be consistent with that used for internal credit risk management purposes for the relevant financial instrument and has to consider qualitative indicators – e.g. breaches of covenants – when appropriate.

The Group considers a financial asset to be in default when the counter party is unlikely to pay its credit obligations to the Group in full (based on indicator above), without recourse by the Group to actions such as realizing security (if any is held); or the financial asset is more than 90 days past due.

Lifetime expected credit losses

These losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument, if there is significant increase in credit risk or under simplified approach.

These losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk. An asset is credit-impaired if one or more events have actually occurred and have a detrimental impact on the estimated future cash flows of the asset.

Expected credit losses are a probability-weighted estimate of credit losses.

Financial assets that are not credit-impaired at the reporting date

Measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

Financial assets that are credit-impaired at the reporting date

Measured as the difference between the gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognized in statement of profit or loss as an impairment gain or loss.

Presentation of expected credit losses

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets and is charged to the statement of profit or loss.

Write – off

The gross carrying amount of a financial asset is written-off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

2. BASIS OF PREPARATION (CONTINUED)

2.7 Summary of Significant Accounting Policies (continued)

2.7.3 Fair value measurement principles

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on a number of accounting policies and methods. Where applicable, information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Parent Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Group and the Parent Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group also compares changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.7.4 Perpetual bonds

Perpetual Tier 1 Capital Securities of the Group are recognised under equity and the corresponding distribution on those instruments are accounted as a debit to retained earnings. The Tier 1 securities constitute direct, unconditional, subordinated and unsecured obligations of the Group and are classified as equity in accordance with IAS 32: Financial Instruments. The Tier 1 securities do not have a fixed redemption or final maturity date and is redeemable by the Group at its sole discretion on the first call date or thereafter on any interest payment date.

2. BASIS OF PREPARATION (CONTINUED)

2.7 Summary of Significant Accounting Policies (continued)

2.7.5 Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using Rial Omani which is the currency of the primary economic environment in which the Group operates (the functional currency). These financial statements are presented in Rial Omani, which is the Group's and the Parent's functional and presentation currency.

Transactions and balances

a) Transactions in foreign currencies are translated into Rial Omani at exchange rates ruling at the value dates of the transactions.

b) Monetary assets and liabilities denominated in foreign currencies are translated into Rial Omani at exchange rates ruling at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised costs in the Rial Omani at the beginning of the period, adjusted for effective interest and payments during the period and the amortised costs in foreign currency translated at the exchange rate at the end of the period. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

c) Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to Rial Omani at the exchange rate at the date that the fair value was determined. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the statement of profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as financial assets at fair value through other comprehensive income, are included in other comprehensive income.

d) The assets and liabilities of foreign operations are translated into Rial Omani at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation are recognised in other comprehensive income. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operations and translated at closing rate.

2.7.6 Investment properties

Investment properties comprises land and buildings that is held to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when the definition of an investment property is met. Investment property is measured initially at cost including transaction costs. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. If the entity determines that the fair value of an investment property under construction is not reliably measurable but expects the fair value of the property to be reliably measurable when construction is complete, then the entity measures that investment property under construction at cost until either its fair value becomes reliably measurable or construction is completed (whichever is earlier). Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the statement of profit or loss in the year in which they arise.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognised in the statement of profit or loss in the year of retirement or disposal. Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset. Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the entity accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2. BASIS OF PREPARATION (CONTINUED)

2.7 Summary of Significant Accounting Policies (continued)

2.7.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost, less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Freehold building	- 25 - 40 years
Leasehold buildings	- lower of 25 years and un-expired lease period
Furniture, fixtures and equipment	- up to 10 years
Equipment and Motor vehicles	- up to 5 years
Plant and machinery	- up to 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statements of profit or loss.

Projects work-in-progress

Projects work-in-progress is recognised at cost and not depreciated. The carrying values of projects work-in-progress are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

2.7.8 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Amortisation is recognised on a straight-line basis over their estimated useful lives as follows:

Hospital network	15 years
License	6 years
Others	10 years

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

2. BASIS OF PREPARATION (CONTINUED)

2.7 Summary of Significant Accounting Policies (continued)

2.7.8 Intangible assets (continued)

Intangible assets acquired in a business combination (continued)

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

2.7.9 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.7.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities up to three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in the statement of financial position.

2.7.11 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is determined on the weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Provision is made where necessary for slow-moving stock, damaged or obsolete items.

2. BASIS OF PREPARATION (CONTINUED)

2.7 Summary of Significant Accounting Policies (continued)

2.7.12 Share Capital

Ordinary shares

Shares are classified as equity when there is no obligation to transfer cash or other assets. Increment costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Treasury shares

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is adjusted in the equity.

2.7.13 Net assets value per share

The Group and the Parent presents net asset value per share for its ordinary shares. At Group level, net assets value per share is calculated by dividing net assets value attributable to parent shareholders by the ordinary shares excluding the treasury shares issued at year end. At Parent level, net assets value per share is calculated by dividing net assets value attributable to parent shareholders by the ordinary shares issued at year end.

2.7.14 Taxation

Income tax expense comprises current and deferred tax. Taxation is provided in accordance with Omani fiscal regulations.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustments to tax payable in respect of previous years.

Income tax is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

2. BASIS OF PREPARATION (CONTINUED)

2.7 Summary of Significant Accounting Policies (continued)

2.7.15 Employees' end of service benefits

End of service benefits are accrued in accordance with the terms of employment at the reporting date, having regard to the requirements of the Oman Labour Law, as amended. The obligation is calculated using the projected unit credit method and is discounted to its present value using current market assessment of time value of money. Employee entitlements to annual leave and leave passage are recognised when these accrue to the employees.

Contributions to a defined contribution retirement plan for Omani employees in accordance with the Omani Social Insurances Law are recognised as an expense in the statement of profit or loss as incurred.

2.7.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2.7.17 Revenue recognition

The Group recognizes revenue from contracts with customers based on the five-step model set out in IFRS 15:

Step 1 Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2 Identify the performance obligations in the contract: A performance obligation is a unit of account and a promise in a contract with a customer to transfer a good or service to the customer.

Step 3 Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognize revenue when (or as) the entity satisfies a performance obligation. The Group satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as and when the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the Parent and respectively has an enforceable right to payment for performance completed to date.

For performance obligations where none of the above conditions are met, revenue is recognized at the point in time at which the performance obligation is satisfied.

Variable consideration

Variable consideration amounts are estimated at either their expected value or most likely amount and included in revenue to the extent that it is highly probable that the revenue will not reverse.

Significant financing component

The Group evaluates significant financing component, if the period between customer payment and the transfer of goods / services (both for advance payments or payments in arrears) is more than one year. The Group adjusts the promised amount of consideration for the time value of money using an appropriate interest rate reflecting the credit risk.

2. BASIS OF PREPARATION (CONTINUED)

2.7 Summary of Significant Accounting Policies (continued)

2.7.17 Revenue recognition (continued)

Contract modification

A contract modification occurs when the Group and the customer approve a change in the contract that either creates new enforceable rights and obligations or changes the existing enforceable rights and obligations. Revenue related to a modification is not recognized until it is approved. Approval can be in writing, oral, or implied by customary business practices. The Group treats the contract modification as a separate contract if it results in the addition of a separate performance obligation and the price reflects the standalone selling price of that performance obligation. Otherwise, a modification (including those that only affect the transaction price) is accounted for as an adjustment to the original contract, either prospectively or through a cumulative catch-up adjustment.

The Group accounts for a modification prospectively if the goods or services in the modification are distinct from those transferred before the modification. Conversely, the Group accounts for a modification through a cumulative catch-up adjustment if the goods or services in the modification are not distinct and are part of a single performance obligation that is only partially satisfied when the contract is modified.

Cost of obtaining and fulfilment

The Group capitalizes incremental costs to obtain a contract with a customer except if the amortization period for such costs is less than one year.

If the costs incurred in fulfilling a contract with a customer are not in the scope of other guidance - e.g. inventory, intangibles, or property, plant and equipment - then the Group recognizes an asset only if the fulfilment costs meet the following criteria:

- Relate directly to an existing contract or specific anticipated contract;
 - Generate or enhance resources that will be used to satisfy performance obligations in the future; and
 - Are expected to be recovered.
- If the costs incurred to fulfil a contract are in the scope of other guidance, then Group and the Parent accounts for such costs using the other guidance.

The Group amortizes the asset recognized for the costs to obtain and fulfil a contract on a systematic basis, consistent with the pattern of transfer of the good or service to which the asset relates. In the case of an impairment, the Group recognizes these losses to the extent that the carrying amount of the asset exceeds the recoverable amount.

a) Interest income and expense

Interest income and expense are recognised in the statement of profit or loss for all instruments measured at amortised cost using the effective interest method, unless collectability is in doubt. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

b) Fee and commission income

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan. Loan syndication fees are recognised as revenue when the syndication has been completed and the Group retained no part of the loan package for itself or retained a part at the same effective interest rate for the other participants. Insurance and investment contract policyholders are charged for policy administration services, surrenders and other contract fees. These fees are recognised as revenue at the time policies are written or at the time the fees are charged, which is generally at the time when the policies are written.

c) Dividend income

Dividend income is recognised when the right to receive payment is established.

2. BASIS OF PREPARATION (CONTINUED)

2.7 Summary of Significant Accounting Policies (continued)

2.7.17 Revenue recognition (continued)

d) Life business

Premiums are taken into income over the term of the policies to which they relate. Unearned premiums represent the proportion of premiums written relating to periods of insurance subsequent to the reporting date. For short term policies, premiums are pro-rated by reference to the unexpired term of cover. An appropriate actuarial reserve is determined by the appointed independent actuary following their annual investigation of the life fund and is calculated initially on a statutory basis to comply with the reporting requirements under the Insurance Companies Law, as amended.

In addition, provision is made where necessary for any further loss expected to arise on unexpired risks after taking into account future investment income on related insurance funds, to cover anticipated liabilities arising from existing contracts.

e) General business

Premiums are taken into income over the terms of the policies. Unearned premiums represent the portion of premiums written relating to the unexpired period of coverage.

f) Rental and leasing Income

Rental and leasing income arising from operating leases on investment properties is accounted on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature.

g) Sale of goods

The revenue is recognised when the goods are delivered to the customer and are accepted by the customer.

2.7.18 Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and the Parent Company and accordingly are shown as off-balance sheet items in these financial statements.

2.7.19 Derivative financial instruments and hedge accounting

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair value adjustments are recorded in the statement of profit or loss. Fair values are obtained from quoted market prices in active markets, including recent market transactions. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The Group designates certain derivative as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates. At inception of designated relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also determines the economic relationships between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

The Group and the Parent Company holds derivative financial instruments to hedge its interest rate risk exposures.

Cash flow hedge

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

2. BASIS OF PREPARATION (CONTINUED)

2.7 Summary of Significant Accounting Policies (continued)

2.7.20 Financial guarantees contracts

Financial guarantees are contracts that require the issuer to make specified payments to reimburse the beneficiary for a loss incurred because the debtor fails to make payments when due, in accordance with the terms of the debt. Such guarantees are given to banks, financial institutions or other entities on behalf of the customers.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was issued. Subsequent to initial recognition, the Bank's liabilities under such guarantees are measured at the higher of initial measurement, less amortisation calculated to recognise in the statement of comprehensive income the fee income earned on the straight line basis over the life of the guarantee and the best estimate of the expenditure required to settle any financial obligation arising at the reporting date. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgment of management. Any increase in the liability relating to guarantees is taken to the profit or loss.

2.7.21 Dividends

Dividend distribution to the Parent Company's shareholders is recognised as a liability in these financial statements in the period in which the dividends are approved by the Parent company's shareholders.

2.7.22 Directors' remuneration

The Directors' remuneration is governed as set out in the Articles of Association of the Parent Company, the Commercial Companies Law of the Sultanate of Oman and regulations issued by the Capital Market Authority.

The Annual General Meeting shall determine and approve the remuneration and the sitting fees for the Board of Directors and its sub-committees provided that such fees shall not exceed 5% of the annual net profit after deduction of the legal reserve and the optional reserve and the distribution of dividends to the shareholders provided that such fees shall not exceed RO 200,000. The sitting fees for each director shall not exceed RO 10,000 in one year.

2.7.23 Earnings per share

The Group and the Parent Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group and the Parent Company by the weighted average number of ordinary shares outstanding adjusted for treasury shares during the period.

2.7.24 Insurance contracts

(a) Classification

The Group issues contracts that transfer insurance risk and classifies contracts as insurance contracts when these transfer significant insurance risk. Such contracts may also transfer financial risk.

The Group classifies investment contracts as those contracts that transfer financial risk with no significant insurance risk.

The Group issues certain insurance contracts which contain a Discretionary Participation Feature (DPF). This feature entitles the holder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

- that are likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the company; and
- that are contractually based on the surplus generated on a specified pool of contracts.

There are no local statutory regulations which set out the bases for the determination of the amounts on which the additional discretionary benefits are based, the amounts payable being determined by the subsidiary company's board of directors on an annual basis.

(b) Recognition and measurement

Life and medical insurance contracts are classified into five main categories. In addition, the Group writes short term individual medical and personal accident policies.

2. BASIS OF PREPARATION (CONTINUED)

2.7 Summary of Significant Accounting Policies (continued)

2.7.24 Insurance contracts (continued)

(b) Recognition and measurement (continued)

(i) Individual life policies

These consist of the following types of policies:

a) With profits conventional policies (i.e., policies with a discretionary participation feature) which insure events associated with human life (for example, death or survival) over a long duration. Premiums are recognised as revenue when they are received. Provisional premiums are recognised at year end for premium receivables of policies which have not lapsed. Benefits are recorded as an expense when they are incurred. Each policy has a defined benefit amount payable which is guaranteed. Apart from this reversionary and terminal bonus are declared by the Group from time to time based on the profitability of the individual life portfolio. Reversionary bonuses convert into guaranteed benefits once declared and a certain minimum level of bonus is guaranteed for certain policies.

The actuarial / mathematical reserve for such policies is determined on a net premium basis by determining the present value of benefits less the present value of future net premiums, a theoretical net premium being calculated using conservative assumptions for mortality and discounting and an adjustment to recognise acquisition costs. For paid up policies, a provision for expenses required to maintain policies is also made. The Group also performs a liability adequacy test to ensure that the reserve set aside is not less than the liability determined as the sum of the expected discounted value of the benefit payments, commissions payable and the future administration expenses that are directly related to the contract, less the expected discounted value of premiums that are receivable (making realistic assumptions as to mortality, persistency and maintenance expenses and using a discount rate inherent in the pricing of fixed income securities held by the Group).

b) Term assurance where the benefits are payable only in the event of death of the insured. These include policies where the insured amount is constant throughout the term of the policy and decreasing term assurance policies where the sum assured reduces at a pre-decided rate every year. The premium is paid either over the term of the policy or as a single premium. Premiums are recognised as revenue when they are received. Provisional premiums are recognised at year end for premiums receivables of policies which have not lapsed. These are without profit policies.

For single premium policies, the actuarial / mathematical reserve is determined as the discounted value of expected future claims as well as expenses which are expected to be incurred in administering the policies. For regular premium policies, the actuarial / mathematical reserve is determined on a net premium basis along the same lines as conventional with profits policies.

These are life insurance contracts underwritten on single premium and on an individual basis and issued to protect financial institution for their outstanding loan from the customer. These contracts protect the financial institutions from the consequences of events (such as death or disability) that would affect on the ability of the customer to repay his outstanding loan. These are without profit policies.

These contracts are issued for the duration of loans with the insurance premium being received as a single premium. Further amounts are received if and when loans are topped up. Similarly, refunds are allowed in case of pre-closure or change in terms of the loan.

Single premiums are recognised as revenue when due. An actuarial / mathematical reserve net of reinsurance has been kept for each contract using reinsurance rate.

Claims are charged to consolidated statement of profit or loss as incurred, based on the estimated liability for compensation owed to policy holders. Claims reported are recognised at the time when these are reported.

2. BASIS OF PREPARATION (CONTINUED)

2.7 Summary of Significant Accounting Policies (continued)

2.7.24 Insurance contracts (continued)

(b) Recognition and measurement (continued)

(ii) Group life policies

These are short term life insurance contracts underwritten on a group basis, the lives covered usually being employees of a common employer. These contracts protect the Group's customers (the employer) from the consequences of events (such as death or disability) that would effect on the ability of the employee or his/her dependents to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the customer. There are no maturity or surrender benefits.

For all these contracts, premiums are recognised as revenue when the policy or endorsement is issued but are deemed to be earned proportionally over the period of coverage. The portion of premium written on in-force contracts that relates to unexpired risks at the reporting date is reported as the unexpired risk reserve. Premiums are disclosed before deduction of commission and excluding taxes levied on premiums.

Claims are charged to consolidated statement of profit or loss as incurred based on the estimated liability for compensation owed to policyholders. Claims reported are recognised at the time when these are reported. A separate provision for incurred but not reported claims is made based on the Group's experience relating to claims reporting patterns in the past.

As indicated above, an unexpired risk reserve is set up at the valuation date for premiums which are deemed to be earned in future periods. The Group also tests whether the liability so set up is adequate to meet expected future claims.

(iii) Group medical policies

These are short term medical insurance contracts underwritten on a group basis, the lives covered usually being employees of a common employer. These contracts protect the Group's customers (the employer) from losses resulting from medical treatment of employees as a result of ill-health or accident, covering both hospitalisation and out-patient expenses. The bulk of hospital claims are disbursed directly by the Group to healthcare providers. There are no maturity or surrender benefits for these policies.

For all these contracts, premiums are recognised as revenue when the policy or endorsement is issued but are deemed to be earned proportionally over the period of coverage. The portion of premium written on in-force contracts that relates to unexpired risks at the reporting date is reported as the unexpired risk reserve. Premiums are shown before deduction of commission and excluding taxes levied on premiums.

Claims are charged to consolidated statement of profit or loss as incurred, based on the estimated liability for compensation owed to policy holders. Claims reported are recognised at the time when these are reported. A separate provision for incurred but not reported claims is made based on the Group's experience relating to claims reporting patterns in the past.

As indicated above an unexpired risk reserve is set up at the valuation date for premiums which will deem to be earned in future periods. The Group also tests whether the liability so set up is adequate to meet expected future claims.

(iv) Group credit life policies

These are life insurance contracts underwritten on a group basis and issued to financial institutions to protect their outstanding loan portfolios. These contracts protect the Group's customers (financial institutions) from the consequences of events (such as death or disability) that would effect on the ability of the customer's borrowers to repay outstanding loans. These are without profit policies.

These contracts are issued on two basis:

- For the duration of loans with the insurance premium being received as a single premium. Further premiums are received if and when loans are topped up.
- Short term contracts covering the risk for a year at a time, with premiums being determined and paid monthly on outstanding balances.

2. BASIS OF PREPARATION (CONTINUED)

2.7 Summary of Significant Accounting Policies (continued)

2.7.24 Insurance contracts (continued)

(b) Recognition and measurement (continued)

(iv) Group credit life policies (continued)

Single premiums are recognised as revenue when due. An actuarial / mathematical reserve net of reinsurance has been kept for each contract using reinsurance rate.

Monthly premiums are recognised upon declaration by financial institutions of the amount payable. As such, premiums are usually recognised once they have been fully earned and no unearned premium reserve is determined to be necessary. The Group does, however, at the end of the year, evaluate the profitability of the portfolio to determine if any premium deficiency reserve is required.

Claims are charged to consolidated statement of profit or loss as incurred based on the estimated liability for compensation owed to policy holders. Claims reported are recognised at the time when these are reported. A separate provision for incurred but not reported claims is made based on the Group's experience relating to claims reporting patterns in the past.

Liability adequacy test

The subsidiaries carry out a liability adequacy test to ensure the adequacy of contract liabilities as set out in the financial statements. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. The results of the tests indicate that the liability recognised is adequate.

General insurance contracts

For general insurance contracts, premiums are taken into income over the terms of the policies. Unexpired risk reserve represent the portion of premiums written relating to the unexpired period of coverage. The change in the provision for unearned premiums is recognised in the statement of profit or loss in order that revenue is recognised over the period of risk.

Unexpired risk reserve is calculated based on 1/365 method for all classes of business. Acquisition costs and reinsurance commissions are recognised as expenses or income over the period of the policy by deferring it using 1/365 method.

Estimates have to be made for both the expected ultimate costs of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the reporting date. Claims consist of amounts payable to contract holders and third parties and related loss adjustment expenses, net of salvage and other recoveries and are charged to statement of profit or loss as incurred.

Gross outstanding claims comprise the gross estimated cost of claims incurred but not settled at the reporting date, whether reported or not. Provisions for reported claims not paid as at the reporting date are made on the basis of individual case estimates. In addition, a provision based on the Group's prior experience is maintained for the cost of settling claims incurred but not reported at the reporting date.

Any difference between the provisions at the reporting date and settlements and provisions in the following year is included in the accounting year in which the change in provision or settlement is made.

Allowances in claims liability

Some insurance contracts permit the company to collect excess, depreciation, or sell a (usually damaged) vehicle or a property required in settling a claim (i.e. salvage). The subsidiary may also have the right to pursue third parties for payment of some or all costs (i.e. subrogation).

2. BASIS OF PREPARATION (CONTINUED)

2.7 Summary of Significant Accounting Policies (continued)

2.7.24 Insurance contracts (continued)

(b) Recognition and measurement (continued)

Allowances in claims liability (continued)

Estimates of excess, depreciation, salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvaged vehicles or property acquired are recognised in outstanding claims when the liability is accrued. The allowance for salvage is the amount that can reasonably be recovered from the disposal of the vehicle or property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognised in other assets. The allowance is the assessment of the amount that can reasonably be recovered from the action against the liable third party.

Reinsurance contracts held

In order to protect itself against adverse experience, the Group has entered into contracts with reinsurers under which it is compensated for losses on one or more contracts issued by the Group. Insurance contracts entered into by the Group under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily reinsurance premiums payable for reinsurance contracts and are recognised as an expense when incurred and continues to be part of the reinsurance liabilities until they are settled as per the terms of the reinsurance contract.

The Group assesses its reinsurance assets for impairment on an annual basis.

2.7.25 Premiums and insurance balances receivable

Premiums and insurance balances receivable are initially recognised at fair value and subsequently are stated at amortised cost using the effective interest method less impairment losses. A provision for impairment of trade receivables is established when there is objective evidence that the subsidiary will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

2.7.26 Loans to policyholders

Loans to policyholders are stated at cost, less any amounts written off and allowance for impairment, if any.

2.7.27 Deferred acquisition costs and commission income

Deferred acquisition costs (DAC)

Direct and indirect costs incurred during the financial period arising from the writing of long term life insurance contracts, are deferred to the extent that these costs are recoverable out of future premiums and are amortised on a straight line basis over the tenor of the insurance contract.

Direct and indirect costs incurred for writing short term life and medical insurance contracts are deferred and this is built into the 'unexpired risk reserve' shown in the consolidated statement of financial position.

2. BASIS OF PREPARATION (CONTINUED)

2.7 Summary of Significant Accounting Policies (continued)

2.7.27 Deferred acquisition costs and commission income (continued)

Deferred acquisition costs (DAC) (continued)

Acquisition costs for writing of general insurance contracts are deferred to the extent that these costs are recoverable out of future premiums. Subsequent to initial recognition, these costs are amortised over the period of the policy (generally one year) using 1/365 method and are built into the 'unexpired risk reserve' shown in the statement of financial position.

Amortisation is recorded in the consolidated statement of profit or loss. Changes in the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period and is treated as a change in an accounting estimate.

Deferred reinsurance commission incomes (DCI)

Commission incomes attributable to the unexpired reinsurance ceded premiums for short time life and medical are deferred and it is built into "reinsurers' share of unexpired risk reserve" in the consolidated statement of financial position.

Commission incomes attributable to the unexpired reinsurance ceded premiums for general insurance are deferred to the extent that these are recoverable out of future ceded premiums. Subsequent to initial recognition, these incomes are amortised over the period of the policy (generally one year) using 1/365 method and are built into "reinsurers' share of unexpired risk reserve" in the consolidated statement of financial position.

2.7.28 Business combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in operating expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2. BASIS OF PREPARATION (CONTINUED)

2.7 Summary of Significant Accounting Policies (continued)

2.7.29 Discontinued operations

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or,
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss. All notes to the financial statements include amounts for continuing operations, unless otherwise mentioned.

2.7.30 Segment reporting

An operating segment is a component of the Group and the Parent Company that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transaction with any of the Group's other components, whose operating results are reviewed regularly by the Group Chief Executive Officer (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance.

The Group's segmental reporting is based on the following operating segment:

- Investments
- Banking activities
- Insurance activities
- Real Estate.

The segment reporting information are disclosed in note 36.

2.7.31 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

i. As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

2. BASIS OF PREPARATION (CONTINUED)

2.7 Summary of Significant Accounting Policies (continued)

2.7.31 Leases (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'other liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii. As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

At reporting date, the Group does not have any arrangement where they are acting as a lessor.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The preparation of the financial statements, as per IFRS, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the reporting date and the resultant provisions and changes in fair value for the year. Such estimates are necessarily based on assumptions about several factors involving varying, and possibly significant, degrees of judgement and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated assets and liabilities.

3.1 Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

3.2 Impairment of insurance and reinsurance receivables

An estimate of the collectible amount of insurance and reinsurance receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant are assessed collectively and an allowance applied according to the length of time past due, based on historical recovery rates.

3.3 Measurement of expected credit loss allowance on loans and advances

The measurement of expected credit loss (ECL) allowance under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's internal credit grading model
- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a Lifetime Expected Credit Losses (LTECL) basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on Probability of Default (PD), Exposure At Default (EAD) and Loss Given Default (LGD)
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

3.4 Taxes

The Group establishes provisions, based on reasonable estimates, for possible consequences of finalisation of tax assessments. The amount of such provisions is based on factors such as experience of previous tax assessments and interpretations of tax regulations by the Group and the responsible tax authority.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

3.5 Impairment loss on investments in subsidiaries and associates

The Group reviews its investments in subsidiaries (at Parent level only) and associates periodically and evaluates the objective evidence of impairment. Objective evidence includes the performance of the subsidiaries, associate, the future business model, local economic conditions and other relevant factors. Based on the objective evidences, the Group determines the need for impairment loss on investments in subsidiaries and associates.

3.6 The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is a key estimate made in measuring liabilities under insurance contracts and especially under group medical, group life and group credit life contracts. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Group will ultimately pay for such claims.

For individual life, Individual Credit Life and Group Credit Life incurred but not reported (IBNR) claims have been calculated as two months expected or estimated claims. For IBNR of group life and group medical claims, the claim projection methods used are Development factor method for reported losses, Development factor method for paid losses, Initial Expected Burning Cost or Initial Expected Loss Ratio method and Bornhuetter-Ferguson methods for paid or reported losses. After reviewing calendar-year and accident-year diagnostics, actual versus expected calendar year development, qualitative information and the general characteristics of each class of business, actuarial methods have been selected to project ultimate loss by accident or report year. Loss development factors have been selected using historical loss and claim development experience which form the basis for loss payment and reporting and claims development patterns used to project future emergence of losses for the development projection methods. Initial and ultimate selected losses are based on the results of the projection methods by claim cohort month, and are based on judgement reflecting the range of estimates produced by the methods and the strengths and weaknesses of each method. The projections are applied to losses evaluated as of 31 December 2020. Gross unpaid amounts are obtained by reducing the selected ultimate losses by the gross amounts paid as at 31 December 2020. Net unpaid claims estimates are arrived at after deducting the ceded case reserves and ceded IBNR estimates. The ceded IBNR estimates are derived based on a review of ceded case ratios and paid claims ratios.

For general insurance claims, IBNR has been arrived at by using a combination of the chain ladder method, Expected Loss Ratio Method and the Bornhuetter-Ferguson Method. These methods have been used to determine the pattern of reporting claims which has then been modified to determine IBNR reserves.

Unallocated Loss Adjustment Expenses (ULAE) has been added to the IBNR reserves for Group Life, Group Medical and General Insurance business. Following assumptions have been taken for ULAE:

2020 As Percentage of Outstanding claims and IBNR	Group Life %	Group Medical %	Motor %	Non-Motor %
Oman	0.9%	1.2%	1.08%	3.51%
UAE	1.8%	0.5%	-	-
Kuwait	6.0%	3.2%	7.37%	3.64%

2019 As Percentage of Outstanding claims and IBNR	Group Life %	Group Medical %	Motor %	Non-Motor %
Oman	1.4%	1.2%	1.58%	1.14%
UAE	2.1%	0.3%	-	-
Kuwait	10.0%	2.0%	2.98%	0.40%

3.7 Estimate of future benefit payments and premiums arising from short-term insurance contracts, and related deferred acquisition costs and other intangible assets

Where the unearned premium reserves are estimated to be insufficient to meet the expected cost of future claims, an additional unexpired risk reserve (AURR) or Premium Deficiency Reserve (PDR) is provided for. The AURR or PDR calculation is based on projected ultimate loss ratio estimate of the current year which is projected onto the next year with adjustments. The required reserve for the unexpired business is estimated by multiplying this loss ratio by the premium that is expected to be earned in that next year.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

3.7 Estimate of future benefit payments and premiums arising from short-term insurance contracts, and related deferred acquisition costs and other intangible assets (continued)

The determination of the liabilities under long-term insurance contracts (which basically consist of individual life policies and credit life policies issued for the whole loan period on a single premium basis) is dependent on a number of estimates made by the Group with respect to:

- Mortality and disability
- Investment returns / discount rate
- Expenses
- Surrender

Mortality and disability

The mortality rates are derived from mortality table Permanent Assurances, combined – AMC00 and AMF00 Ultimate table for males and females respectively. 146% of the AMC00 & AMF00 table has been used as best estimate mortality for the insured population in Oman which includes a margin of prudence of 25%. The best estimate derived has been applied based on a mortality experience study of the portfolio on an amount and life basis. For long term group and individual credit life contracts, reinsurance risk premium rates are used for both mortality and disability.

Were the numbers of deaths in future years to differ by 10% from management's estimate, the liability would increase by RO 195,241 (2.0%) or decrease by RO 195,177 (2.0%) [2019: RO 195,576 (2.0%) or decrease by RO 195,499 (2.0%)].

Investment returns / discount rate

Under the net premium valuation method used by the Group for valuing most policies in the individual life portfolio, the valuation rate of interest serves as both the estimate of investment income and the discount rate. The valuation interest rate used for conventional guaranteed business should reflect a conservative long-term interest rate. This rate is used to discount the future benefits and future premiums to arrive at the liability figure. A valuation interest rate of 5% per annum (31 December 2019: 5% per annum) for non-profit policies and 4.5% per annum (31 December 2019: 4.5% per annum) for with-profit policies was used for the purpose of the valuation of the basic reserves for individual life portfolio. The same valuation discount rate has been used for valuing bonuses as well. The Group's running yield or actual income for the year for the individual life portfolio is around 7.2% per annum (31 December 2019: 6.8% per annum). However, valuation rate of interest has been considered based on returns on the assets held at the valuation date plus the assumed reinvestment returns on reinvested free cash less default allowance, investment expenses, tax, prudence margins and discretionary regular bonus loadings where appropriate. An earning in excess of the interest rate are usually a source of surplus for with profits policyholders. Uncertainty relating to interest rate assumptions lies in the investment of net future cash flows; reinvestment risk of coupon payments received on fixed income contracts; and the uncertainty surrounding both returns from and the value of equity investments.

Were the interest rate assumptions to vary by 50 basis point from management's estimate for 2020, the gross liability would increase by RO 65,944 (1.5%) or decrease by RO 63,961 (1.4%) [2019: RO 74,957 (1.6%) or decrease by RO 72,655 (1.5%)].

Expenses

An implicit assumption relating to expenses is made for the statutory valuation in that there is a margin between the net premiums determined as a part of the net premium valuation and the gross premiums charged by the Group. As a part of the process the margin is kept at a minimum of 10% of the gross premium. A separate provision for RO 30 per policy per annum is made for single premium (excluding NBO Housing) and paid up policies for which no future premiums are expected, for NBO Housing portfolio an implicit expense margin of RO 10 is assumed.

For short term life products indirect expenses have been deferred at 4 to 5% of the gross premiums. For group medical product, indirect expenses have been deferred at 6% (for group medical-Oman), 6.5% (for group medical-UAE and Kuwait), 5% (for individual medical-Oman and Kuwait) and 6.5% (for individual medical-UAE) of the gross premiums for costs relating to the unexpired risk period by the management based on expense analysis done for the year 2020.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

3.7 Estimate of future benefit payments and premiums arising from short-term insurance contracts, and related deferred acquisition costs and other intangible assets (continued)

Surrender

The mathematical reserve for the single premium loan protection contracts in the individual credit life portfolio and the group credit life portfolio is calculated as the 85% to 70% of the unexpired risk reserve and 15% to 30% of the current surrender value. This assumes that 15% to 30% of the business lapses and increases the reserves to allow for refunds exceeding the unexpired risk. The reinsurance asset is calculated as 85% to 70% of the unexpired risk reserve plus 15% to 30% of the current reinsurance surrender value.

3.8 Assessment of significant influence

In cases where the Group holds less than 20% voting rights, management exercises significant judgment which takes into account certain factors laid down by IAS 28 to reach a conclusion on whether the Group has significant influence on the investee.

Management has assessed the level of influence that the Group has on Bank Muscat SAOG, National Finance House B.S.C., Modern Steel Mill LLC, Horizon (AD) Investment Ltd and determined that they has significant influence, because of the board representation and participation in the decision making even though the shareholding is below 20%. Accordingly, these investments have been classified as an associate. Refer note 9 for more details.

4. SIGNIFICANT TRANSACTIONS DURING THE YEAR

(i) Disposal of a subsidiary

On 29 June 2020, Parent Company sold 11.76% shares of Oman Arab Bank SAOC (OAB) to Arab Bank PLC (ABP), a financial institution headquartered in Kingdom of Jordan and listed on Amman Stock Exchange. On 30 June 2020, OAB acquired 100% of the shares and voting interest in Alizz Islamic Bank SAOG (AIB) by issuing shares of OAB to existing AIB shareholders in the ratio of 80.64 : 19.36. As a result, OAB obtained full control over AIB which made it a wholly owned subsidiary and AIB was delisted from Muscat Securities Market (MSM) upon this acquisition. On 6 July 2020, OAB became a listed bank and the ordinary equity shares of OAB were listed on MSM.

Due to above transactions, the Parent Company shareholding in OAB was effectively reduced from 50.99% to 31.64%. The Group lost control over OAB on 29 June 2020 mainly due to disposal of 11.76% with control to ABP. Resultantly, OAB has been accounted for as disposal of subsidiary and retained stake of 31.64% has been recognized as an associate as the Group has significant influence over OAB now. The statement of profit or loss contains income and expenses of OAB upto 30 June 2020 and assets and liabilities of OAB (before acquisition accounting of AIB) have been derecognized in full in the statement of financial position at 30 June 2020.

Group:

Details of assets and liabilities derecognized due to loss of control and gains on derecognition of subsidiary are as follows:

	(RO'000)
Assets	
Cash and cash equivalents	125,668
Due from banks and other money market placements	64,730
Loans, advances and financing activities for customers	2,023,892
Investments in securities	183,308
Property and equipment	40,632
Other assets	63,345
Total assets	2,501,575
Liabilities	
Due to banks and other money market deposits	35,286
Customers' deposits and unrestricted investment accounts	2,008,304
Other liabilities	73,343
Taxation	3,427
Subordinated bonds	20,000
Total liabilities	2,140,360
Total Equity	361,215
Tier 1 perpetual bond	(72,553)
Total equity attributable to the equity holders	288,662

4. SIGNIFICANT TRANSACTIONS DURING THE YEAR (CONTINUED)

(i) Disposal of a subsidiary (continued)

	(RO'000)
Consideration received	45,928
Net assets derecognized	(288,662)
Non-controlling interest derecognized	141,473
Fair value of retained interest recognized as investment in associates [note 9(i)]	113,229
Gain on disposal	11,968
Net cashflow on disposal	
Cash consideration received	45,928
Net cash equivalents disposed-off	(155,112)
	(109,184)

Parent Company:

The Parent Company continued to apply equity accounting upto loss of control date. On loss of control, the investment in subsidiary was derecognized for its full carrying value.

Carrying amount of investment in Subsidiary (OAB)	(147,189)
Consideration received on disposal of OAB	45,928
Fair value of retained interest recognized as investment in associates (note 9)	113,229
Gain on disposal	11,968

Parent Company accounts for investment in subsidiaries and associates using equity method of accounting. On disposal, although the retained interest (associate) is also accounted for under equity method of accounting but the Parent Company has applied the guidance on the loss of control as per IFRS 10 and losing control over a subsidiary is considered as a significant economic event.

Transfer of reserves:

The Parent Company and Group has transferred the reserves held for OAB to the retained earnings upon disposal as a subsidiary. The details are mentioned below:

	Group RO'000	Parent Company (RO'000)
Legal reserve	22,817	22,817
General reserve	13,033	13,033
Capital reserve	21,732	-
Special reserve	1,996	1,996
Subordinated debt reserve	8,160	8,160
Impairment reserve	4,656	4,656
Cumulative changes in fair value reserve	(1,138)	(1,091)
	71,256	49,571

Tier 1 perpetual bonds

Tier 1 perpetual bonds adjustment in statement of changes in equity is net-off perpetual bonds held by the Group companies.

Investment at associate

The Group has derecognized OAB and has recorded this as investment in associate with the carrying value of RO 113,229 thousands. In accordance with IFRS 3 "Business Combinations", the Group is required to perform purchase price allocation within a period of 12 months from the date of associate recognition to determine the fair value of net identifiable assets acquired. The Group will complete Purchase Price Allocation (PPA) exercise during 2021.

4. SIGNIFICANT TRANSACTIONS DURING THE YEAR (CONTINUED)

(i) Disposal of a subsidiary (continued)

Key disclosures of the subsidiary

	2019 (RO'000)
Corporate loans	
Term loans	995,377
Overdrafts	135,634
Bills discounted	66,030
Islamic finance	100,522
	1,297,563
Personal loans	
Consumer loans	418,766
Mortgage loans	299,008
Overdrafts	1,710
Credit cards	4,016
Islamic finance	38,827
	762,327
Gross loans and advances	2,059,890
Less: allowance for loan impairment losses and contractual interest not recognised	(53,560)
Net loans and advances	2,006,330

30 June 2020	Allowance for loan impairment RO' 000	Contractual interest not recognised RO' 000	Total (RO'000)
Balance at 1 January 2020	47,153	6,407	53,560
Provided during the year	11,456	1,832	13,288
Amounts written off during the year	(66)	(1)	(67)
Amounts released/recovered during the year	(3,622)	1,544	(2,078)
Balance at derecognition	54,921	9,782	64,703

31 December 2020	Allowance for credit losses RO' 000	Contractual interest not recognised RO' 000	Total (RO'000)
Balance at 1 January 2019	47,596	7,623	55,219
Provided during the year	13,979	5,208	19,187
Amounts written off during the year	(8,902)	(3,627)	(12,529)
Amounts released / recovered during the year	(5,520)	(2,797)	(8,317)
Balance at end of year	47,153	6,407	53,560

Impairment charge of RO 9,237 thousands (2019: RO 5,527 thousands) also includes release of ECL on due from banks and others which amounts to RO 141 thousands (2019: RO 135 thousands).

4. SIGNIFICANT TRANSACTIONS DURING THE YEAR (CONTINUED)

(i) Disposal of a subsidiary (continued)

The credit risk profile for 2019, based on internal credit ratings, was as follows:

	Due from banks RO' 000	Investment securities RO' 000	Loans and advances RO' 000	Credit related contingent items (RO'000)
Stage 1 (12-month ECL)				
High	35,486	10,835	460,618	359,337
Standard	15,670	-	950,079	390,831
Satisfactory	-	-	141,426	235,645
Equity investments	-	7,421	-	-
Gross Carrying amount	51,156	18,256	1,552,123	985,813
Stage 2 (Lifetime ECL but not credit-impaired)				
High	-	-	34,356	42,850
Standard	-	-	89,315	143,254
Satisfactory	-	-	310,164	87,520
Gross Carrying amount	-	-	433,835	273,624
Stage 3 (Lifetime ECL and credit-impaired)				
Sub-Standard	-	-	6,051	-
Doubtful	-	-	10,721	-
Loss	-	-	57,161	-
Gross Carrying amount	-	-	73,933	-

Provisions for impairment are as below:

Stage	Due from banks RO' 000	Investment securities RO' 000	Loans and advances RO' 000	Credit related contingent items (RO'000)
Stage 1	355	67	7,001	489
Stage 2	-	-	14,973	134
Stage 3	-	-	24,489	-
Total	355	67	46,463	623

The above disclosures excludes contractual interest not recognised.

Customer deposits

	2019 (RO'000)
Term deposits	906,344
Demand and call accounts	765,517
Saving accounts	306,971
	1,978,832

The complete set of financial statements of the OAB as at 30 June 2020 and 31 December 2019 are available on their website.

4. SIGNIFICANT TRANSACTIONS DURING THE YEAR (CONTINUED)

(ii) Acquisition of a subsidiary

On 27 July 2020, the Group acquired additional 30% stake in Ubhar Capital SAOC (Ubhar) increasing its shareholding to 66%. Resultantly, the Group acquired control over Ubhar and investment was converted from an associate to subsidiary. Accordingly, existing investment of 36% Ubhar was considered as a deemed disposal of an associate.

For deemed disposal accounting of associate, fair value of Ubhar was determined by an independent external consultant and at determined fair value the 30% investment was transferred to investment in subsidiaries.

Acquisition-related costs

The Group has incurred acquisition and related costs on legal fees and due diligence costs, which is not material and included in 'operating expenses'.

Identifiable assets acquired and liabilities assumed

Following table summarises the recognised amounts of assets acquired, and liabilities assumed at 31 July 2020, effective date of acquisition was 27 July 2020.

	RO'000
Assets	
Cash and bank balances	4,382
Settlement guaranteed funds	244
Investment at amortized cost	2,817
Receivables and prepayments	4,417
Plant and equipment	667
	12,527
Liabilities	
Accounts payables	5,193
Payables and accruals	2,811
Deferred tax liability	219
	8,223
Total identifiable net assets acquired	4,304
Net cashflow on acquisition	
Cash consideration paid	(2,154)
Net cash equivalents acquired	4,382
Net cash acquired	2,228

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	(RO'000)
Consideration transferred for acquisition of 30% shareholding	2,154
Fair value of the existing 30% shareholding derecognised from associate [note 9(ii)]	5,410
NCI based on their proportionate interest in the recognised amounts of the net assets and liabilities	1,463
Carrying value of net identifiable assets	(4,304)
Goodwill at acquisition	4,723

The acquisition accounting has been made on provisional basis based on net assets of the Ubhar as at 31 July 2020 as the PPA exercise to determine the fair value of assets acquired and liabilities assumed is ongoing. The accounting for the acquisition will be revised on completion of PPA within a period of 12 months from the date of acquisition as allowed under IFRS 3 "Business Combinations".

Difference of RO 4,723 thousands between consideration transferred and net assets acquired has been recorded as provisional Goodwill which is subject to changes on completion of PPA exercise.

4. SIGNIFICANT TRANSACTIONS DURING THE YEAR (CONTINUED)

(ii) Acquisition of a subsidiary (continued)

At the reporting date, the Group has tested the goodwill for impairment in accordance with IAS 36 "Impairment of Assets" and has not accounted for any impairment losses at 31 December 2020 since the estimated recoverable amount of the related business to which the provisional goodwill relates to exceed its carrying value.

The Group engaged an independent external third party to assess the recoverable amount of the CGU. This was estimated using discounted cashflows of the CGU. The key assumptions used in the estimation of recoverable amount are set out below:

In Percent	2020
Discount Rate	13.0%
Terminal value growth rate	1.8%

Based on the assessment, the recoverable amount exceeded the carrying value of the CGU and the it was determined that goodwill is not impaired. A rise in the discount rate by 0.5% or decrease in growth rate by 0.5% would not result in an impairment.

(iii) Deemed disposal of an associate

During the year, International General Insurance (IGI) merged with Tiberius and achieved listing on NASDAQ. As a part of merger agreement, the Group received USD 6.25 million in cash and shares of the merged entity. The Group's shareholding in the merged entity was diluted to 14.3% with no board representation resulting in a loss of significant influence over IGI. Consequently, IGI has been derecognised as an investment in associate and recognised as investment at fair value through other comprehensive income.

	2020 RO'000
Carrying value of associate on date of loss of significant influence	25,332
Consideration received in cash against exchange of certain shares	(2,408)
Shares received of new entity measured at fair value (listing price) on date of loss of significant influence	(28,152)
Gain on derecognition of associate recorded in profit or loss	5,228

(iv) Additional stake in an associate

During the year, Group acquired additional 6.38% shareholding in Takaful Oman Insurance SAOG for RO 0.8 million to further enhance its holding in the company. This has been recorded as an addition to the carrying value of the associate. PPA to determine the fair value of net identifiable asset acquired would be completed within a period of 12 months from the date of acquisition as allowed under IFRS 3 "Business Combinations".

(v) Goodwill – purchase price allocation finalisation

During 2019, the Group has recorded a provisional goodwill on acquisition of Gulf Acrylic Industries LLC (GAIL) and Shamal Plastic Industries LLC (SPIL) aggregating to RO 2.81 million (note 15), in accordance with the requirements of IFRS 3. The PPA exercise for this acquisition has been finalized in current year and as a result the goodwill has decreased by RO 434,000 and NCI increased by RO 407,000 due to increase in fair value of property, plant and equipment by RO 841,000. The adjustment has been made in the current year as the amount was not material to the financial statements.

	GAIL (RO'000)	SPIL (RO'000)	Total (RO'000)
Consideration transferred at acquisition during 2019	1,204	1,679	2,883
Transfer from associate to subsidiary during 2019	496	685	1,181
Less: group's share of net assets based on PPA completed in 2020	(748)	(941)	(1,689)
Goodwill arising after PPA	952	1,423	2,375
Goodwill provisionally recorded during prior year	1,179	1,630	2,809
Net reversal in Goodwill	227	207	434

5. CASH AND CASH EQUIVALENTS

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

	Group		Parent Company	
	2020 (RO'000)	2019 (RO'000)	2020 (RO'000)	2019 (RO'000)
Balances with banks and money at call	40,874	191,505	24,125	4,549
Deposits with banks (note 6)	85,885	80,916	44,289	-
Due to banks – current accounts (note 22)	-	(31,465)	-	-
Deposits with Bank with maturity above 3 months	(41,596)	(29,614)		
Capital deposits (note 6)	-	(500)	-	-
	85,163	210,842	68,414	4,549

6. DEPOSITS WITH BANKS

	Group		Parent Company	
	2020 (RO'000)	2019 (RO'000)	2020 (RO'000)	2019 (RO'000)
Money market placements	-	38,776	-	-
Current accounts	-	12,026	-	-
Capital deposits	-	500	-	-
Deposits with Banks and leasing companies				
- Less than 3 months maturity	44,289	-	44,289	-
- More than 3 months maturity	41,596	29,614	-	-
	85,885	80,916	44,289	-

6.1 As at 31 December 2020, Parent Company deposits are held with commercial banks in the Sultanate of Oman with maturities of less than 3 months.

6.2 As at 31 December 2020, Insurance subsidiary deposits are held with commercial banks in the Sultanate of Oman, Kuwait and United Arab Emirates, denominated in Rial Omani of RO 25,425,000 (2019: RO 21,925,000), Kuwaiti dinar equivalent of RO 2,197,650 (2019: RO 1,879,150) and in UAE Dirhams equivalent of RO 14,055,480 (2019: RO 13,600,345) and carry effective annual interest rates ranging between 1.38% to 5.40% per annum (2019: ranging between 2.25% to 5% per annum). All deposits have maturity over 1 year. The deposit balances are net of impairment allowance of RO 82,034 (2019: RO 55,799).

7. PREMIUM AND REINSURANCE BALANCES RECEIVABLE

Group	2020			2019		
	Life (RO'000)	General (RO'000)	Total (RO'000)	Life (RO'000)	General (RO'000)	Total (RO'000)
Premium receivable	34,338	4,046	38,384	41,939	4,150	46,089
Reinsurance balances receivable	6,494	497	6,991	18,038	124	18,162
	<u>40,832</u>	<u>4,543</u>	<u>45,375</u>	<u>59,977</u>	<u>4,274</u>	<u>64,251</u>
Allowance for impaired debts	(1,368)	(851)	(2,219)	(903)	(706)	(1,609)
	<u>39,464</u>	<u>3,692</u>	<u>43,156</u>	<u>59,074</u>	<u>3,568</u>	<u>62,642</u>

Movement in allowance for impaired debts

At 1 January	903	706	1,609	735	321	1,056
Provided during the year	465	145	610	231	379	610
Written off during the year	-	-	-	(63)	6	(57)
At 31 December	<u>1,368</u>	<u>851</u>	<u>2,219</u>	<u>903</u>	<u>706</u>	<u>1,609</u>

8. INVESTMENT SECURITIES

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

	Group		Parent Company	
	2020 (RO'000)	2019 (RO'000)	2020 (RO'000)	2019 (RO'000)
Financial assets at fair value through profit or loss (note a)	14,128	14,119	1,770	1,711
Financial assets at fair value through other comprehensive income (note b)	94,768	67,507	3,558	1,504
Investments at amortised cost (note c)	34,007	160,571	-	-
	<u>142,903</u>	<u>242,197</u>	<u>5,328</u>	<u>3,215</u>

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

As at the reporting date, financial assets designated at fair value through profit or loss comprised the following:

	Group		Parent Company	
	2020 (RO'000)	2019 (RO'000)	2020 (RO'000)	2019 (RO'000)
Quoted investments				
<i>Local investments by sector</i>				
<i>Financial sector</i>	456	4,330	-	-
<i>Industrial</i>	854	891	484	484
	<u>1,310</u>	<u>5,221</u>	<u>484</u>	<u>484</u>
Foreign quoted investments	48	190	48	25
Quoted investments	<u>1,358</u>	<u>5,411</u>	<u>532</u>	<u>509</u>
Unquoted local investments in a fund	1,883	1,806	1,003	967
Unquoted foreign investments	<u>10,887</u>	<u>6,902</u>	<u>235</u>	<u>235</u>
Investments at fair value through profit or loss (FVTPL)	<u>14,128</u>	<u>14,119</u>	<u>1,770</u>	<u>1,711</u>

8. INVESTMENT SECURITIES (CONTINUED)

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

	Group		Parent Company	
	2020 (RO'000)	2019 (RO'000)	2020 (RO'000)	2019 (RO'000)
Local investments				
Quoted investments (cost)	69,262	63,762	2,300	-
Fair value reserve	(5,457)	(6,770)	(247)	-
Unquoted investments (cost)	861	1,074	861	861
Fair value reserve	581	537	581	581
Total local investments	65,247	58,603	3,495	1,442
Foreign investments				
Quoted investments (cost)	35,213	8,623	-	-
Fair value reserve	(5,875)	(495)	-	-
Unquoted investments (cost)	1,058	1,651	205	205
Fair value reserve	(875)	(875)	(142)	(143)
Total foreign investments	29,521	8,904	63	62
Total investments at fair value through other comprehensive (FVTOCI) income	94,768	67,507	3,558	1,504

(c) Investment at amortised cost

	Group		Parent Company	
	2020 (RO'000)	2019 (RO'000)	2020 (RO'000)	2019 (RO'000)
Oman Government Development Bonds and Sukuks	-	143,994	-	-
Investment in an education sector entity (refer below)	18,861	-	-	-
Banks and Corporate Bonds	15,146	16,577	-	-
Total investments at amortised cost	34,007	160,571	-	-

On 16 March 2020, the Group acquired significant interest in an education sector entity (target) at a consideration of RO 17.6 million from a related party (the seller). Under sale and purchase agreement dated 16 March 2020 with the seller, the Group has the right to receive a 6.5% cash dividend and an overall return of 9% per annum if certain performance conditions are not achieved by the target by 31 December 2023. Accordingly, the investment has been initially recognised at fair value and subsequently measured at amortised cost.

	2020 RO'000
Initial investment during the year	17,623
Accrued returns	1,238
Total investments at amortised cost	18,861

9. INVESTMENT IN ASSOCIATES

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

Group	Principal activities	Country of incorporation	31-Dec-20 Holding %	31-Dec-19 Holding %
Quoted				
Bank Muscat SAOG	Banking	Sultanate of Oman	9.99	9.99
Oman Arab Bank SAOG [note 4(i)]	Banking	Sultanate of Oman	31.64	-
National Finance Company SAOG	Finance and leasing	Sultanate of Oman	36.40	34.60
Al Ahlia Insurance Company SAOG	Insurance	Sultanate of Oman	24.30	24.30
Takaful Oman Insurance SAOG [note 4(iv)]	Insurance	Sultanate of Oman	24.52	18.14

Unquoted

International General Insurance Holding Limited (IGI) [note 4(iii)]	Brokerage and Reinsurance	United Arab Emirates	-	20.00
Ubhar Capital SAOC [note 4(ii)]	Investment banking	Sultanate of Oman	-	36.00
National Finance House B.S.C.	Finance and leasing	Kingdom of Bahrain	17.47	17.47
Modern Steel Mill LLC (MSM)	Manufacturing	Sultanate of Oman	19.49	19.49
Horizon (AD) Investment Ltd	Education	Cayman Islands	14.85	14.85
EastBridge Partners Singapore	Investment banking	Singapore	43.00	43.00
Al Tarbiyah Al Islamiyah School [note 9(i)]	Education	Kingdom of Saudi Arabia	-	14.85

Parent Company	Principal activities	Country of incorporation	31-Dec-20 Holding %	31-Dec-19 Holding %
Quoted				
National Finance Company SAOG	Finance and leasing	Sultanate of Oman	34.60	34.60
Oman Arab Bank SAOG	Banking	Sultanate of Oman	31.64	-
Unquoted				
Ubhar Capital SAOC [note 4(ii)]	Investment banking	Sultanate of Oman	-	36.00

All the Group's quoted associate companies' shares are listed on the Muscat Securities Market (MSM). The quoted price of investments in associate companies as of the reporting date amounted to RO 257.5 million (2019: RO 172.1 million)

(i) The investment in Al Tarbiyah Al Islamiyah Schools Limited is held along with Horizon AD Investment Limited under common control.

9. INVESTMENT IN ASSOCIATES (CONTINUED)

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

	Group		Parent Company	
	31-Dec-20 (RO'000)	31-Dec-19 (RO'000)	31-Dec-20 (RO'000)	31-Dec-19 (RO'000)
At 1 January	239,635	219,055	38,937	36,982
Purchases	1,182	9,952	-	-
Transfer of subsidiary as associate [note 4(i)]	113,229	-	113,229	-
Derecognition of associates [note 4(ii) & 4(iii)]	(30,742)	(1,181)	(5,410)	-
Share of results of associates	22,080	25,699	3,956	3,389
Share of other comprehensive income from associates	(685)	-	-	-
Dividends received	(14,190)	(14,182)	(2,037)	(1,434)
Impairment provision on associates (refer below and note 29)	(4,289)	-	(4,289)	-
Share of equity accounted investees for interest on perpetual bonds	(2,852)	-	(2,136)	-
Bargain gain	-	292	-	-
At 31 December	323,368	239,635	142,250	38,937

During the year, the Group has created impairment provision of RO 4.3 million on equity accounted investments in financial services sector due to prevailing situation as a result of COVID-19.

Total assets, liabilities and revenues of the Group's associates are as follows:

	Assets (RO'000)	Liabilities (RO'000)	Revenues (RO'000)
2020			
Associates relating to the Parent Company			
National Finance Company SAOG (NFC)	426,132	317,473	40,970
Oman Arab Bank SAOG (OAB)	3,300,043	2,868,466	101,045
Associates relating to the Group			
Bank Muscat SAOG (BM)	12,435,765	10,410,117	456,539
Horizon (AD) Investment Ltd	98,499	44,817	21,085
Al Ahlia Insurance Company SAOG	80,630	40,843	18,106
Takaful Oman Insurance SAOG	25,340	2,141	5,102
National Finance House B.S.C.	58,297	42,632	3,026
Modern Steel Mill LLC	15,576	2,099	11,789
Jabreen East Bridge SEA LP	7,368	8,448	(907)
2019			
Associates relating to the Parent Company			
National Finance Company SAOG	453,304	345,192	44,632
Ubhar Capital SAOC	29,885	14,921	2,041
Associates relating to the Group			
Bank Muscat SAOG	12,290,608	10,287,972	472,171
Horizon (AD) Investment Ltd	41,353	3,703	12,526
International General Insurance Holding Limited (IGI)	381,486	261,467	82,876
Al Ahlia Insurance Company SAOG	82,292	42,795	23,016
Takaful Oman Insurance SAOG	21,308	157	5,638
National Finance House B.S.C.	55,737	40,450	2,494
Modern Steel Mill LLC	14,453	1,011	15,402
Jabreen East Bridge SEA LLP	3,082	3,082	-

9. INVESTMENT IN ASSOCIATES (CONTINUED)

The carrying value of associates is as follows:

	Group		Parent Company	
	2020 (RO'000)	2019 (RO'000)	2020 (RO'000)	2019 (RO'000)
Material associate companies	290,689	203,222	142,250	33,550
Other associate companies	32,679	36,413	-	5,387
	323,368	239,635	142,250	38,937

The Group's material associates are NFC, OAB and BM (2019: NFC, BM and IGI) which are publicly listed entities, and their complete set of financial statements are available on their website and relevant stock exchanges.

10. INVESTMENT IN SUBSIDIARIES

As at the reporting date, investments held by the Group in subsidiaries are:

	Country of Incorporation	2020 Holding %	2019 Holding %
Oman Arab Bank SAOC [refer 4(i)] (Principal activity: Banking)	Oman	-	50.99
National Life and General Insurance Company SAOG (Principal activity: Insurance)	Oman	73.45	73.45
Jabreen International Development Company SAOC (Jabreen) (Principal activity: Investments)	Oman	100.00	100.00
Oman Real Estate Investment & Services SAOC (Principal activity: Real Estate and Investments)	Oman	100.00	100.00
OMINVEST International Holdings Limited [note 10 (i)] (Principal activity: Investments)	UAE	100.00	-
Ubhar Capital SAOC [note 4(ii)] (Principal activity: Brokerage and Investment banking)	Oman	66.00	-
Salalah Resorts LLC (Principal activity: Integrated Tourism Project)	Oman	99.99	99.99
Al Jabal Al Aswad Investment LLC (Principal activity: Real Estate)	Oman	99.98	99.98
Budva Beach Properties doo [note 10(ii)] (Principal activity: Tourism project)	Montenegro	-	100.00
Gulf Acrylic Industries LLC [note 10(iii)] (Principal activity: Manufacturing)	Oman	51.70	51.70
Shamel Plastic Industries LLC [note 10(iii)] (Principal activity: Manufacturing)	Oman	51.65	51.65
Jabreen Capital Asia Pte. Ltd [note 10(iii)] (Principal activity: Investment activities)	Singapore	100.00	100.00

(i) During the year, Company incorporated a fully owned subsidiary in Dubai International Financial Center, UAE.

(ii) During the year, Budva Beach Properties was liquidated and deconsolidated resulting in no material impact on the financial statements.

(iii) These subsidiaries are held through Jabreen.

10. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Total assets, liabilities and revenues of the Group's subsidiaries are shown below, along with the Group's share of the results:

<i>Name of the subsidiary</i>	<i>Assets (RO'000)</i>	<i>Liabilities (RO'000)</i>	<i>Revenues (RO'000)</i>
2020			
National Life and General Insurance Co SAOG	175,825	108,405	138,192
Jabreen International Development Company SAOC	336,974	117,507	33,250
Salalah Resorts LLC	225	31	57
Oman Real Estate Investment and Services SAOC	13,993	1,273	1,534
Al Jabal Al Aswad Investment LLC	4	1	-
Ubhar Capital SAOC	19,308	4,389	1,153
Ominvest International Holding Limited	1,496	1,076	31
Gulf Acrylic Industries LLC	3,189	1,747	3,947
Shamel Plastic Industries LLC	3,039	973	5,213
Jabreen Capital Asia Pte. Ltd	7,368	8,448	-
2019			
Oman Arab Bank SAOC	2,497,129	2,128,286	92,962
National Life and General Insurance Co SAOG	188,217	129,314	148,599
Jabreen International Development Company SAOC	333,320	122,826	28,165
Salalah Resorts SAOC	187	45	4
Oman Real Estate Investment and Services SAOC	16,949	1,125	954
Al Jabal Al Aswad Investment LLC (including Budva Beach Properties doo)	2,276	43	191
Gulf Acrylic Industries LLC	2,401	1,223	2,618
Shamel Plastic Industries LLC	2,154	693	2,980
Jabreen Capital Asia Pte. Ltd	7,897	8,002	-

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

	<i>Parent Company</i>	
	<i>31-Dec-20 (RO'000)</i>	<i>31-Dec-19 (RO'000)</i>
At 1 January	432,664	307,702
Transfer to associate from subsidiary [note 4(i)]	(147,189)	-
Derecognition of subsidiary [note 10(ii)]	(1,995)	-
Transfer from associate [note 4(ii)]	5,410	-
Transfer of subordinated loan	-	100,000
Share of results of subsidiaries	40,387	45,239
Dividends received	(22,376)	(14,443)
Share of OCI from subsidiaries on FVOCI investments	(4,742)	(5,095)
Share of interest on perpetual bonds from Subsidiary's associate	(716)	-
Share of interest on perpetual bonds from subsidiary	(1,358)	-
Others	(694)	(739)
At 31 December	299,391	432,664

11. DUE FROM SUBSIDIARIES

Due from subsidiaries represent working capital loans given to 100% owned subsidiaries and the amount is majorly owed by Jabreen International Development Company SAOC (Jabreen Capital). Interest is charged at the rate 5.5% (2019: 5.5%) by the Parent company to Jabreen Capital.

12. OTHER ASSETS

	Group		Parent Company	
	2020 (RO'000)	2019 (RO'000)	2020 (RO'000)	2019 (RO'000)
Customers' indebtedness against acceptances	-	21,988	-	-
Interest and other receivables	12,901	23,231	-	-
Prepayments	932	5,012	803	85
Positive fair value of derivatives	-	1,257	-	-
Others	567	15,786	337	215
	14,400	67,274	1,140	300

13. INVESTMENT PROPERTIES MEASURED AT FAIR VALUE

Group	Land and buildings (RO'000)	Capital work- in-progress (RO'000)	Total (RO'000)
At 1 January 2019	16,920	123	17,043
Additions	52	149	201
Disposals	(3,720)	-	(3,720)
Unrealised gain	(706)	-	(706)
Transferred to property and equipment (note 14)	(1,781)	(261)	(2,042)
At 1 January 2020	10,765	11	10,776
Additions	443	1	444
Unrealised loss during the year	(69)	-	(69)
Transfers	-	(12)	(12)
At 31 December 2020	11,139	-	11,139

Parent Company

The Parent Company has a residential investment property which has a fair value of RO 2.1 million. No movement was recorded during the year.

The Group has conducted fair valuations of its investment properties (land and buildings) through a reputed property valuation company in Oman (Cavendish Maxwell and Brokers International LLC), who are specialist in valuing the land and buildings. Closing carrying values are adjusted to reflect the fair valuations performed. The land and buildings are beneficially owned by the Group but are registered in the name of Parent Company.

13. INVESTMENT PROPERTIES MEASURED AT FAIR VALUE (CONTINUED)

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Property description	Valuation technique	Unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
OMINVEST Business Center Plot 216, Phase 1, Madinat Al Errfan, Wilayat Bausher, Muscat	<i>Income capitalization approach:</i> The model considers the net operating income of the property rentals projected and dividing by the capitalization rate.	<ul style="list-style-type: none"> - Yield rate of 9% (2019: 9%) - Operational expenses of 5% (2019: 9.5%) of market rent - Letting void of 3% (2019: 6.5%) 	The estimated fair value would increase/ (decrease) if: <ul style="list-style-type: none"> - Yield was lower/ (higher); or - Operational expenses were lower / (higher).
Plot No. 367, MBD East, G. Muttrah, Muscat	<i>Income capitalization approach:</i> The model considers the net operating income of the property rentals projected and dividing by the capitalization rate	<ul style="list-style-type: none"> - Yield rate of 9% (2019: 9.5%) - Operational expenses of 5% (2019: 10%) of market rent - Letting void of 5% (2019: 6%) 	The estimated fair value would increase/ (decrease) if: <ul style="list-style-type: none"> - Yield was lower/ (higher); or - Operational expenses were lower / (higher).

The Group's investment property is measured based on Level 3 fair valuation. The Company obtains an independent valuation for its investment property at least annually. At the end of each reporting period, management updates its assessment of the fair value of the investment property, taking into account the most recent independent valuation.

14. PROPERTY AND EQUIPMENT

	<i>Land and buildings (RO'000)</i>	<i>Furniture, fixtures and equipment (RO'000)</i>	<i>Motor vehicles (RO'000)</i>	<i>Right of Use assets (RO'000)</i>	<i>Capital work in progress (RO'000)</i>	<i>Total (RO'000)</i>
Group						
Cost:						
At 1 January 2019	25,481	41,219	1,100	-	1,344	69,144
Adoption of IFRS 16	-	-	-	8,609	-	8,609
Additions	1,326	4,402	87	294	4,531	10,640
Transfers	172	(172)	-	-	-	-
Transferred from investment properties (note 13)	2,042	-	-	-	-	2,042
Disposals	-	(4,237)	(421)	-	-	(4,658)
At 1 January 2020	29,021	41,212	766	8,903	5,875	85,777
Additions	30	3,163	-	8	2,324	5,525
Business combination [note 15 (ii)]	260	581	-	-	-	841
Transfers	-	(16)	-	-	16	-
Acquisition of a subsidiary [note 4(ii)]	484	402	33	-	-	919
Disposal of a subsidiary [note 4(i)]	(21,743)	(32,456)	(319)	(8,609)	(8,215)	(71,342)
Disposals	-	(4,221)	(38)	-	-	(4,259)
At 31 December 2020	8,052	8,665	442	302	-	17,461
Depreciation:						
At 1 January 2019	3,357	28,312	748	-	-	32,417
Charge for the year	801	4,332	120	1,751	-	7,004
Disposals	-	(4,154)	(395)	-	-	(4,549)
At 1 January 2020	4,158	28,490	473	1,751	-	34,872
Charge for the year	483	2,787	303	1,052	-	4,625
Disposals	-	(4,119)	(38)	-	-	(4,157)
Acquisition of a subsidiary [note 4(ii)]	16	203	33	-	-	252
Disposal of a subsidiary [note 4(i)]	(4,207)	(23,390)	(530)	(2,583)	-	(30,710)
At 31 December 2020	450	3,971	241	220	-	4,882
Carrying value						
At 31 December 2020	7,602	4,694	201	82	-	12,579
At 31 December 2019	24,862	12,722	293	7,152	5,875	50,904

14. PROPERTY AND EQUIPMENT (CONTINUED)

	<i>Furniture, fixtures and equipment (RO'000)</i>	<i>Motor vehicles (RO'000)</i>	<i>Right of Use assets (RO'000)</i>	<i>Total (RO'000)</i>
Parent Company				
Cost:				
At 1 January 2019	941	40	-	981
Adoption of IFRS 16	-	-	830	830
Additions	18	-	-	18
Disposals	(468)	(35)	-	(503)
At 1 January 2020	491	5	830	1,326
Additions	14	-	-	14
At 31 December 2020	505	5	830	1,340
Depreciation:				
At 1 January 2019	537	40	-	577
Charge for the year	67	-	83	150
Disposals	(468)	(35)	-	(503)
At 1 January 2020	136	5	83	224
Charge for the year	64	-	83	147
At 31 December 2020	200	5	166	371
Carrying value				
At 31 December 2020	305	-	664	969
At 31 December 2019	355	-	747	1,102

Right to use asset of the Parent Company comprises of the Parent Company's lease rentals at Ominvest Business Center.

15. INTANGIBLE ASSETS

	Goodwill (RO'000)	Trade name (RO'000)	Hospital network (RO'000)	License (RO'000)	Others (RO'000)	Total (RO'000)
Group						
Cost						
At 1 January 2019	147	9,117	7,597	2,631	227	19,719
Additions	2,809	-	-	-	-	2,809
At 1 January 2020	2,956	9,117	7,597	2,631	227	22,528
Acquisition of a subsidiary [note 4(ii)]	4,723	-	-	-	-	4,723
Adjustment to goodwill on Finalization of PPA [note 4 (v)]	(434)	-	-	-	-	(434)
At 31 December 2020	7,245	9,117	7,597	2,631	227	26,817
Amortisation:						
At 1 January 2019	-	-	1,705	1,477	-	3,182
Charge for the year	-	-	506	439	24	969
At 1 January 2020	-	-	2,211	1,916	24	4,151
Charge for the year	-	-	506	439	(74)	871
At 31 December 2020	-	-	2,717	2,355	(50)	5,022
Carrying value						
At 31 December 2020	7,245	9,117	4,880	276	277	21,795
At 31 December 2019	3,159	9,117	5,386	715	715	18,377

(i) The Group carried out an impairment test as at the reporting date for goodwill and intangibles with indefinite lives acquired as a result of business combination. No impairment provision was required as a result of impairment test.

(ii) The Group availed the exemption for provisional PPA in prior year. The PPA exercise for GAIL and SPIL has been completed in current year resulting in an upward valuation of property, plant and equipment by RO 841,000. Based on the holding percentage of GAIL and SPIL for the Group, the revised amount of property, plant and equipment was not material to the Group and accordingly the financial statements have not been restated. The adjustment to property, plant and equipment, goodwill and NCI has been taken in the current year.

16. SHARE CAPITAL

	2020 (RO'000)	2019 (RO'000)
Authorized 900,000,000 ordinary shares of RO 0.100 each (31 December 2019 - 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 2019 – 807,772,329 shares of RO 0.100 each)	80,777	80,777

16. SHARE CAPITAL (CONTINUED)

Shareholders of the Parent Company who own 10% or more of its shares at the reporting date are as follows:

	2020		2019	
	<i>Holding %</i>	<i>Shares</i>	<i>Holding %</i>	<i>Shares</i>
Ubhar Capital – Asset Management / Local Trust	17.28%	139,587,983	24.21%	194,888,424
Khalid Muhammad AlZubair	16.50%	133,282,434	7.00%	56,544,405
Al Hilal Investment Co. LLC	16.03%	129,480,967	15.61%	126,158,291
Civil Service Employees' Pension Fund	11.74%	94,833,265	11.58%	93,566,941

17. PERPETUAL TIER 1 CAPITAL BONDS

During 2018, the Parent Company issued perpetual bonds of RO 60.6 million. The bonds are listed in the Muscat Securities Market and are transferable through trading. The bonds carry a fixed coupon rate of 7.75% per annum payable semi-annually in arrears and treated as deduction from equity. Parent Company has an option to defer the payment of interest. Any interest not paid due to such an election by the Parent Company shall constitute Optionally Deferred Payments. Optionally Deferred Payments shall themselves bear interest as if they constituted the principal of the Bonds at the Prevailing Interest Rate.

These bonds constitute direct, unconditional, subordinated and unsecured obligations of the Parent Company and are classified as equity in accordance with IAS 32: Financial Instruments – Classification. These bonds do not have a fixed or final maturity date and are redeemable by the Parent Company at its sole discretion on 4 June 2023 (the “First Call Date”) or after every 12 months thereafter.

During 2020, a subsidiary company of the Group sold perpetual bonds of the Parent Company amounting to RO 6.64 million. Accordingly, this amount has been adjusted in the balance of perpetual bonds at the Group level.

18. TREASURY SHARES

Group	2020 (RO'000)	2019 (RO'000)
31st December	58,580	81,464

During 2017, a subsidiary company acquired 24% shareholding of the Parent Company. These shares are held by a Group company under trust on behalf of the subsidiary. Treasury shares are own equity instruments that are reacquired and recognized at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

During the year, Group sold 6.74% treasury shares for RO 20.3 million. These shares were sold at a premium of 11% as compared to the prevailing market price and the difference has been appropriately adjusted in the retained earnings.

19. SHARE PREMIUM AND LEGAL RESERVE

(a) Share premium

This reserve is available for distribution to the shareholders.

(b) Legal reserve

As required by Article 132 of the Commercial Companies Law, the Parent Company and each of its Omani subsidiaries are required to transfer 10% of their profit for the year to this reserve until such time as the legal reserve amounts to at least one third of the respective entity's paid-up share capital. The reserve is not available for distribution. The balance at the end of the year represents amounts relating to the Parent Company and its share of the legal reserve of its Omani subsidiaries.

20. OTHER NON-DISTRIBUTABLE RESERVES

Group	Capital reserve (RO'000)	Impairment reserve (RO'000)	Contingency reserve (RO'000)	Special reserve (RO'000)	Subordinate debt reserve (RO'000)	Foreign currency revaluation reserve (RO'000)	Cash flow hedge reserve (RO'000)	Revaluation reserve (RO'000)	Total (RO'000)
At 1 January 2019	21,732	-	3,251	1,996	6,119	(9)	-	234	33,323
Other comprehensive income	-	-	-	-	-	(15)	-	-	(15)
Transfer (to) / from retained earnings	-	4,656	1,345	-	2,041	-	-	-	8,042
At 1 January 2020	21,732	4,656	4,596	1,996	8,160	(24)	-	234	41,350
Other comprehensive income	-	-	-	-	-	(1)	(475)	-	(476)
Disposal of a subsidiary	(21,732)	(4,656)	-	(1,996)	(8,160)	-	-	-	(36,544)
Transfer (to) / from retained earnings	-	-	1,311	-	-	-	-	-	1,311
At 31 December 2020	-	-	5,907	-	-	(25)	(475)	234	5,641

Parent Company	Impairment reserve (RO'000)	Contingency reserve (RO'000)	Special reserve (RO'000)	Subordinate debt reserve (RO'000)	Foreign currency revaluation reserve (RO'000)	Cash flow hedge reserve (RO'000)	Revaluation reserve (RO'000)	Total (RO'000)
At 1 January 2019	-	3,251	1,996	6,119	(9)	-	234	11,591
Other comprehensive income	-	-	-	-	(15)	-	-	(15)
Transfer (to) / from retained earnings	4,656	1,345	-	2,041	-	-	-	8,042
At 1 January 2020	4,656	4,596	1,996	8,160	(24)	(475)	234	19,618
Other comprehensive income	-	-	-	-	(1)	(475)	-	(476)
Disposal of a subsidiary	(4,656)	-	(1,996)	(8,160)	-	-	-	(14,812)
Transfer (to) / from retained earnings	-	1,311	-	-	-	-	-	1,311
At 31 December, 2020	-	5,907	-	-	(25)	(475)	234	5,641

Capital reserve

The banking subsidiary had increased its paid up share capital through capitalisation of retained profits and issue of rights shares in previous years. The Parent Company's share of the increased paid up share capital through capitalisation of retained profits was transferred to a non-distributable capital reserve in the Group's financial statements. This reserve has been transferred to retained earnings during the year.

20. OTHER NON-DISTRIBUTABLE RESERVES (CONTINUED)

Contingency reserve

In accordance with article 10 (bis) (2)(c) and 10 (bis) (3)(b) of Regulations for Implementing Insurance Companies Law (Ministerial Order 5/80), as amended, 10% of the net outstanding claims in case of the general insurance business amounting to RO 640,380 (2019 - RO 530,712) and 1% of the life assurance premiums for the year in case of life insurance business amounting to RO 1,144,030 (2019 – RO 1,300,795) at the reporting date is transferred from retained earnings to a contingency reserve. The reserves shall not be used except by prior approval of the Capital Market Authority.

Revaluation reserve

The revaluation reserve represents the Parent Company's share of the revaluation reserve arising from the revaluation by associated companies.

Foreign currency translation reserve

As at the reporting date, the assets and liabilities of the foreign subsidiary entities are translated into the functional currency of the Group (the Rial Omani) at the rate of exchange ruling at the reporting date and its profit or loss is translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a foreign currency translation reserve in other comprehensive income.

Cashflow hedge reserve

During the year, the Parent Company entered into an interest rate swap (IRS) agreement with a commercial bank in Oman that are designated as a fair value hedge, for hedging the interest rate risk movement on LIBOR. Movement in fair value of IRS has been recorded in cashflow hedge reserve.

Cumulative changes in fair value reserve

The unrealised gain or loss arising from a change in the fair value of the investments at FVOCI is transferred to the equity reserve till the investment is sold, collected or otherwise disposed of, or till the investment is determined to be impaired at which time the cumulative gain or loss is transferred to the statement of profit or loss. The fair value reserve includes share of other comprehensive income from equity accounted investees.

21. NON-CONTROLLING INTEREST (NCI)

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI.

	NLGIC		OAB	
	2020 RO'000	2019 RO'000	2020 RO'000	2019 (RO'000)
Statement of financial position				
Total assets	175,825	186,864	-	2,497,129
Total liabilities	108,405	127,962	-	2,200,839
Net assets	67,420	58,902	-	296,290
Net assets attributable to NCI	14,657	12,805	-	145,212
Intangibles attributable to NCI	3,103	3,300	-	-
Grand total	17,760	16,105	-	145,212
Statement of comprehensive income				
Profit for the year	15,006	10,202	10,385	32,556
Other comprehensive income for the year (OCI)	137	362	137	108
Total comprehensive income	15,143	10,564	10,522	32,664
Profit allocated to NCI	3,056	2,218	5,089	15,956
OCI allocated to NCI	30	79	67	53
Total comprehensive income allocated to NCI	3,086	2,297	5,156	16,009
Statement of cash flows				
Cashflow from operating activities	18,128	13,290	(6,678)	(16,118)
Cashflow from investing activities	(18,151)	(8,735)	(18,098)	(34,305)
Cashflow from financing activities	(8,733)	(3,345)	(18,114)	(21,442)
Net change in cash and cash equivalents	(8,756)	1,210	(42,890)	(71,865)

22. DUE TO BANKS

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

	Group		Parent Company	
	2020 (RO'000)	2019 (RO'000)	2020 (RO'000)	2019 (RO'000)
Due to banks – current accounts and money market acceptance	-	31,465	-	-
Terms loans	304,299	278,551	304,299	276,551
Less: Unamortised bank processing fees	(1,829)	(2,022)	(1,829)	(2,022)
	302,470	307,994	302,470	274,529

Certain long-term loans are secured by pledge of investments securities and investment in associates.

The maturity profile of terms loans is as follows:

	Group		Parent Company	
	2020 (RO'000)	2019 (RO'000)	2020 (RO'000)	2019 (RO'000)
Due within one year	70,296	93,896	70,296	91,896
Due in more than one year	234,003	184,655	234,003	184,655
	304,299	278,551	304,299	276,551

The movement in the term loans is as follows:

	Group		Parent Company	
	2020 (RO'000)	2019 (RO'000)	2020 (RO'000)	2019 (RO'000)
1 January	278,551	222,800	276,551	228,800
Long term loans obtained during the year	95,648	84,085	95,648	84,085
Repayment of long term loans made during the year	(38,050)	(40,180)	(38,050)	(46,180)
Net movement in short term loans	(31,850)	11,846	(29,850)	9,846
31 December	304,299	278,551	304,299	276,551

23. INSURANCE FUNDS

31 December 2020	Gross (RO'000)	Reinsurers' share (RO'000)	Net (RO'000)
Actuarial / mathematical and unexpired risk reserve – life assurance	43,373	(10,138)	33,235
Unexpired risk reserve – general insurance	8,169	(170)	7,999
Closing claims outstanding (including IBNR)	23,171	(5,867)	17,304
	74,713	(16,175)	58,538

31 December 2019	Gross (RO'000)	Reinsurers' share (RO'000)	Net (RO'000)
Actuarial / mathematical and unexpired risk reserve – life assurance	50,293	(13,292)	37,001
Unexpired risk reserve – general insurance	8,110	(253)	7,857
Closing claims outstanding (including IBNR)	21,705	(6,020)	15,685
	80,108	(19,565)	60,543

23. INSURANCE FUNDS (CONTINUED)

Movement during the year:

	2020 RO'000	2019 RO'000
Actuarial / mathematical and unexpired reserve (Life assurance):		
At 1 January	37,001	27,506
Movement in the statement of comprehensive income	(3,766)	9,495
At 31 December	33,235	37,001
Unexpired risk reserves (General Insurance)		
At 1 January	7,857	7,049
Movement in the statement of comprehensive income	142	808
At 31 December	7,999	7,857

The amount in the provision for outstanding claims and the related reinsurers' share is as follows:

Group	Gross outstanding claims (RO'000)	Reinsurers' share of outstanding (RO'000)	Net outstanding claims (RO'000)
At 1 January (including IBNR)	21,705	(6,020)	15,685
Claims provided during the year	104,777	(24,700)	80,077
Claims paid during the year	(103,311)	24,853	(78,458)
Closing claims outstanding (including IBNR)	23,171	(5,867)	17,304

Group 31 December 2019	Gross outstanding claims (RO'000)	Reinsurers' share of outstanding (RO'000)	Net outstanding claims (RO'000)
At 1 January (including IBNR)	25,048	(9,721)	15,327
Claims provided during the year	113,343	(33,421)	79,922
Claims paid during the year	(116,686)	37,122	(79,564)
Closing claims outstanding (including IBNR)	21,705	(6,020)	15,685

Substantially all of the claims are expected to be paid within twelve months of the reporting date. The amounts due from reinsurers are contractually due within three months from the date of submission of accounts to the reinsurer.

The Group estimates its insurance liabilities and reinsurance assets principally based on previous experience. IBNR estimates for the life business are based on an independent actuary's report. Claims requiring Court or arbitration decisions are estimated individually.

24. OTHER LIABILITIES

	Group		Parent Company	
	2020 (RO'000)	2019 (RO'000)	2020 (RO'000)	2019 (RO'000)
Liabilities against acceptances	-	21,988	-	-
Lease liabilities (refer below)	248	7,335	704	767
Accrued expenses and other payables	40,061	59,558	3,757	2,910
Interest payable	899	25,029	899	778
Cheques and trade settlement payable	-	2,756	-	-
Staff end of service benefits (refer below)	1,872	2,015	362	275
Interest and commission received in advance	-	2,858	-	-
Negative fair value of derivatives (note 34)	475	928	-	-
	43,555	122,467	5,722	4,730

24. OTHER LIABILITIES (CONTINUED)

The movement in lease liabilities are as below:

	Group		Parent Company	
	2020 (RO'000)	2019 (RO'000)	2020 (RO'000)	2019 (RO'000)
At 1 January	7,335		767	-
Addition during the year	-	8,903	-	830
Accretion of the interest	16	397	50	50
Disposal of a subsidiary [refer note 4(i)]	(6,101)			
Repayment made during the year	(1,002)	(1,965)	(113)	(113)
	<u>248</u>	<u>7,335</u>	<u>704</u>	<u>767</u>

The movement in end of service benefits are as below:

In accordance with the Labour Law of Oman, the Group and Parent Company accrues for employees' end of service benefits for its non-Omani employees.

Movements in the liability recognised in the financial statements are as follows:

	Group		Parent Company	
	2020 (RO'000)	2019 (RO'000)	2020 (RO'000)	2019 (RO'000)
At 1 January	2,015	1,766	275	296
Charge for the year	292	434	87	60
Derecognition of a subsidiary [note 4(i)]	(909)	-	-	-
Acquisition of a subsidiary [note 4(ii)]	520	-	-	-
Transfer	-	-	-	(51)
Paid during the year	(46)	(185)	-	(30)
At 31 December	<u>1,872</u>	<u>2,015</u>	<u>362</u>	<u>275</u>

25. TAXATION

(a) Recognised in the statements of comprehensive income

	Group		Parent Company	
	2020 (RO'000)	2019 (RO'000)	2020 (RO'000)	2019 (RO'000)
Statement of comprehensive income				
Current year	4,741	7,807	-	-
Prior year	863	289	500	-
Current tax expense for the year	5,604	8,096	500	-
Deferred tax	(141)	262	-	410
Tax expense	<u>5,463</u>	<u>8,358</u>	<u>500</u>	<u>410</u>
Statement of financial position				
Current year	3,496	8,551	639	139
Deferred tax (asset) / liability	(659)	596	-	-
	<u>2,837</u>	<u>9,147</u>	<u>639</u>	<u>139</u>
Deferred tax asset / (liability)				
At 1 January	(596)	(172)	-	410
Movement for the year	1,255	(424)	-	(410)
At 31 December	<u>659</u>	<u>(596)</u>	<u>-</u>	<u>-</u>

The Group is subject to income tax at the rate of 15% of taxable income (2019: 15%).

25. TAXATION (CONTINUED)

(b) Reconciliation of income tax expense

The following is a reconciliation of income tax calculated at the applicable tax rate with the income tax expense:

	Group		Parent Company	
	2020 (RO'000)	2019 (RO'000)	2020 (RO'000)	2019 (RO'000)
Profit before tax from continuing operations	47,862	58,482	38,545	36,324
Income tax at the rates mentioned above	7,179	8,772	5,782	5,449
Tax-exempt revenues	(6,259)	(4,863)	(8,953)	(7,299)
Non-deductible expenses	4,030	2,459	3,038	1,405
Deferred tax not recognised	(512)	737	133	439
Current tax-prior year	863	289	500	-
Deferred tax – prior year	(39)	295	-	416
Others	201	669	-	-
Income tax expense	5,463	8,358	500	410

(c) Movement of deferred tax asset / (liability)

Group Particulars	As at 1 January 2020 (RO'000)	Adjustment at subsidiary (RO'000)	Recognised in other comprehensive income (RO'000)	Recognised in profit or loss (RO '000)	As at 31 December 2020 (RO'000)
Property, plant and equipment	(459)	-	-	92	(367)
Amortisation of goodwill	(21)	-	-	(167)	(188)
Revaluation reserve	(68)	-	(97)	(11)	(176)
Revaluation of investments in real estate	(407)	-	-	(86)	(493)
Provision for doubtful debts	307	-	-	109	416
Fair value reserve on FVOCI investments	30	-	973	-	1,003
Offset of deferred tax assets and liabilities	20	-	-	20	20
Acquisition of a subsidiary	-	(208)	-	-	(208)
Disposal of a subsidiary	-	373	-	-	373
Reclassification at subsidiary	-	73	-	-	73
Right of use asset and lease liability	2	-	-	2	4
Losses to be carried forward by a subsidiary	-	-	-	196	196
Total	(596)	238	876	141	659

Particulars	As at 1 January 2019 (RO'000)	Recognised in other comprehensive income (RO'000)	Recognised in profit or loss (RO '000)	As at 31 December 2019 (RO'000)
Property, plant and equipment	(652)	-	193	(459)
Amortisation of goodwill	(21)	-	-	(21)
Revaluation reserve	(68)	-	-	(68)
Revaluation of investments in real estate	(512)	-	105	(407)
Provision for doubtful debts	220	-	87	307
Fair value reserve on FVOCI	192	(162)	-	30
Offset of deferred tax assets and liabilities	252	-	(232)	20
Foreign exchange fluctuation reserve on investment in subsidiary	161	-	(161)	-
Right of Use Asset and Lease Liability	-	-	2	2
Provision on due from related party	256	-	(256)	-
Total	(172)	(162)	(262)	(596)

25. TAXATION (CONTINUED)

2019	As at 1 January 2019 (RO'000)	Recognised in profit or loss (RO '000)	As at 31 December 2019 (RO'000)
Property, plant and equipment	(7)	(9)	(16)
Provisions	256	(256)	-
Losses available for carry forward	-	16	16
Foreign exchange fluctuation reserve on investment in subsidiary	161	(161)	-
Total	<u>410</u>	<u>(410)</u>	<u>-</u>

Parent Company

The assessments of the Parent Company have been completed by the Taxation Authority up to and including the tax year 2016. The Parent Company has filed an objection for the tax year 2012.

The assessments of the tax returns filed for the years 2017 to 2019 have not yet been finalised by the Tax Authority. Management believes that any additional taxes that may arise on completion of the tax assessments for the open tax years and tax years under objection will not be significant to the Parent Company's financial position at 31 December 2020.

Status of tax assessments of subsidiaries

The tax assessments of subsidiaries are at different stages of completion. Management does not expect any additional tax liabilities to be incurred relating to the open tax years.

26. NET ASSETS PER SHARE

The calculation of net assets per share is as follows:

	<i>Group</i>		<i>Parent Company</i>	
	<i>2020 (RO'000)</i>	<i>2019 (RO'000)</i>	<i>2020 (RO'000)</i>	<i>2019 (RO'000)</i>
Equity attributable to shareholders of the Parent Company (RO'000)	215,333	192,289	262,296	258,707
Number of shares outstanding at the end of the year [for Group excluding treasury shares]	668,365,426	613,906,972	807,772,329	807,772,329
Net assets per share (RO)	0.322	0.313	0.325	0.320

Number of shares outstanding at the end of the year is arrived at after deducting treasury shares at the Group level (note 18).

27. GROSS PREMIUMS AND PREMIUMS CEDED TO REINSURERS

2020			
	<i>Life (RO'000)</i>	<i>General (RO'000)</i>	<i>Total (RO'000)</i>
Group			
Gross written premiums	114,403	19,625	134,028
Movement in unearned premiums	6,921	(59)	6,862
Gross premium, earned	121,324	19,566	140,890
Reinsurance premiums ceded	(22,444)	(1,407)	(23,851)
Movement in unearned premiums	(3,154)	(83)	(3,237)
Premium ceded to reinsurers	(25,598)	(1,490)	(27,088)
Net insurance premium revenue	95,726	18,076	113,802
2019			
	<i>Life (RO'000)</i>	<i>General (RO'000)</i>	<i>Total (RO'000)</i>
Group			
Gross written premiums	130,080	18,520	148,600
Movement in unearned premiums	(4,894)	(547)	(5,441)
Gross premium, earned	125,186	17,973	143,159
Reinsurance premiums ceded	(31,015)	(1,295)	(32,310)
Movement in unearned premiums	(4,601)	(262)	(4,863)
Premium ceded to reinsurers	(35,616)	(1,557)	(37,173)
Net insurance premium revenue	89,570	16,416	105,986

28. INTEREST INCOME

	Group		Parent Company	
	2020 (RO'000)	2019 (RO'000)	2020 (RO'000)	2019 (RO'000)
Loans and advances to customers	54,400	103,877	-	-
Oman Government Development Bonds	4,305	6,861	-	-
Placements / deposits with banks and other money market placements	2,054	1,846	748	-
Other interest income	3,075	3,999	6,248	5,439
	63,834	116,583	6,996	5,439

29. INVESTMENT INCOME

	Group		Parent Company	
	2020 (RO'000)	2019 (RO'000)	2020 (RO'000)	2019 (RO'000)
Net gain from deemed disposal of an associate [refer 4(iii)]	5,228	291	-	-
Net gain from disposal of a subsidiary [refer 4(i)]	11,968	-	11,968	-
Dividend from investments	2,595	2,335	48	32
<i>Quoted local investments</i>				
Profit / (loss) on sale	-	697	-	-
Changes in fair value	394	(346)	39	(1)
<i>Unquoted local investments</i>				
Changes in fair value	-	28	-	-
<i>Quoted foreign investments</i>				
Changes in fair value	27	5	27	5
<i>Unquoted foreign investments</i>				
Changes in fair value	-	(29)	-	(29)
<i>Investment properties</i>				
Net (loss) / gain on investment properties	(67)	83	-	-
Provision on forex reserve	-	(44)	-	(44)
Income from education sector entity [note 8(c)]	1,238	-	-	-
Rental income	772	577	172	-
Impairment provision on equity accounted investments in financial sector [note 9(ii)]	(4,289)	-	(4,289)	-
Profit on sale of work in progress	-	261	-	-
	17,866	3,858	7,965	(37)

30. FEE AND COMMISSION INCOME / EXPENSE

	Group		Parent Company	
	2020 (RO'000)	2019 (RO'000)	2020 (RO'000)	2019 (RO'000)
Fee and commission income	9,518	20,052	-	-
Fee and commission expense	(10,876)	(11,870)	-	-

31. OTHER OPERATING INCOME

	Group		Parent Company	
	2020 (RO'000)	2019 (RO'000)	2020 (RO'000)	2019 (RO'000)
Foreign exchange (net)	3,156	6,300	-	-
Gross profit from manufacturing subsidiaries (refer below)	2,122	462	-	-
Other income	2,075	223	451	192
Loss on sale of property and equipment	(3)	-	-	-
	7,350	6,985	451	192

This consist of revenue and cost of sales from a manufacturing subsidiaries GAIL and SPIL (note 10) which has revenue of RO 8,748 thousands (2019: RO 2,624 thousands) and cost of sales of RO 6,626 thousands (2019: RO 2,162 thousands).

32. INTEREST EXPENSE

	Group		Parent Company	
	2020 (RO'000)	2019 (RO'000)	2020 (RO'000)	2019 (RO'000)
Time deposits	16,610	30,572	-	-
Subordinated bonds	548	1,100	-	-
Call accounts	4,402	4,199	-	-
Savings accounts	-	2,292	-	-
Bank borrowings	14,966	15,484	14,851	12,258
	36,526	53,647	14,851	12,258

33. OPERATING EXPENSES

	Group		Parent Company	
	2020 (RO'000)	2019 (RO'000)	2020 (RO'000)	2019 (RO'000)
Staff costs (refer below)	28,744	41,793	4,153	3,801
Other operating expenses	13,762	19,312	665	795
Depreciation	4,625	7,004	147	150
Amortisation	871	969	694	694
Directors' sitting fees and remuneration:				
Parent Company	200	200	200	200
Subsidiaries (net of intra-group adjustments)	495	437	-	-
	48,697	69,715	5,859	5,640
Staff costs:				
Salaries	27,760	37,173	3,803	3,444
End of service benefits	292	434	87	60
Social security costs	413	2,370	52	47
Other costs	279	1,816	211	250
	28,744	41,793	4,153	3,801

COVID-19 contribution

During the year 2020, the Group contributed RO 1,175 thousands (Parent Company: RO 500 thousands) to "The Endowment Fund to Support Health Services". This donation was made to support the critical health challenges the country was facing due to COVID-19.

34. DERIVATIVES

A derivative financial instrument is a financial contract between two parties when payments are dependent upon movement in price in one or more underlying financial instrument, reference rate or index.

31 December 2020

Group and Parent Company

During the year, the Parent Company entered into an interest rate swap (IRS) agreement with a commercial bank in Oman that are designated as a cash flow hedge, for hedging the interest rate risk movement for bank borrowings obtained at variable rate: LIBOR.

	<i>Positive fair value (RO'000)</i>	<i>Negative fair value (RO'000)</i>	<i>Notional amount (RO'000)</i>	<i>Within 3 months (RO'000)</i>	<i>3 - 12 months (RO '000)</i>	<i>More than 1 year (RO'000)</i>
Interest rate swaps (hedge)	-	475	25,000	-	-	25,000

31 December 2019

Group

At 31 December 2019, there were outstanding forward foreign exchange contracts of a banking subsidiary, all maturing within one year, entered into on behalf of customers for the sale and purchase of foreign currencies. These financial instruments have been recognised at prices in active markets for identical assets or liabilities. These fair values and the notional contracted amounts are summarised below:

	<i>Positive fair value (RO'000)</i>	<i>Negative fair value (RO'000)</i>	<i>Notional amount (RO'000)</i>	<i>Within 3 months (RO'000)</i>	<i>3 - 12 months (RO '000)</i>	<i>More than 1 year (RO'000)</i>
Purchase contracts	226	-	86,074	75,561	10,513	-
Sale contracts	-	(196)	(86,043)	(75,571)	(10,472)	-
Interest rate swaps (designated at FVTPL)	1,031	(732)	9,465	-	-	9,465
	1,257	(928)	9,496	(10)	41	9,465

35. BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year by the number of shares outstanding during the year.

	<i>Group</i>		<i>Parent Company</i>	
	<i>2020 (RO'000)</i>	<i>2019 (RO'000)</i>	<i>2020 (RO'000)</i>	<i>2019 (RO'000)</i>
Profit for the year attributable to equity holders	33,700	32,121	38,045	35,914
Less: Perpetual Tier 1 interest	(4,932)	(7,250)	(6,070)	(7,522)
Profit for the year attributable to equity holders of the Group / Parent Company after interest on Perpetual Tier 1 capital bonds	28,768	24,871	31,975	28,392
Weighted average number of shares outstanding during the year	657,772,138	613,906,972	807,772,329	807,772,329
Basic earnings per share (RO)	0.044	0.041	0.040	0.035

At Group level, treasury shares held by subsidiary are eliminated.

As there were no dilutive potential shares, the diluted earnings per share is identical to the basic earnings per share.

36. SEGMENTAL INFORMATION

The Group is organised into four main business segments:

- 1) Banking Segment – incorporating corporate, retail and treasury and investment banking activities carried out by the Group's banking subsidiary and associates share of profit or loss included under segment revenue and segment results and carrying value included under segment assets;
- 2) Investment Segment – incorporating investment activities for both short-term and long-term purposes.
- 3) Insurance Segment – incorporating insurance related activities for Life and General Insurance carried out by the Group's insurance subsidiary and associates share of profit or loss included under segment revenue and segment results and carrying value included under segment assets;
- 4) Finance and leasing - financing and leasing activities comprises Group's share of profit or loss from associate included under segment revenue and segment results and carrying value included under segment assets; and
- 5) Real Estate Segment – incorporating activities in real estate sector.

Transactions between the business segments are eliminated on consolidation.

	<i>Investments (RO'000)</i>	<i>Banking (RO'000)</i>	<i>Insurance (RO'000)</i>	<i>Finance and leasing (RO'000)</i>	<i>Real estate (RO'000)</i>	<i>Adjustments (RO '000)</i>	<i>Total (RO'000)</i>
2020							
Segment revenues	49,157	93,399	150,831	2,937	1,135	(52,117)	261,538
Segment results	21,546	34,523	16,768	2,937	443	(45,725)	42,399
Segment assets	516,568	286,573	213,818	36,278	14,223	(357,286)	712,274
2019							
Segment revenues	55,697	154,361	156,730	3,656	1,376	(55,484)	316,336
Segment results	29,996	52,316	13,476	3,656	410	(49,730)	50,124
Segment assets	470,648	2,665,810	228,322	36,677	14,912	(426,326)	2,992,143

The banking segment results have been impacted due to conversion of OAB from subsidiary to an associate (note 4 (i))

37. RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Group conducts transactions with certain of its Directors and / or shareholders, associates, other related parties over which they are able to exert significant influence on mutually agreed terms with the approval of Board of Directors. The aggregate amounts of balances with such related parties are as follows:

<i>Group - 2020</i>	<i>Directors (RO'000)</i>	<i>Associates (RO'000)</i>	<i>Key management (RO'000)</i>	<i>Other related parties (RO'000)</i>	<i>Non- controlling interests (RO'000)</i>
Statement of comprehensive income					
Interest and other income	172	1,675	-	1,117	26
Interest expense	-	6,355	-	1	236
Directors sitting fees and remuneration	200	-	-	-	-
Premiums received	-	2,444	-	429	-
Claims paid	-	1,436	-	727	-
Operating expenses and capital expenditure	-	321	-	153	-
Staff cost	-	-	4,944	-	-
End of service benefits	-	-	200	-	-
Statement of financial position					
Sale of treasury shares	20,367	-	-	-	-
Purchase of investments	-	-	-	18,401	-
Borrowing arrangements	-	123,996	-	-	-
Current and other deposit accounts	-	14,910	-	-	-
Premiums and other receivables	-	1,471	-	484	-
Payables and deposits	-	587	-	218	-

37. RELATED PARTY TRANSACTIONS (CONTINUED)

<i>Group - 2019</i>	<i>Directors (RO'000)</i>	<i>Associates (RO'000)</i>	<i>Key management (RO'000)</i>	<i>Other Related parties (RO'000)</i>	<i>Non- controlling interests (RO'000)</i>
Statement of comprehensive income					
Interest and other income	226	1,652	-	1,769	210
Interest expense	-	7,669	-	5	339
Directors sitting fees and remuneration	637	-	-	-	-
Premiums received	1	242	-	786	-
Claims paid	-	190	-	893	-
Operating expenses & CAPEX	40	230	-	125	-
Staff cost	-	-	4,889	-	-
End of service benefits	-	-	146	-	-
Purchase of investments	-	-	-	2,490	-
Sale of investment property	-	484	-	-	-
Statement of financial position					
Borrowing arrangements	-	129,000	-	-	-
Loans and advances	7,569	32,580	-	42,356	15,836
Current and other deposit accounts	694	40,990	-	4,890	1,434
Premiums and other receivables	-	64	-	203	-
Payables and deposits	-	33	-	391	-
Off balance sheet					
Letters of credit and guarantees	-	-	-	4,800	136,786

37. RELATED PARTY TRANSACTIONS (CONTINUED)

<i>Parent - 2020</i>	<i>Subsidiaries (RO'000)</i>	<i>Associates (RO'000)</i>	<i>Directors (RO'000)</i>	<i>Key management (RO'000)</i>	<i>Other related parties (RO'000)</i>
Statement of comprehensive income					
Directors' sitting fees and remuneration	-	-	200	-	-
Dividend from Subsidiary companies	22,376	-	-	-	-
Dividend from Associates companies	-	2,075	-	-	-
Brokerage and other fees	117	-	-	-	-
Operating expenses	113	-	-	-	39
Interest income	6,423	398	-	-	-
Interest expenses	174	403	-	-	5,852
Premiums	123	-	-	-	-
Claims	61	-	-	-	-
Staff cost	-	-	-	2,314	-
End of Service benefits	-	-	-	71	-
Statements of financial position					
Bank borrowings	-	23,996	-	-	100,000
Bank balances and deposits	-	31,426	-	-	-
Due from subsidiaries (net)	112,173	-	-	-	-
Payables	-	-	-	-	3

<i>Parent - 2019</i>	<i>Subsidiaries (RO'000)</i>	<i>Associates (RO'000)</i>	<i>Directors (RO'000)</i>	<i>Key management (RO'000)</i>	<i>Other related parties (RO'000)</i>
Statement of comprehensive income					
Directors' sitting fees and remuneration	-	-	200	-	-
Dividend from Subsidiary companies	14,443	-	-	-	-
Dividend from Associates companies	-	1,434	-	-	-
Brokerage and other fees	-	-	-	-	-
Operating expenses	113	-	-	-	47
Interest income	5,443	-	-	-	-
Other income (rent charge)	-	-	-	-	-
Interest expenses	43	-	-	-	6,914
Premiums	105	-	-	-	-
Claims	52	-	-	-	-
Staff cost	-	-	-	1,781	-
End of Service benefits	-	-	-	30	-

37. RELATED PARTY TRANSACTIONS (CONTINUED)

<i>Parent - 2019</i>	<i>Subsidiaries (RO'000)</i>	<i>Associates (RO'000)</i>	<i>Directors (RO'000)</i>	<i>Key management (RO'000)</i>	<i>Other related parties (RO'000)</i>
Statements of financial position					
Bank borrowings	-	-	-	-	129,000
Bank balances	4,264	-	-	-	-
Due from subsidiaries (net)	115,876	-	-	-	-
Payables	-	-	-	-	11
Investment property purchase	2,100	-	-	-	-

38. FIDUCIARY ACTIVITIES

As at 31 December 2020, balances stated at cost arising from fiduciary activities are as follows:

	<i>Group</i>		<i>Parent Company</i>	
	<i>2020 (RO'000)</i>	<i>2019 (RO'000)</i>	<i>2020 (RO'000)</i>	<i>2019 (RO'000)</i>
Investments syndicated by the Group and registered in its name:	413	416	413	416
Parent Company	413	416	413	416

These investments are held beneficially for and on behalf of investors and, accordingly, are not treated as assets of the Group and the Parent Company. These are included in the Group's and Parent company's financial statements as off-balance sheet items.

Below are the details of assets held under trust by a subsidiary in brokerage business:

	<i>2020 RO'000</i>
Amounts held in:	
Cash held for trust accounts	10,828
Securities held for discretionary trust accounts	90,761
Securities held for non – discretionary trust accounts	106,481
	208,070

39. CONTINGENT LIABILITIES & COMMITMENTS

Contingencies

At 31 December 2020, there were contingent liabilities in respect of guarantees issued by commercial banks on behalf of the Group amounting to RO 683,663 (2019: RO 324,193) given in the normal course of business from which it is anticipated that no material liabilities will arise.

Legal claims

The insurance subsidiary of the Group, consistent with the majority of insurers, is subject to litigation in the normal course of its business. The Group, based on independent legal advice, does not believe that the outcome of the court cases will have a material impact on its separate and consolidated income or financial position.

40. RESTRICTIONS ON TRANSFER OF ASSETS

In accordance with the law governing the operation of insurance companies within the Sultanate of Oman, the insurance subsidiary has identified to the Capital Market Authority certain specific bank deposits, investments and loans to policyholders included in the consolidated statement of financial position at a total value of RO 46,781,499 (2019: RO 42,256,223). Under the terms of the legislation, the Group can transfer these assets only with the prior approval of the Capital Market Authority. The Group has provided bank guarantee of RO 50,000 (2019: RO 50,000) to the Oman Unified Bureau for the Orange Card which is secured by a fixed deposit.

In accordance with the law governing the operation of insurance companies within the United Arab Emirates, and Kuwait the insurance subsidiary has identified to the Insurance Authority, Abu Dhabi – UAE and The Ministry of Commerce and Industry, Kuwait certain specific fixed deposits of RO 1,007,975 (2019: RO 991,142) and RO 2,197,650 (2019: RO 1,879,150) respectively which are included in the consolidated statement of financial position. Under the terms of the legislation, the Group can transfer these assets only with the prior approval of the respective authorities.

41. GEOGRAPHICAL CONCENTRATION OF ASSETS AND LIABILITIES

<i>Group - 2020</i>	<i>Sultanate of Oman (RO'000)</i>	<i>North America (RO'000)</i>	<i>UK and Europe (RO'000)</i>	<i>Other countries (RO'000)</i>	<i>Total (RO'000)</i>
Assets					
Balances with banks and money at call	8,001	-	23,627	9,246	40,874
Deposits with banks	69,654	-	-	16,231	85,885
Premium and insurance balance receivables	19,211	-	-	23,945	43,156
Re-insurance share in Insurance Funds	7,259	-	-	8,916	16,175
Investment securities	124,207	510	40	18,146	142,903
Investments in associates	313,137	-	-	10,231	323,368
Investment properties	11,139	-	-	-	11,139
Other assets	12,288	-	-	2,112	14,400
Property and equipment	10,701	-	-	1,878	12,579
Intangible assets	21,795	-	-	-	21,795
Total assets	597,392	510	23,667	90,705	712,274
Liabilities					
Due to banks	292,845	-	-	9,625	302,470
Insurance funds	42,539	-	-	32,174	74,713
Other liabilities	26,942	-	-	16,613	43,555
Taxation	2,837	-	-	-	2,837
Total liabilities	365,163	-	-	58,412	423,575

41. GEOGRAPHICAL CONCENTRATION OF ASSETS AND LIABILITIES (CONTINUED)

<i>Group - 2019</i>	<i>Sultanate of Oman (RO'000)</i>	<i>North America (RO'000)</i>	<i>UK and Europe (RO'000)</i>	<i>Other countries (RO'000)</i>	<i>Total (RO'000)</i>
Assets					
Balances with banks and money at call	182,213	-	112	9,180	191,505
Deposits with banks	39,792	5,512	2,753	32,859	80,916
Premium and insurance balance receivables	17,605	-	-	45,037	62,642
Re-insurance share in Insurance Funds	6,861	-	-	12,704	19,565
Investment securities	225,608	156	48	16,385	242,197
Investments in associates	200,684	-	-	38,951	239,635
Investment properties	10,776	-	-	-	10,776
Loans and advances to customers	2,006,330	-	-	-	2,006,330
Other assets	60,798	-	15	6,461	67,274
Projects work in progress	-	-	-	-	-
Property and equipment	49,178	-	-	1,726	50,904
Intangible assets	18,027	-	-	350	18,377
Total assets	2,817,872	5,668	2,928	163,653	2,990,121
Liabilities					
Due to banks	292,204	-	7,375	8,415	307,994
Deposits from customers	1,978,832	-	-	-	1,978,832
Insurance funds	40,727	-	-	39,381	80,108
Subordinated debts	20,000	-	-	-	20,000
Other liabilities	88,230	-	895	33,342	122,467
Taxation	9,147	-	-	-	9,147
Total liabilities	2,429,140	-	8,270	81,138	2,518,548

41. GEOGRAPHICAL CONCENTRATION OF ASSETS AND LIABILITIES (CONTINUED)

<i>Parent Company – 2020</i>	<i>Sultanate of Oman (RO'000)</i>	<i>North America (RO'000)</i>	<i>UK and Europe (RO'000)</i>	<i>Other countries (RO'000)</i>	<i>Total (RO'000)</i>
Assets					
Balances with banks and money at call	498	-	23,627	-	24,125
Deposits with banks	44,289	-	-	-	44,289
Investment securities	4,989	20	41	278	5,328
Investments in associates	142,250	-	-	-	142,250
Investments in subsidiaries	298,972	-	-	419	299,391
Dues from subsidiaries	111,099	-	-	1,074	112,173
Investments in properties	2,100	-	-	-	2,100
Other assets	1,140	-	-	-	1,140
Property and equipment	969	-	-	-	969
Total assets	606,306	20	23,668	1,771	631,765
Liabilities					
Due to banks	292,845	-	-	9,625	302,470
Other liabilities	5,718	-	-	4	5,722
Taxation	639	-	-	-	639
Total liabilities	299,202	-	-	9,629	308,831
Parent Company – 2019					
Assets					
Balances with banks and money at call	4,548	-	-	1	4,549
Investment securities	2,958	20	48	189	3,215
Investments in associates	38,937	-	-	-	38,937
Investments in subsidiaries	429,859	-	2,805	-	432,664
Dues from subsidiaries	118,681	-	(2,805)	-	115,876
Investments in properties	2,100	-	-	-	2,100
Other assets	300	-	-	-	300
Property and equipment	1,102	-	-	-	1,102
Total assets	598,485	20	48	190	598,743
Liabilities					
Due to banks	274,529	-	-	-	274,529
Other liabilities	4,730	-	-	-	4,730
Taxation	139	-	-	-	139
Total liabilities	279,398	-	-	-	279,398

42. ASSETS AND LIABILITIES MATURITY PROFILE

<i>Group – 2020</i>	<i>Within 3 months (RO'000)</i>	<i>3 to 12 months (RO'000)</i>	<i>1 to 5 years (RO'000)</i>	<i>Over 5 years (RO'000)</i>	<i>Total (RO'000)</i>
Assets					
Balances with banks and money at call	40,874	-	-	-	40,874
Deposits with banks	-	85,885	-	-	85,885
Premium and insurance balance	-	43,156	-	-	43,156
Re-insurance share in insurance funds	-	16,175	-	-	16,175
Investment securities	94,501	-	33,257	15,145	142,903
Investments in associates	-	-	-	323,368	323,368
Investments in properties	-	-	11,139	-	11,139
Other assets	12,892	297	1,143	68	14,400
Property and equipment	-	-	12,579	-	12,579
Intangible assets	-	-	-	21,795	21,795
Total assets	148,267	145,513	58,118	360,376	712,274
Liabilities					
Due to banks	29,996	40,300	212,499	19,675	302,470
Insurance funds	-	74,713	-	-	74,713
Other liabilities	41,677	-	1,878	-	43,555
Taxation	2,837	-	-	-	2,837
Total liabilities	74,510	115,013	214,377	19,675	423,575

42. ASSETS AND LIABILITIES MATURITY PROFILE (CONTINUED)

<i>Group – 2019</i>	<i>Within 3 months (RO'000)</i>	<i>3 to 12 months (RO'000)</i>	<i>1 to 5 years (RO'000)</i>	<i>Over 5 years (RO'000)</i>	<i>Total (RO'000)</i>
Assets					
Balances with banks and money at call	142,164	20,369	11,663	17,309	191,505
Deposits with banks	44,067	5,334	31,515	-	80,916
Premium and insurance balance	-	62,642	-	-	62,642
Re-insurance share in insurance funds	-	19,565	-	-	19,565
Investment securities	44,477	24,839	69,754	103,127	242,197
Investments in associates	-	-	-	239,635	239,635
Investments in properties	-	-	10,776	-	10,776
Loans and advances to customers	441,277	170,423	504,950	889,680	2,006,330
Other assets	48,171	15,260	1,445	2,398	67,274
Property and equipment	-	-	2,147	48,757	50,904
Intangible assets	-	-	-	18,377	18,377
Total assets	720,156	318,432	632,250	1,319,283	2,990,121
Liabilities					
Due to banks	95,790	11,500	16,050	184,654	307,994
Deposits from customers	275,733	706,688	415,080	581,331	1,978,832
Insurance funds	-	80,108	-	-	80,108
Other liabilities	51,029	40,142	30,835	461	122,467
Subordinated bonds	-	-	20,000	-	20,000
Taxation	5,914	2,824	409	-	9,147
Total liabilities	428,466	841,262	482,374	766,446	2,518,548

42. ASSETS AND LIABILITIES MATURITY PROFILE (CONTINUED)

<i>Parent Company – 2020</i>	<i>Within 3 months (RO'000)</i>	<i>3 to 12 months (RO'000)</i>	<i>1 to 5 years (RO'000)</i>	<i>Over 5 years (RO'000)</i>	<i>Total (RO'000)</i>
Assets					
Balances with banks and money at call	24,125	-	-	-	24,125
Deposits with banks	-	44,289	-	-	44,289
Investment securities	2,585	-	2,743	-	5,328
Investments in associates	-	-	-	142,350	142,350
Investments in subsidiaries	-	-	-	299,391	299,391
Investment properties	-	-	2,100	-	2,100
Other assets	1,140	-	-	-	1,140
Property and equipment	-	-	969	-	969
Due from subsidiaries	-	112,173	-	-	112,173
Total assets	27,850	156,462	5,812	441,641	631,765
Liabilities					
Due to banks	28,167	40,300	214,328	19,675	302,470
Other liabilities	5,361	-	361	-	5,722
Taxation	639	-	-	-	639
Total liabilities	34,167	40,300	214,689	19,675	308,831
Parent Company – 2019					
	<i>Within 3 months (RO'000)</i>	<i>3 to 12 months (RO'000)</i>	<i>1 to 5 years (RO'000)</i>	<i>Over 5 years (RO'000)</i>	<i>Total (RO'000)</i>
Assets					
Balances with banks and money at call	4,549	-	-	-	4,549
Investment securities	1,475	-	1,740	-	3,215
Investments in associates	-	-	-	38,937	38,937
Investments in subsidiaries	-	-	-	432,664	432,664
Investment properties	-	-	2,100	-	2,100
Other assets	300	-	-	-	300
Property and equipment	-	-	355	747	1,102
Due from subsidiaries	-	115,876	-	-	115,876
Total assets	6,324	115,876	4,195	472,348	598,743
Liabilities					
Due to banks	62,324	11,500	16,050	184,655	274,529
Other liabilities	4,455	-	275	-	4,730
Taxation	139	-	-	-	139
Total liabilities	66,918	11,500	16,325	184,655	279,398

43. FINANCIAL RISK MANAGEMENT POLICIES

43.1 Financial risk management

The Group's activities expose it to a variety of financial risks and those activities involve the evaluation, analysis, acceptance and management of risk or combination of risks. As taking risk is core to the financial business and operational risks are an inevitable consequence of any business, the Group's aim is to achieve an appropriate balance between risk and return while minimising the potential adverse effects on the Group's financial performance of the respective Group companies.

The Board of Directors defines risk limits and sets suitable policies in this regard for management of credit risk, liquidity risk as well as market risk in both the trading and the banking book of the respective Group Company. Risk Management is carried out by the Risk Management team in accordance with documented policies approved by the Board of Directors of the respective Group Company.

The principal types of risks at the Group and Parent Company are credit risk, liquidity risk, market risk (market price risk, interest rate risk and currency risk) and operational risk.

Below risk management disclosures does not include numbers of the banking subsidiary which has been disposed-off during the year, refer note 4(i). Comparative numbers have been represented to conform the presentation adopted for the current year. For Banking subsidiary disclosures refer note 4(i).

43.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit exposures arise principally from lending activities at the banking subsidiary and investment activities and other assets in the Group's asset portfolio. There is also credit risk in off-balance sheet financial instruments, such as loan commitments and financial guarantees given by the banking subsidiary.

The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. The details of concentrations of credit risk based on counterparties by industry are disclosed in the geographical concentration is disclosed in Note 41.

The Group manages, limits and controls concentrations of credit risk – in particular, to individual counterparties and Groups, and to industries and countries.

The Group's exposure to credit risk arises in respect of the following financial instruments:

2020 - Group	RO'000			
	Not past due and considered good	Past due but not impaired	Impaired	Total
Balances with banks and money at call	40,874	-	-	40,874
Deposits with banks	85,885	-	-	85,885
Insurance and reinsurance receivable	30,078	13,078	2,219	45,375
Re-insurance share in insurance funds	16,175	-	-	16,175
Investment at amortised cost	34,007	-	-	34,007
Debt instruments carried at FVOCI	40,685	-	-	40,685
Other assets	12,815	1,228	357	14,400
	260,519	14,306	2,576	277,401

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

43.2 Credit risk (continued)

2019 - Group	RO'000			
	Not past due and considered good	Past due but not impaired	Impaired	Total
Balances with banks and money at call	23,530	-	-	23,530
Deposits with banks	37,849	-	-	37,849
Premium and insurance balance receivable	46,924	16,595	1,609	64,251
Re-insurance share in insurance funds	19,565	-	-	19,565
Investment at amortised cost	160,571	-	-	160,571
Debt instruments carried at FVOCI	25,128	-	-	25,128
Other assets	65,969	982	323	67,274
	379,536	17,577	1,932	399,045

Note:

- Parent Company assets are not past due or impaired
- Derecognised subsidiary balances are not included for 2019

Cash and bank deposits:

The Group and the Parent Company has placed bank balances and deposits with commercial banks in Sultanate of Oman, GCC countries and Europe which have Moody's ratings ranging from A3 to Ba3 during the year 2020 and 2019.

The ECL on cash and cash equivalents is not material at Group and Parent Company.

Premium and insurance balance receivable

The following table provides an age analysis of receivables arising from insurance and reinsurance contracts past due but not impaired:

	Past due but not impaired						Total RO
	Less than 1 month RO	1 to 4 months RO	4 to 7 months RO	7 to 9 months RO	9 to 13 months RO	> 13 months RO	
2020	5,495	2,516	1,683	512	482	2,390	13,078
2019	3,619	4,688	2,839	1,803	899	2,747	16,595

Assets classified as 'past due and impaired' are contractual payments which are invoiced for more than 365 days and an impairment adjustment is recorded in the consolidated statement of profit or loss and other comprehensive income. When the credit exposure is adequately secured, arrears more than 365 days might still be classified as "past due but not impaired", with no impairment adjustment recorded.

Re-insurance share in insurance funds

Consistent with other insurance companies, in order to minimise financial exposure arising from large claims, the Group, in the normal course of business, enters into contracts with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the reinsurance is effected under treaty, facultative and excess-of-loss reinsurance contracts.

To minimise its exposure to significant losses from reinsurer insolvencies, the Group evaluates the financial condition of its reinsurers. The Group only deals with reinsurers as mandated under the board approved Reinsurance Management strategy manual.

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

43.2 Credit risk (continued)

Re-insurance share in insurance funds (continued)

The Group places business only with reinsurers having a minimum rating of “BBB” from Standard & Poor’s or “B+” from A. M. Best except regional reinsurers.

Reinsurance ceded contracts do not relieve the Group from its obligations to policyholders and as a result the Group remains liable for the portion of outstanding claims reinsured and for all reinsurance share of future liabilities as at reporting date for all reinsured policies to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements. The Group’s maximum theoretical exposure in this connection is RO 16,175 thousands (2019: RO 19,564 thousands).

Concentration:

Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group’s performance to developments affecting a particular industry or geographical location.

43.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due that are settled by delivering cash or another financial asset. The Group’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation.

The maturities of the Group’s and Parent Company undiscounted financial liabilities at reporting date is as below:

2020 - Group	RO’000			
	Less than one year	More than one year	No fixed terms	Total
Due to banks	70,296	234,003	-	304,299
Insurance funds	65,450	-	9,263	74,713
Other liabilities	41,891	1,664	-	43,555
	177,637	235,667	9,263	422,567

2019 - Group	RO’000			
	Less than one year	More than one year	No fixed terms	Total
Due to banks	93,896	184,655	-	278,551
Insurance funds	70,714	-	9,394	80,108
Other liabilities	50,769	-	-	50,769
	215,379	184,655	9,394	409,428

2020 – Parent Company	RO’000			
	Less than one year	More than one year	No fixed terms	Total
Due to banks	70,296	234,003	-	304,299
Other liabilities	5,722	-	-	5,722
	76,018	234,003	-	310,021

2019 – Parent Company	RO’000			
	Less than one year	More than one year	No fixed terms	Total
Due to banks	91,896	184,655	-	276,551
Other liabilities	4,730	-	-	4,730
	96,626	184,655	-	281,281

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

43.3 Liquidity risk (continued)

Impact of COVID-19 on liquidity risk:

In response to the COVID-19 outbreak, the Group continues to monitor and respond to all liquidity requirements that are presented. The Group continues to calibrate stress testing scenarios to current market conditions in order to assess the impact on the Group in the current extreme stress. As at the reporting date the liquidity position of the Group remains strong and is well placed to absorb and manage the impacts of this disruption.

43.4 Market risk

The Group and the Parent Company take on exposures to market risk which is the risk that the fair value or the future cash flows of the financial assets carried at fair value will fluctuate because of changes in market prices. Market risks arise from the open positions in interest rate, currency and equity products, all of which are exposed to changes in interest rates, credit spreads, equity prices and foreign exchange rates for the banking subsidiary.

The market risks on investments listed in the securities markets for the Parent Company are monitored by the Board and Management committees. The Management committee monitor the risks, allocations and returns from local and foreign investments through regular meetings. The Management of the Parent Company has proper risk management policies in place to ensure that interest risk, liquidity risk and foreign exchange risk are mitigated considering the macroeconomic indicators affecting the investment activities.

Price risk

Financial Instruments price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities in the market.

The Group is exposed to market risk with respect to its investments. The Group limits financial instruments price risk by maintaining a diversified portfolio and by continuous monitoring of the market. In addition, the Group monitors actively the key factors that affect stock market movements.

72% (2019: 94%) of the Group's investments at the reporting date are within the Sultanate of Oman.

The following table demonstrates the sensitivity of the investment income to reasonably possible changes in equity prices, with all other variables held constant. The effect of 20% decreases in equity prices is expected to be equal and opposite to the effect of the increases shown.

Group	Effect on equity		Effect on profit	
	2020	2019	2020	2019
	RO'000	RO'000	RO'000	RO'000
Investments securities	18,900	14,106	272	1,082

Parent Company	Effect on equity		Effect on profit	
	2020	2019	2020	2019
	RO'000	RO'000	RO'000	RO'000
Investments securities	530	-	106	102

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

43.4 Market risk (continued)

Interest rate risk

The Group invests in securities and has deposits that are subject to interest rate risk. The Group's bank deposits of RO 85,885 thousands (2019: RO 80,916 thousands) carry fixed rate of interest and therefore, are not exposed to interest rate risk. The Group holds subordinated interest-bearing investments at FVOCI with face value of RO 14,760 thousands (2019: RO 14,267 thousands) which are subject to interest rate reset as per below table.

Year of Reset	2020			2019		
	Face Value RO'000	Rate Change %	Impact RO'000	Face Value RO'000	Rate Change %	Impact RO'000
Year 2020	-	-	-	2,542	1%	25
Year 2023	9,594	1%	96	9,099	1%	91
Year 2024	1,400	1%	14	1,400	1%	14
Year 2025	3,767	1%	37	1,226	1%	12

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group transactions are in Rial Omani, UAE Dirhams, Kuwaiti Dinars and US Dollars. As the Rial Omani, UAE Dirhams and Kuwaiti Dinars are pegged to the US Dollar, balances in these currencies do not to represent significant currency risk. The Group's investments securities amounting to RO 40.45 million (2019: RO 15.99) are denominated in currencies other than Rial Omani.

43.5 Capital management

The Parent company's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

During 2020, the Parent company's strategy, which was unchanged from 2019, was to maintain the gearing ratio at an acceptable level. The gearing ratio at 31 December 2020 and 2019 for the Parent Company was 42.21% and 46% respectively.

	2020 RO'000	2019 RO'000
Total borrowings	304,299	276,551
Less: cash and cash equivalents	(68,414)	(4,549)
Net debt	235,885	272,002
Total equity	322,934	319,345
Total capital	558,819	591,347
Gearing ratio	42.21%	46.00%

43.6 Outbreak of Coronavirus (COVID-19)

The World Health Organization officially declared COVID-19 as a global pandemic on 11 March 2020. From the latter half of Q1-2020, the economic environment and business landscape of the Group have witnessed rapid changes as a result of the unprecedented outbreak of Coronavirus pandemic coupled with the significant depression in the global crude oil prices. Tightening of market conditions, lockdowns, restrictions on trade and movement of people have caused significant disruptions to businesses and economic activities globally and across industries & sectors. The Group is continuously monitoring the impact of COVID 19 including its impact on subsidiaries and associates. Group's banking and finance leasing associates are continued to be affected by the impact of COVID-19 on the recoverability of the receivables from customers mainly due to stress in the economy resulting in loss of business, job losses etc.

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

43.7 Insurance risk management policies

Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. In addition, the Group has entered into reinsurance contracts in order to mitigate the impact that large individual claims may have on its net results.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

Short-duration life insurance contracts

(a) Frequency and severity of claims

These contracts are mainly issued to:

- Employers, providing cover against death, disability or (in the case of group medical policies) health of their employees.
- Financial institutions, providing cover against death of their borrowers.

In the case of group life contracts issued to employers, the risk is affected by the nature of the industry in which the employer operates. The risk of death and disability will vary by industry. Undue concentration of risk by industry will therefore increase the risk of a change in the underlying average mortality or morbidity of employees in a given industry, with significant effects on the overall insurance risk.

For short term group life and group credit life contracts the Group guarantees the premium rate for a period of one year and has a right to change these rates thereafter. In such contracts it therefore minimises its exposure to mortality risk. Mortality risk includes risk of death due to epidemics such as Covid-19.

Insurance risk under disability contracts is also dependent on economic conditions in the industry. Historical data indicates that recession and unemployment in an industry will increase the number of claims for disability benefits as well as reducing the rate of recovery from disability.

The Group attempts to manage this risk through its underwriting, claims handling and reinsurance policy.

The Group also mitigates the risk by entering into reinsurance contracts under which the Group cedes risks such as death, accidental death benefit and permanent total disability above RO 10,000.

For its group medical business the risk is mitigated by entering into reinsurance contracts under which the Group reinsures 30% of its UAE and 0% of its Oman medical portfolio on quota share treaty (in 2019 it was reinsured 32.5% of its UAE and 0% of its Oman medical portfolio on quota share).

(a) Sources of uncertainty in the estimation of future claim payments

Other than for the testing of the adequacy of the liability representing the unexpired risk at the reporting date, there is no need to estimate mortality rates or morbidity rates for future years because these contracts have short duration.

(b) Process used to decide on assumptions

Assumptions are generally reviewed once a year at the time of the actuarial valuation. Estimates of expenses are based on an expense study done for the year 2020.

43. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

43.7 Insurance risk management policies (continued)

Impact of COVID-19 on insurance risk

In its underwriting segment, the Company is primarily exposed to medical and business interruption policies. The Capital Market Authorities in Oman and Dubai Health Authority in UAE have instructed all insurers to accept medical claims related to COVID-19 irrespective of cover terms and conditions. The Company anticipates that the impact of medical claims would be immaterial due to low rate of hospitalisation and deferral of elective medical procedures required.

With regards to Business Interruption (BI) policies, the Company has in place pandemic and infectious disease policy exclusions as well. The Company has valued all business interruption policies in force for which the Group may have to incur claim payouts. As a result of initial examination of the policies, the Group has determined that these will not have a material impact in relation to the net claims paid due to lower retention levels of the Group and specific policy exclusions. Furthermore, the Company has been able to retain major customers during the year ended 31 December 2020 and has generally witnessed renewals and new business across major lines of businesses.

44. DIVIDEND PROPOSED

Parent Company

Final dividends are not accounted for until they have been approved at the Annual General Meeting. At the forthcoming Annual General Meeting, to be held on 31 March 2021, a cash dividend of RO 0.025 per share (2019 - RO 0.025 per share) amounting to RO 21,194,308 (2019 - RO 21,194,308) is proposed by the Board of Directors for the year ended 31 December 2020.

The financial statements for the year ended 31 December 2020 do not reflect proposed dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the year ending 31 December 2021.

45. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates.

The fair values of on balance sheet financial instruments, except for investments in subsidiaries and associates, are not significantly different from the carrying values included in the financial statements. The fair value of listed investments in associates and subsidiaries based on the closing market prices on the Muscat Securities Market at the reporting date is set out below:

	<i>Carrying value (RO'000)</i>	<i>Market value (RO'000)</i>	<i>Difference (RO'000)</i>
Investments in associates and subsidiaries			
2020	366,783	328,887	(37,896)
2019	250,668	235,996	(14,672)

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial investments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

45. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

Transfers between levels

During the reporting period ended 31 December 2020 and 2019, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

As at 31 December 2020

	Level 1 RO'000	Level 2 RO'000	Level 3 RO'000	Total RO'000
Group				
Financial assets at fair value through profit or loss	1,358	-	12,770	14,128
Financial assets at fair value through other comprehensive income	93,143	-	1,625	94,768
Parent Company				
Financial assets at fair value through profit or loss	532	-	1,238	1,770
Financial assets at fair value through other comprehensive income	2,053	-	1,505	3,558

As at 31 December 2019

	Level 1 RO'000	Level 2 RO'000	Level 3 RO'000	Total RO'000
Group				
Financial assets at fair value through profit or loss	5,410	-	8,709	14,119
Financial assets at fair value through other comprehensive income	65,120	-	2,387	67,507
Parent Company				
Financial assets at fair value through profit or loss	509	-	1,202	1,711
Financial assets at fair value through other comprehensive income	-	-	1,504	1,504

Level 1 financial instruments above are valued using quoted bid prices in an active market.

Level 2 above includes financial instruments which are valued using discounted cash flows method. Cash flows are discounted at a rate that reflects risk profile of the counter parties.

Level 3 investments are investments in shares of an unquoted companies and investment in funds. The management values the investment using net asset value of the investee based on the investee's financial statements except for one investment in the amount of RO 6.5 million carried at FVPTL using market comparable technique. Management considers the carrying value of other investments to approximate its fair value as significant portfolio of the underlying assets and liabilities of the investee company's are either fair valued or are in cash and cash equivalents where fair value approximate the carrying value. Therefore, unadjusted net assets value is representative of fair value of the investments.

Investment valued at comparable multiples

The Group has an investment in a company based in South Korea which has been valued based on revenue multiple of comparable entities and EBITDA multiple of comparable historical transactions.

46. COMPARATIVE INFORMATION

Certain comparative numbers have been reclassified to conform with the presentation adopted in these financial statements.

Oman International Development
and Investment Company SAOG

Madinat Al Erfaan
Muscat Hills, Block No 9993
Building No. 95, Seventh Floor
Sultanate of Oman

PO Box 3886, Ruwi
Tel: 9500 2476 968+
Fax: 1620 2495 968+
Email: info@ominvest.net

 |  |  @OminvestOman

