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

UNAUDITED CONDENSED INTERIM GROUP AND PARENT COMPANY FINANCIAL STATEMENTS

30 JUNE 2017

UNAUDITED CONDENSED INTERIM GROUP AND PARENT COMPANY FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

DIRECTORS REPORT

For the half year ended 30 June 2017

Dear Shareholders:

On behalf of the Board of Directors, it's my pleasure to present to you the unaudited results of the Group for the half year ended 30 June 2017. OMINVEST delivered strong results for the half year ended 30 June 2017 – both at the Group level and the Parent level. In the following sections, we will elaborate on OMINVEST's financial performance and achievements during the first half of 2017.

Group Consolidated Performance:

During the first half of 2017, total Group revenues rose by 12% to RO 119.9m and Group net profit grew by 14% to RO 18.9m, over the same period in 2016. OMINVEST's share of the Group net profits stood at RO 12.8m, compared to RO 10.9m, a growth of 17% over the same period in 2016. The increase in net profits was attributable to the strong performance of our major subsidiaries: National Life & General Insurance (NLG), Oman Arab Bank (OAB) and Oman National Investment Corporation (ONIC) and from our 13 associate companies.

Parent Company Performance:

During the first half of 2017, total revenues rose by 23% to RO 19.0m and net profit by 25% to RO 14.2m, over the same period in 2016. The increase in the Parent-Level net profit was mainly due to increase in share of results of subsidiaries, share of results of associate companies and interest income.

Our Subsidiaries:

Oman Arab Bank (OAB), our banking subsidiary, reported a profit of RO 11.96m for the half year ended 30 June 2017 compared to RO 11.46m for the same period in 2016. In terms of expanding the business outside the Group, OAB increased its Loans & Advances by 6% to RO 1.69bn compared to RO 1.59bn at 31 December 2016. Customers' deposits rose by 4% to RO 1.70bn compared to RO 1.63bn at 31 December 2016. The Shareholders' funds increased by 4% to RO 263m compared to RO 253m as at 31 December 2016. While the Bank's profit growth has slowed in this challenging environment, we remain confident about its long-term growth prospects. OAB has a strong balance sheet, an established brand, committed shareholders, well-anchored and growing market position. We are optimistic that OAB will continue to deliver robust and steady performance, over the long term

National Life & General Insurance Company (NLG), our subsidiary in the insurance sector, reported a gross insurance premium of RO 68.4m compared to RO 56.5m for the same period in 2016, a growth of 21%, signifying the underlying growth in the broader insurance sector and more importantly major gains in NLG's market share. For the first half of 2017, NLG reported net profit of RO 4.70m compared to RO 1.17m for the same period of last year, a growth of 302%. We believe that NLG's growth prospects are strong and its recurring revenues from insurance business are stable and on a clear growth trend. NLG is already in a leading position in the Omani insurance market and growing fast in the UAE. We expect the growth to continue in the years to follow.

Oman National Investment Corporation SAOC (ONIC), our subsidiary in managing all financial investments of OMINVEST across private equity, public equity, fixed income and other structured investments, reported a net profit of RO 2.42m for the half year ended 30 June 2017. This profit was mainly due to the dividend income received from ONIC's private and public portfolio. We expect ONIC to further enhance and diversify their investment income.

Our Associates:

During the first half of 2017, our share of profit in the associate companies rose to RO 4.36m compared to RO 3.62m, a growth of 20%. We expect to further broaden our portfolio of Associate companies to enhance and diversify our income sources – ensuring steady profitability over the long term.

Future Outlook:

OMINVEST continue to be prudent and pro-active in managing its financial and business affairs. As a result, OMINVEST is well positioned to manage its day-to-day affairs and also seize attractive business and investment opportunities across various segments.

We are confident that OMINVEST will play a key role in Oman's economic growth, create job opportunities for Omani nationals, help businesses grow and attract investments to our country.

Acknowledgements:

We would like to thank our shareholders and partners for their continued support and trust. We would also like to thank the management team and all our employees for their hard work and commitment.

We also take this opportunity to sincerely thank the leadership in Capital Market Authority and Ministry of Commerce and Industry and Muscat Securities Market for their guidance and supportive measures to strengthen the financial market.

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

Khalid Muhammad Al Zubair
Chairman

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UNAUDITED CONDENSED INTERIM GROUP AND PARENT COMPANY STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

	Notes	Group		Parent Company	
		(Unaudited) 30-Jun-17 (RO'000)	(Audited) 31-Dec-16 (RO'000)	**(Unaudited) 30-Jun-17 (RO'000**	(Audited) 31-Dec-16 (RO'000)
Assets					
Balances with banks and money at call	**5**	**152,251**	269,406	**7,268**	1,564
Deposits with banks	**6**	**99,290**	71,492	**-**	-
Premium and insurance balance receivable	**7**	**41,596**	34,607	**-**	-
Re-insurance share in insurance funds	**17**	**33,646**	26,685	**-**	-
Investment securities	**8**	**193,811**	200,293	**3,394**	11,080
Investments in associates	**9**	**93,225**	90,276	**93,225**	90,276
Investments in subsidiaries	**10**	**-**	-	**233,160**	214,324
Loans and advances to customers	**11**	**1,687,489**	1,590,799	**-**	-
Due from subsidiaries		**-**	-	**42,124**	49,831
Other assets		**55,849**	51,298	**1,121**	2,830
Investment properties		**12,860**	10,475	**-**	9,143
Projects work in progress		**3,173**	2,970	**-**	-
Property and equipment		**29,188**	30,189	**79**	143
Intangible assets		**17,581**	18,054	**-**	-
Non-current assets classified as held for sale	**28**	**1,414**	-	**1,414**	-
Total assets		**2,421,373**	2,396,544	**381,785**	379,191
Equity and liabilities					
Capital and reserve					
Share capital	**12**	**69,937**	63,579	**69,937**	63,579
Share premium		**54,678**	61,036	**54,678**	61,036
Legal reserve		**27,523**	27,523	**27,523**	27,523
General reserve		**13,033**	13,033	**13,033**	13,033
Other non-distributable reserves	**14**	**49,327**	48,419	**31,481**	30,573
Cumulative changes in fair value reserve		**(16,214)**	(5,033)	**(11,330)**	(149)
Retained earnings		**34,638**	32,578	**45,525**	42,008
Equity attributable to equity holders of the Parent Company		**232,922**	241,135	**230,847**	237,603
Perpetual Tier I capital bonds		**30,000**	30,000	**-**	-
		262,922	271,135	**230,847**	237,603
Non-controlling interests		**130,003**	125,336	**-**	-
Total equity		**392,925**	396,471	**230,847**	237,603
Liabilities					
Due to banks	**15**	**147,175**	150,856	**148,700**	138,900
Deposits from customers	**16**	**1,702,569**	1,625,381	**-**	-
Insurance funds	**17**	**89,448**	67,833	**-**	-
Subordinated debt		**20,000**	70,000	**-**	-
Other liabilities		**66,216**	81,037	**2,238**	2,688
Taxation		**3,040**	4,966	**-**	-
Total liabilities		**2,028,448**	2,000,073	**150,938**	141,588
Total equity and liabilities		**2,421,373**	2,396,544	**381,785**	379,191
Net assets per share (Rial Omani)	**30**	**0.333**	0.379	**0.330**	0.374

KHALID MUHAMMAD AL ZUBAIR
CHAIRMAN

HASSAN AHMED AL NABHANI
DEPUTY CHAIRMAN

The accompanying notes form an integral part of these group and parent company financial statements.

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UNAUDITED CONDENSED INTERIM GROUP AND PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017

	Notes	Group (Unaudited)			
		6 months ended 30-Jun-17 *(RO'000)*	6 months ended 30-Jun-16 *(RO'000)* *(Restated)*	**3 months ended 30-Jun-17 *(RO'000)***	3 months ended 30-Jun-16 *(RO'000)* *(Restated)*
Continuing operations					
Gross premium, earned	**18**	**58,567**	48,068	**29,343**	23,604
Interest income	**19**	**43,054**	36,815	**21,930**	18,989
Investment income	**21**	**3,448**	6,141	**(213)**	2,024
Fee and commission income - net		**7,588**	8,845	**3,617**	5,238
Other operating income		**2,881**	3,191	**1,365**	1,246
Share of profit from associates		**4,360**	3,616	**2,008**	1,552
Total revenue		**119,898**	106,676	**58,050**	52,653
Premium ceded to re-insurers	**18**	**(24,443)**	(20,223)	**(11,934)**	(10,149)
Net claims	**17**	**(25,210)**	(25,289)	**(13,129)**	(12,021)
Interest expense	**20**	**(17,654)**	(13,183)	**(8,841)**	(7,321)
Operating expenses	**22**	**(30,797)**	(27,141)	**(15,459)**	(13,121)
Allowance for loan impairment net of recoveries		**88**	(2,866)	**437**	(1,203)
Total expenses		**(98,016)**	(88,702)	**(48,926)**	(43,815)
Profit before tax from continuing operations		**21,882**	17,974	**9,124**	8,838
Income tax expense		**(3,021)**	(2,033)	**(1,531)**	(1,262)
Profit for the period from continuing operations		**18,861**	15,941	**7,593**	7,576
Discontinued operations					
Profit after tax for the period from discontinued Operations	**23**	-	673	-	208
Profit for the period		**18,861**	16,614	**7,593**	7,784
Profit for the period attributable to:					
Equity holders of the Parent Company		**12,773**	10,853	**4,515**	4,584
Non-controlling interests		**6,088**	5,761	**3,078**	3,200
		18,861	16,614	**7,593**	7,784
Basic earnings per share attributable to the equity holders of the Parent Company (RO)	**29**	**0.018**	0.016	**0.006**	0.007
Other comprehensive income / (expense):					
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation reserve		**192**	151	**109**	(70)
Items not to be reclassified subsequently to profit or loss:					
Fair value changes of financial assets fair value through other comprehensive income		**(11,927)**	(7,604)	**(4,502)**	(194)
Other comprehensive expense for the period		**(11,735)**	(7,453)	**(4,393)**	(264)
Total comprehensive income for the period		**7,126**	9,161	**3,200**	7,520
Total comprehensive income for the period attributable to:					
Equity holders of the Parent Company		**1,809**	3,483	**589**	4,244
Non-controlling interests		**5,317**	5,678	**2,611**	3,276
		7,126	9,161	**3,200**	7,520

The accompanying notes form an integral part of these group and parent company financial statements.

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UNAUDITED CONDENSED INTERIM GROUP AND PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017

	Notes	Parent Company (Unaudited)			
		6 months ended 30-Jun-17 *(RO'000)*	6 months ended 30-Jun-16 *(RO'000) (Restated)*	**3 months ended 30-Jun-17 *(RO'000)***	3 months ended 30-Jun-16 *(RO'000) (Restated)*
Continuing operations					
Interest income	**19**	**1,401**	-	**851**	-
Investment income	**21**	**(242)**	224	**(1,089)**	475
Other operating income		**335**	59	**145**	35
Share of profit from subsidiaries		**13,130**	11,541	**5,134**	4,844
Share of profit from associates		**4,360**	3,616	**2,008**	1,552
Total revenue		**18,984**	15,440	**7,049**	6,906
Interest expense	**20**	**(2,615)**	(1,871)	**(1,360)**	(990)
Operating expenses	**22**	**(2,139)**	(2,220)	**(976)**	(1,085)
Total expenses		**(4,754)**	(4,091)	**(2,336)**	(2,075)
Profit before tax from continuing operations		**14,230**	11,349	**4,713**	4,831
Income tax expense		**-**	-	**-**	-
Profit for the period from continuing operations		**14,230**	11,349	**4,713**	4,831
Basic earnings per share attributable to the equity holders of the Parent Company (RO)	**29**	**0.020**	0.016	**0.007**	0.007
Other comprehensive income / (expense):					
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation reserve		**192**	164	**109**	(57)
Items not to be reclassified subsequently to profit or loss:					
Fair value changes of financial assets fair value through other comprehensive income		**(11,156)**	(7,521)	**(4,035)**	(270)
Other comprehensive expense for the period		**(10,964)**	(7,357)	**(3,926)**	(327)
Total comprehensive income for the period		**3,266**	3,992	**787**	4,504

The accompanying notes form an integral part of these group and parent company financial statements.

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UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017

Group	ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF PARENT COMPANY											
	Share capital	Share Premium	Legal Reserve	General reserve	Other Non-distributable reserves	Cumulative changes in fair value	Retained Earnings	Total	Perpetual Tier I Capital bonds	Sub-total	Non-Controlling interest	Total
	(RO'000)	(RO'000)	(RO'000)	(RO'000)	(RO'000)	(RO'000)	(RO'000)	(RO'000)	(RO'000)			(RO'000)
At 1 January 2016	55,286	69,329	26,682	13,543	39,044	(8,002)	24,055	219,937	-	219,937	111,706	331,643
Profit for the period (restated)	-	-	-	-	-	-	10,853	10,853	-	10,853	5,761	16,614
Other comprehensive income / (expense) for the period	-	-	-	-	151	(7,521)	-	(7,370)	-	(7,370)	(83)	(7,453)
Total comprehensive income / (expense) for the period	-	-	-	-	151	(7,521)	10,853	3,483	-	3,483	5,678	9,161
Transfer to / from retained earnings	-	-	-	(510)	6,937	-	(6,427)	-	-	-	-	-
Subscription to Rights Issue of subsidiary	-	-	-	-	-	-	-	-	-	-	5,391	5,391
Bonus shares issued during the period (note 12)	8,293	(8,293)	-	-	-	-	-	-	-	-		
Dividend paid relating to 2015 (note 13)	-	-	-	-	-	-	(5,528)	(5,528)	-	(5,528)	(5,739)	(11,267)
At 30 June 2016	63,579	61,036	26,682	13,033	46,132	(15,523)	22,953	217,892	-	217,892	117,036	334,928
At 1 January 2017	**63,579**	**61,036**	**27,523**	**13,033**	**48,419**	**(5,033)**	**32,578**	**241,135**	**30,000**	**271,135**	**125,336**	**396,471**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**12,773**	**12,773**	**-**	**12,773**	**6,088**	**18,861**
Other comprehensive income / (expense) for the period	**-**	**-**	**-**	**-**	**192**	**(11,156)**	**-**	**(10,964)**	**-**	**(10,964)**	**(771)**	**(11,735)**
Total comprehensive income / (expense) for the period	**-**	**-**	**-**	**-**	**192**	**(11,156)**	**12,773**	**1,809**	**-**	**1,809**	**5,317**	**7,126**
Transfer to / from retained earnings	**-**	**-**	**-**	**-**	**740**	**-**	**(740)**	**-**	**-**	**-**	**-**	**-**
Movements related to subsidiaries and fair value through other comprehensive income investments	**-**	**-**	**-**	**-**	**(24)**	**(25)**	**(436)**	**(485)**	**-**	**(485)**	**(587)**	**(1,072)**
Bonus shares issued during the period (note 12)	**6,358**	**(6,358)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Dividend paid relating to 2016 (note 13)	**-**	**-**	**-**	**-**	**-**	**-**	**(9,537)**	**(9,537)**	**-**	**(9,537)**	**(63)**	**(9,600)**
At 30 June 2017	**69,937**	**54,678**	**27,523**	**13,033**	**49,327**	**(16,214)**	**34,638**	**232,922**	**30,000**	**262,922**	**130,003**	**392,925**

The accompanying notes form an integral part of these group and parent company financial statements.

UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED 30 JUNE 2017

Parent Company	Share capital (RO'000)	Share Premium (RO'000)	Legal Reserve * (RO'000)	General reserve (RO'000)	Other Non-distributable reserves (RO'000)	Cumulative changes in fair value (RO'000)	Retained Earnings (RO'000)	Total (RO'000)
At 1 January 2016	55,286	69,329	26,682	13,543	21,198	(3,118)	32,564	215,484
Profit for the period (restated)	-	-	-	-	-	-	11,349	11,349
Other comprehensive income / (expense) for the period	-	-	-	-	164	(7,521)	-	(7,357)
Total comprehensive income for the period	-	-	-	-	164	(7,521)	11,349	3,992
Transfer to / from retained earnings	-	-	-	(510)	6,937	-	(6,427)	-
Bonus shares issued during the period (note 12)	8,293	(8,293)	-	-	-	-	-	-
Dividend paid relating to 2015 (note 13)	-	-	-	-	-	-	(5,528)	(5,528)
At 30 June 2016	63,579	61,036	26,682	13,033	28,299	(10,639)	31,958	213,948
At 1 January 2017	**63,579**	**61,036**	**27,523**	**13,033**	**30,573**	**(149)**	**42,008**	**237,603**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**14,230**	**14,230**
Other comprehensive income / (expense) for the period	**-**	**-**	**-**	**-**	**192**	**(11,156)**	**-**	**(10,964)**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**192**	**(11,156)**	**14,230**	**3,266**
Transfer to / from retained earnings	**-**	**-**	**-**	**-**	**740**	**-**	**(740)**	**-**
Movements related to subsidiaries and fair value through other comprehensive income investments	**-**	**-**	**-**	**-**	**(24)**	**(25)**	**(436)**	**(485)**
Bonus shares issued during the period (note 12)	**6,358**	**(6,358)**	**-**	**-**	**-**	**-**	**-**	**-**
Dividend paid relating to 2016 (note 13)	**-**	**-**	**-**	**-**	**-**	**-**	**(9,537)**	**(9,537)**
At 30 June 2017	**69,937**	**54,678**	**27,523**	**13,033**	**31,481**	**(11,330)**	**45,525**	**230,847**

* Transfer to legal reserve is made on annual basis

Opening balances as at 1 January 2016 for Group and Parent company are post transition adjusted balances, on adoption of IFRS 9 in 2016.
The accompanying notes form an integral part of these group and parent company financial statements.

UNAUDITED CONDENSED INTERIM GROUP AND PARENT COMPANY STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017

	Notes	Group		Parent Company	
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		30-Jun-17 (RO'000)	30-Jun-16 (RO'000) *(Restated)*	30-Jun-17 (RO'000)	30-Jun-16 (RO'000) *(Restated)*
Operating activities					
Profit before tax from continuing operations		**21,882**	17,974	**14,230**	11,349
Profit before tax from discontinued operations	23	-	765	-	-
		21,882	18,739	**14,230**	11,349
Adjustments for:					
Depreciation on property and equipment and investment property	22	**2,219**	2,272	**65**	165
Amortization of intangible assets	22	**473**	472	-	-
Share of profit from Associates		**(4,360)**	(3,616)	**(4,360)**	(3,616)
Share of profit from Subsidiaries		-	-	**(13,130)**	(11,541)
Impairment of investments		**1,014**	-	**1,014**	-
Allowance for loan impairment net of recoveries		**(88)**	2,866	-	-
Gain on sale of property and equipment		-	(14)	-	-
Gain on sale of an investment property	21	-	-	**(1,011)**	-
Change in the fair value of financial assets at fair value through profit or loss	21	**287**	316	**178**	167
(Profit) / loss on sale of investments	21	**(24)**	(999)	**126**	(20)
Income from held-to-maturity investments		**829**	(671)	-	-
Operating profit before working capital changes		**22,232**	19,365	**(2,888)**	(3,496)
Changes in operating assets and liabilities					
Investment securities		**(9,476)**	(46,431)	**4,474**	142
Loans and advances to customers		**(96,648)**	(116,387)	-	-
Due from subsidiaries		-	-	**(2,414)**	(13,618)
Other assets		**(4,550)**	(1,010)	**1,709**	(2)
Deposits from customers		**77,188**	90,722	-	-
Premiums and insurance balances receivables		**(6,989)**	(10,898)	-	-
Re-Insurance share in insurance funds		**(6,961)**	(6,917)	-	-
Insurance funds		**21,615**	18,482	-	-
Other liabilities		**(14,821)**	(10,277)	**(450)**	(809)
Cash used in operations		**(18,410)**	(63,351)	**431**	(17,783)
Tax paid		**(4,912)**	(4,658)	-	-
Net cash used in operating activities		**(23,322)**	(68,009)	**431**	(17,783)
Investing activities					
Purchase of associates shares / Rights issue of subsidiary		**(720)**	(268)	**(720)**	(5,609)
Dividend received from Associates		**2,739**	2,669	**2,739**	2,669
Dividend received from Subsidiaries		-	-	**2,992**	8,477
Capital expenditure on investment property		**(2,507)**	(280)	-	(155)
Proceeds from disposal of an investment property		-	-	-	-
Projects work in progress		**(11)**	(16)	-	-
Additions to property and equipment		**(1,104)**	(2,230)	**(1)**	(1)
Proceeds from sale of property and equipment		**1**	67	-	
Net cash (used in) / generated from investing activities		**(1,602)**	(58)	**5,010**	5,381
Financing activities					
Bank borrowings		**(4,100)**	20,876	**9,800**	17,500
Dividends paid		**(9,600)**	(11,267)	**(9,537)**	(5,528)
Subordinate bonds payment		**(50,000)**	-	-	-
Additional Tier 1 coupon / Minority rights issue		**(1,152)**	5,391	-	-
Net cash generated from financing activities		**(64,852)**	15,000	**263**	11,972
Net change in cash and cash equivalents		**(89,776)**	(53,067)	**5,704**	(430)
Cash and cash equivalents at the beginning of the year		**328,342**	299,847	**1,564**	1,112
Cash and cash equivalents at the end of the period	5	**238,566**	246,780	**7,268**	682

The accompanying notes form an integral part of these group and parent company financial statements.

1. GENERAL INFORMATION

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

The Parent company's principal place of business and registered address is Al Shatti Al Qurum, Way No. 3036, Building No. 2832, Fourth Floor, P O Box 3886, Ruwi, Postal Code 112, Sultanate of Oman.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES.

The unaudited condensed interim financial statements for the six months' period ended 30 June 2017 comprise the Parent company and its subsidiaries (together referred to as the Group) and the Group's interest in associates. The separate financial statements represent the financial statements of the Parent company on stand-alone basis. These statements has been prepared in accordance with IAS 34, 'Interim financial reporting' and in compliance with the applicable provisions of the Rules and Guidelines on Disclosure by Issuers of Securities and Insider Trading ('R&G') issued by the Capital Market Authority ('CMA') of the Sultanate of Oman and with the Commercial Companies Law of 1974, as amended.

The accounting policies used in the preparation of the interim condensed group financial statements are consistent with those used in the preparation of the audited annual group financial statements for the year ended 31 December 2016. The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards.

Exceptional items are disclosed and described separately in the interim financial statements where it is necessary to do so to provide further understanding of the financial performance of the company. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

3. ESTIMATES

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

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimating uncertainty were the same as those that were applied to the financial statements for the year ended 31 December 2016.

4. IFRS STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE IN 2017

For the period ended 30 June 2017, the Group has adopted all the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant and mandatory to its operations and effective for periods beginning on 1 January 2017.

5. CASH AND CASH EQUIVALENTS

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

	Group		Parent Company	
	(Unaudited) 30-Jun-17 (RO'000)	(Audited) 31-Dec-16 (RO'000)	(Unaudited) 30-Jun-17 (RO'000)	(Audited) 31-Dec-16 (RO'000)
Balances with banks and money at call	**152,251**	269,406	**7,268**	1,564
Deposits with banks (note 6)	**99,290**	71,492	**-**	-
Due to banks – current accounts (note 15)	**(12,475)**	(12,056)	**-**	-
Capital deposits (note 6)	**(500)**	(500)	**-**	-
	238,566	328,342	**7,268**	1,564

6. DEPOSITS WITH BANKS

	Group		Parent Company	
	(Unaudited) 30-Jun-17 (RO'000)	(Audited) 31-Dec-16 (RO'000)	(Unaudited) 30-Jun-17 (RO'000)	(Audited) 31-Dec-16 (RO'000)
Money market placements	**47,853**	16,659	-	-
Current accounts	**13,013**	13,421	-	-
Capital deposits	**500**	500	-	-
Deposits	**26,924**	27,370	-	-
Subordinated deposits	**11,000**	13,542	-	-
	99,290	71,492	-	-

7. PREMIUM AND INSURANCE BALANCES RECEIVABLE

	Group (Unaudited) 30-Jun-17			Group (Audited) 31-Dec-2016		
	Life RO '000	General RO '000	Total RO '000	Life RO '000	General RO '000	Total RO '000
Premiums receivable	**38,049**	**3,283**	**41,332**	27,834	2,124	29,958
Reinsurance balances receivable	**909**	**256**	**1,165**	4,827	508	5,335
	38,958	**3,539**	**42,497**	32,661	2,632	35,293
Allowance for doubtful debts	**(739)**	**(162)**	**(901)**	(537)	(149)	(686)
	38,219	**3,377**	**41,596**	32,124	2,483	34,607

8. INVESTMENT SECURITIES

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

	Group		Parent Company	
	(Unaudited) 30-Jun-17 (RO'000)	(Audited) 31-Dec-16 (RO'000)	**(Unaudited) 30-Jun-17 (RO'000)**	(Audited) 31-Dec-16 (RO'000)
Financial assets at fair value through profit or loss (note 8a)	**13,012**	19,000	**1,643**	9,161
Financial assets at fair value through other comprehensive income (note 8b)	**81,530**	84,869	**1,751**	1,919
Investments at amortized cost (note 8c)	**99,269**	96,424	**-**	-
	193,811	200,293	**3,394**	11,080

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

	Group		Parent Company	
	(Unaudited) 30-Jun-17 (RO'000)	(Audited) 31-Dec-16 (RO'000)	**(Unaudited) 30-Jun-17 (RO'000)**	(Audited) 31-Dec-16 (RO'000)
Financial sector	**2,144**	5,586	**166**	3,516
Industrial sector	**1,270**	2,459	**492**	717
Services sector	**1,698**	3,558	**-**	492
Local quoted investments	**5,112**	11,603	**658**	4,725
Foreign quoted investments	**7,510**	7,396	**985**	4,436
Quoted investments	**12,622**	18,999	**1,643**	9,161
Unquoted local investments	**390**	1	**-**	-
Financial assets at fair value through profit or loss	**13,012**	19,000	**1,643**	9,161

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

	Group		Parent Company	
	(Unaudited) 30-Jun-17 (RO'000)	(Audited) 31-Dec-16 (RO'000)	**(Unaudited) 30-Jun-17 (RO'000)**	(Audited) 31-Dec-16 (RO'000)
Local investments				
Quoted investments (cost)	**75,902**	77,196	**-**	-
Fair value reserve	**(9,666)**	548	**-**	-
Unquoted investments (cost)	**1,829**	1,389	**861**	861
Fair value reserve	**202**	213	**436**	436
Total local investments	**68,267**	79,346	**1,297**	1,297
Foreign investments				
Quoted investments (cost)	**12,537**	4,727	**-**	-
Fair value reserve	**(717)**	(826)	**-**	-
Unquoted investments (cost)	**3,212**	3,373	**1,457**	1,578
Fair value reserve	**(1,769)**	(1,751)	**(1,003)**	(956)
Total foreign investments	**13,263**	5,523	**454**	622
Total Investments at fair value through other comprehensive income	**81,530**	84,869	**1,751**	1,919

8. INVESTMENT SECURITIES (continued)

(c) Investment at amortised cost

	Group		Parent Company	
	(Unaudited) 30-Jun-17 (RO'000)	(Audited) 31-Dec-16 (RO'000)	**(Unaudited) 30-Jun-17 (RO'000)**	(Audited) 31-Dec-16 (RO'000)
Oman Government Development Bonds	**74,250**	55,633	**-**	-
Treasury Bills	**25,000**	40,290	**-**	-
Banks and Corporate Bonds	**19**	501	**-**	-
Total Investments at amortised cost	**99,269**	96,424	**-**	-

9. INVESTMENT IN ASSOCIATES

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

Group & Parent Company	**30-Jun-17 (Unaudited)**		31-Dec-16 (Audited)	
	Holding (%)	***(RO'000)***	*Holding (%)*	*(RO'000)*
Quoted				
Oman Orix Leasing Company SAOG	**35.00**	**15,638**	35.00	**15,377**
National Finance Company SAOG	**25.56**	**11,495**	25.56	**11,748**
Oman Chlorine SAOG	**15.11**	**7,268**	15.11	**7,320**
National Detergent Company SAOG	**20.94**	**2,733**	20.94	**2,814**
National Biscuit Industries Ltd. SAOG	**28.92**	**1,460**	28.92	**1,426**
Takaful Oman Insurance SAOG **	**17.35**	**3,088**	-	**-**
		41,682		**38,685**
Unquoted				
International General Insurance Holding Limited	**20.00**	**31,241**	20.00	**30,352**
Al Ahlia Insurance Company SAOC (refer note 28)	**15.02**	**7,305**	20.03	**9,226**
Ubhar Capital SAOC	**36.00**	**5,261**	36.00	**4,320**
National Finance House B.S.C.	**17.47**	**2,813**	17.47	**2,819**
Modern Steel Mill LLC	**19.49**	**3,717**	19.49	**3,653**
Shamal Plastic Industries LLC	**15.00**	**712**	15.00	**709**
Gulf Acrylic Industries LLC	**15.00**	**494**	15.00	**512**
		51,543		**51,591**
Total		**93,225**		**90,276**

** During March 2017, parent company's nominee got elected on the Board of Takaful Oman Insurance SAOG(TAOI). Consequent to gaining significant influence, TAOI is reclassified as an associate investment during this period.

10. INVESTMENT IN SUBSIDIARIES

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

	Country of Incorporation	**(Unaudited) 30-Jun-17** %	**(RO'000)**	(Audited) 31-Dec-16 %	(RO'000)
Oman Arab Bank SAOC *(Principal activity: Banking)*	Oman	**50.99**	**133,892**	50.99	129,056
National Life and General Insurance Co SAOC *(Principal activity: Insurance)*	Oman	**97.93**	**58,730**	97.93	57,436
Oman National Investment Corporation SAOC ** *(Principal activity: Investments)*	Oman	**99.00**	**37,898**	98.00	25,382
Oman Real Estate Investment and Services SAOC *(Principal activity: Real Estate)*	Oman	**99.98**	**504**	99.98	719
Salalah Resorts SAOC ## *(Principal activity: Integrated Tourism Project)*	Oman	**99.99**	**231**	99.98	-
Al Jabal Al Aswad Investment LLC *(Principal activity: Real Estate)*	Oman	**99.98**	**100**	99.98	100
Budva Beach Properties doo *(Principal activity: Tourism project)*	Montenegro	**100.00**	**1,805**	100.00	1,631
Total			**233,160**		214,324

** During the period, Parent company recapitalized RO 20,000,000/- in Oman National Investment Corporation SAOC to strengthen the capital base of the subsidiary company.

During the period, Parent company re-capitalized RO 2,000,000/- in Salalah Resorts SAOC (SR). Provision on receivables from SR created in earlier years amounting to RO 1,725,496 has been transferred to investment in SR account due to equity method of accounting.

11. LOANS AND ADVANCES TO CUSTOMERS

At 30th June 2017, loans and advances to customers extended by the banking subsidiary were as follows:

	(Unaudited) 30-Jun-17 RO 000	(Audited) 31-Dec-16 RO 000
Commercial loans	**827,270**	738,198
Overdrafts	**152,439**	145,560
Personal loans	**680,238**	686,413
Credit cards	**4,369**	4,657
Al-Yusr Financing activities	**74,659**	66,034
	1,738,975	1,640,862
Less: Allowance for loan impairment and reserved interest	**(51,486)**	(50,063)
	1,687,489	1,590,799

11. LOANS AND ADVANCES TO CUSTOMERS (continued)

a. *Allowance for loan impairment and reserved interest*

The movements in the provision for loan impairment and reserved interest were as follows:

	30-Jun-17 (Unaudited)		
	Allowance for loan impairment	**Contractual interest not recognized**	**Total**
	RO 000	**RO 000**	**RO 000**
Balance at beginning of period	**43,788**	**6,275**	**50,063**
Provided during the period	**3,531**	**1,687**	**5,218**
Amounts written off during the period	**(157)**	**(19)**	**(176)**
Amounts recovered during the period	**(2,972)**	**(647)**	**(3,619)**
Balance at end of period	**44,190**	**7,296**	**51,486**

	30-Jun-16 (Unaudited)		
	Allowance for loan impairment	Contractual interest not recognized	Total
	RO 000	RO 000	RO 000
Balance at beginning of period	37,432	7,381	44,813
Provided during the period	5,593	1,278	6,871
Amounts written off during the period	(10)	(4)	(14)
Amounts recovered during the period	(2,235)	(492)	(2,727)
Balance at end of period	40,780	8,163	48,943

Loans and advances on which interest has been reserved and/or has not been accrued amounted to RO 50,365,903 (30 June 2016: RO 45,271,064)

11. LOANS AND ADVANCES TO CUSTOMERS (continued)

b) ***Concentration of loans and advances***

Loans and advances were granted to customers within the Sultanate of Oman. The concentration of gross loans and advances by industry sector is as follows:

	(Unaudited) 30-Jun-17 RO 000	(Audited) 31-Dec-16 RO 000
Personal loans	**716,889**	725,591
Construction	**297,280**	299,485
Manufacturing	**123,355**	112,047
Mining and quarrying	**117,369**	110,621
Services	**84,884**	77,860
Import trade	**50,964**	54,744
Transportation	**70,691**	52,528
Electricity, water and gas	**57,793**	49,112
Wholesale and retail trade	**82,250**	46,089
Financial institutions	**48,660**	31,173
Agriculture and allied activities	**4,965**	4,998
Export trade	**660**	663
Others	**83,215**	75,951
	1,738,975	1,640,862

12. SHARE CAPITAL

	(Unaudited) 30-Jun-17 (RO'000)	(Audited) 31-Dec-16 (RO'000)
Authorized 900,000,000 ordinary shares of RO 0.100 each (31 December 2016 - 900,000,000 ordinary shares of RO 0.100 each)	**90,000**	90,000
Issued and fully paid 699,369,981 ordinary shares of RO 0.100 each (31 December 2016 – 635,790,892 shares of RO 0.100 each)	**69,937**	63,579

At the Annual General Meeting of the shareholders of the Parent Company held on 29 March 2017 stock dividend of 63,579,089 (2016 –RO 82,929,250 shares at 100 baisa per share were approved to be issued by transferring RO 6,357,909 (2016 –RO 8,292,925) from share premium to share capital.

13. DIVIDEND PAID

Parent Company

At the Annual General Meeting held on 29 March 2017, a cash dividend of RO 0.015 per share (2016 - RO 0.010 per share) amounting to RO 9,536,863 (2016 - RO 5,528,216) and a stock dividend of RO 0.010 per share (2016 – RO 0.015) amounting to RO 6,357,909 (2016 –RO 8,292,925) in respect of year ended 31 December 2016 was approved by the shareholders.

14. OTHER NON-DISTRIBUTABLE RESERVES

Group	Capital Reserve	Contingency Reserve	Special Reserve	Sub. Debt Reserve	Foreign Currency Revaluation Reserve	Revaluation Reserve	Total
At 1 January 2016	17,846	293	-	20,396	(1,239)	1,748	39,044
Net changes in fair values					151		151
Other comprehensive income					151		151
Transfer to / from retained earnings		614	1,224	5,099			6,937
At 30 June 2016	17,846	907	1,224	25,495	(1,088)	1,748	46,132
At 1 January 2017	**17,846**	**1,409**	**1,224**	**27,535**	**(1,343)**	**1,748**	**48,419**
Net changes in fair values	**-**	**-**	**-**	**-**	**192**	**-**	**192**
Other comprehensive income	**-**	**-**	**-**	**-**	**192**	**-**	**192**
Transfer to / from retained earnings	**-**	**740**	**-**	**-**	**-**	**-**	**740**
Transactions related to subsidiaries			**(24)**				**(24)**
At 30 June 2017	**17,846**	**2,149**	**1,200**	**27,535**	**(1,151)**	**1,748**	**49,327**

Parent Company	Contingency Reserve	Special Reserve	Sub. Debt Reserve	Foreign Currency Revaluation Reserve	Revaluation Reserve	Total
At 1 January 2016	293	-	20,396	(1,239)	1,748	21,198
Net changes in fair values	-	-	-	164	-	164
Other comprehensive income	-	-	-	164	-	164
Transfer to / from retained earnings	614	1,224	5,099	-	-	6,937
At 30 June 2016	907	1,224	25,495	(1,075)	1,748	28,299
At 1 January 2017	**1,409**	**1,224**	**27,535**	**(1,343)**	**1,748**	**30,573**
Net changes in fair values	**-**	**-**	**-**	**192**	**-**	**192**
Other comprehensive income	**-**	**-**	**-**	**192**	**-**	**192**
Transfer to / from retained earnings	**740**	**-**	**-**	**-**	**-**	**740**
Movement related to subsidiaries	**-**	**(24)**				**(24)**
At 30 June 2017	**2,149**	**1,200**	**27,535**	**(1,151)**	**1,748**	**31,481**

15. DUE TO BANKS

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

	Group		Parent Company	
	(Unaudited) 30-Jun-17 (RO'000)	(Audited) 31-Dec-16 (RO'000)	**(Unaudited) 30-Jun-17 (RO'000)**	(Audited) 31-Dec-16 (RO'000)
Due to banks – current accounts	**12,475**	12,056	**-**	-
Terms loans	**134,700**	138,800	**148,700**	138,900
	147,175	150,856	**148,700**	138,900

The maturity profile of terms loans is as follows:

	Group		Parent Company	
	(Unaudited) 30-Jun-17 (RO'000)	(Audited) 31-Dec-16 (RO'000)	**(Unaudited) 30-Jun-17 (RO'000)**	(Audited) 31-Dec-16 (RO'000)
Due within one year	**46,740**	61,000	**60,740**	61,100
Due in more than one year	**87,960**	77,800	**87,960**	77,800
	134,700	138,800	**148,700**	138,900

16. DEPOSITS FROM CUSTOMERS

	Group		Parent Company	
	(Unaudited) 30-Jun-17 (RO'000)	(Audited) 31-Dec-16 (RO'000)	**(Unaudited) 30-Jun-17 (RO'000)**	(Audited) 31-Dec-16 (RO'000)
Term deposits	**665,249**	758,755	-	-
Demand and call accounts	**774,503**	625,551	-	-
Saving accounts	**262,817**	241,075	-	-
	1,702,569	1,625,381	-	-

17. INSURANCE FUNDS

	Group					
	30-Jun-2017 (Unaudited)			31-Dec-16 (Audited)		
	Gross	**Reinsurers' share**	**Net**	Gross	Reinsurers' share	Net
	RO '000	**RO '000**	**RO'000**	RO '000	RO '000	RO'000
Actuarial / mathematical and unexpired risk reserve – life assurance	**51,484**	**(19,392)**	**32,092**	42,930	(17,409)	25,521
Unexpired risk reserve – general insurance	**5,633**	**(455)**	**5,178**	4,323	(511)	3,812
Closing claims outstanding (including IBNR)	**32,331**	**(13,799)**	**18,532**	20,580	(8,765)	11,815
	89,448	**(33,646)**	**55,802**	67,833	(26,685)	41,148

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

	30-Jun-2017 (Unaudited)			30-Jun-2016 (Unaudited)		
	Gross outstanding claims	**Reinsurers' share of outstanding claims**	**Net outstanding claims**	Gross outstanding claims	Reinsurers' share of outstanding claims	Net outstanding claims
	RO '000	**RO '000**	**RO '000**	RO '000	RO '000	RO '000
Opening claims outstanding (including IBNR)	**20,580**	**(8,765)**	**11,815**	17,801	(8,357)	9,444
Claims provided during the period	**42,763**	**(17,553)**	**25,210**	43,967	(18,678)	25,289
Claims paid during the period	**(31,012)**	**12,519**	**(18,493)**	(34,013)	14,278	(19,735)
Closing claims outstanding (including IBNR)	**32,331**	**(13,799)**	**18,532**	27,755	(12,757)	14,998

18. GROSS PREMIUMS AND PREMIUMS CEDED TO REINSURERS

	30-Jun-2017 (Unaudited)			30-Jun-2016 (Unaudited)		
Group	**Life**	**General**	**Total**	Life	General	Total
	RO'000	**RO '000**	**RO '000**	RO 000	RO '000	RO '000
Gross written premiums	**61,851**	**6,581**	**68,432**	52,876	3,665	56,541
Movement in unearned premiums	**(8,555)**	**(1,310)**	**(9,865)**	(8,155)	(318)	(8,473)
Gross premium, earned	53,296	5,271	58,567	**44,721**	**3,347**	**48,068**
Reinsurance premiums ceded	**(25,811)**	**(559)**	**(26,370)**	(23,220)	(512)	(23,732)
Movement in unearned premiums	**1,983**	**(56)**	**1,927**	3,580	(71)	3,509
Premium ceded to reinsurers	(23,828)	(615)	(24,443)	**(19,640)**	**(583)**	**(20,223)**
Net insurance premium revenue	29,468	4,656	34,124	**25,081**	**2,764**	**27,845**

19. INTEREST INCOME

	Group (Unaudited)			
	6 months ended 30-Jun-17 (RO'000)	6 months ended 30-Jun-16 (RO'000)	**3 months ended 30-Jun-17 (RO'000)**	3 months ended 30-Jun-16 (RO'000)
Loans and advances to customers	**40,544**	35,341	**20,545**	18,135
Oman Government Development Bonds	**829**	673	**468**	352
Placements with banks and other money market placements	**1,322**	580	**663**	321
Certificates of deposit	**47**	31	**22**	22
Other interest income	**312**	190	**232**	159
	43,054	36,815	**21,930**	18,989

	Parent company (Unaudited)			
	6 months ended 30-Jun-17 (RO'000)	6 months ended 30-Jun-16 (RO'000)	**3 months ended 30-Jun-17 (RO'000)**	3 months ended 30-Jun-16 (RO'000)
Other interest income	**1,401**	-	**851**	-
	1,401	-	**851**	-

20. INTEREST EXPENSE

	Consolidated (Unaudited)			
	6 months ended 30-Jun-17 (RO'000)	6 months ended 30-Jun-16 (RO'000)	**3 months ended 30-Jun-17 (RO'000)**	3 months ended 30-Jun-16 (RO'000)
Time deposits	**11,174**	7,454	**5,897**	3,667
Subordinated bonds	**1,532**	1,920	**583**	960
Call, savings and other accounts	**2,568**	2,122	**1,272**	1,744
Bank Borrowings	**2,380**	1,687	**1,089**	950
	17,654	13,183	**8,841**	7,321

	Parent Company (Unaudited)			
	6 months ended 30-Jun-17 (RO'000)	6 months ended 30-Jun-16 (RO'000)	**3 months ended 30-Jun-17 (RO'000)**	3 months ended 30-Jun-16 (RO'000)
Bank Borrowings	**2,615**	1,871	**1,360**	990
	2,615	1,871	**1,360**	990

21. INVESTMENT INCOME

	Consolidated (Unaudited)			
	6 months ended 30-Jun-17 (RO'000)	6 months ended 30-Jun-16 (RO'000)	**3 months ended 30-Jun-17 (RO'000)**	3 months ended 30-Jun-16 (RO'000)
Dividend from investments	**4,594**	5,212	**313**	420
Quoted local investments				
Profit / (loss) on sale	**165**	314	**24**	66
Change in fair value	**(261)**	827	**(147)**	893
Quoted foreign investments				
Profit on sale	**(141)**	685	**(35)**	673
Change in fair value	**(26)**	(1,143)	**584**	(163)
Investment properties				
Profit on sale of an investment property	**-**	-	**-**	-
Rental income	**131**	246	**62**	135
Unquoted foreign investments				
Loss on sale	**-**	-	**-**	-
Provision on investments (refer note 28)	**(1,014)**	-	**(1,014)**	-
	3,448	6,141	**(213)**	2,024

	Parent Company (Unaudited)			
	6 months ended 30-Jun-17 (RO'000)	6 months ended 30-Jun-16 (RO'000)	**3 months ended 30-Jun-17 (RO'000)**	3 months ended 30-Jun-16 (RO'000)
Dividend from investments	**65**	197	**19**	71
Quoted local investments				
Profit / (loss) on sale	**73**	20	**4**	20
Change in fair value	**12**	395	**2**	314
Quoted foreign investments				
Profit on sale	**(199)**	-	**(136)**	-
Change in fair value	**(190)**	(562)	**36**	(33)
Investment properties				
Profit on sale of an investment property	**1,011**	-	**-**	-
Rental income	**-**	174	**-**	103
Unquoted foreign investments				
Loss on sale	**-**	-	**-**	-
Provision on investments (refer note 28)	**(1,014)**	-	**(1,014)**	-
	(242)	224	**(1,089)**	475

22. OPERATING EXPENSES

	Consolidated (Unaudited)			
	6 months ended 30-Jun-17 (RO'000)	6 months ended 30-Jun-16 (RO'000)	**3 months ended 30-Jun-17 (RO'000)**	3 months ended 30-Jun-16 (RO'000)
Staff costs	**17,733**	14,909	**8,842**	6,429
Other operating expenses	**10,098**	9,344	**5,085**	5,210
Depreciation and amortization	**2,692**	2,719	**1,349**	1,384
Directors' sitting fees and remuneration:				
Parent Company	**100**	100	**50**	50
Subsidiaries and adjustments	**174**	69	**133**	48
	30,797	27,141	**15,459**	13,121

	Parent Company (Unaudited)			
	6 months ended 30-Jun-17 (RO'000)	6 months ended 30-Jun-16 (RO'000)	**3 months ended 30-Jun-17 (RO'000)**	3 months ended 30-Jun-16 (RO'000)
Staff costs	**1,711**	1,597	**758**	780
Other operating expenses	**263**	358	**136**	172
Depreciation and amortization	**65**	165	**32**	83
Directors' sitting fees and remuneration:				
Parent Company	**100**	100	**50**	50
Subsidiaries and adjustments	**-**	-	**-**	-
	2,139	2,220	**976**	1,085

23. PROFIT FROM DISCONTINUED OPERATIONS

During 2016, the banking subsidiary sold its investment banking division (IMG). The results of IMG for the period are presented below:

	6 months ended 30-Jun-17 (RO'000)	6 months ended 30-Jun-16 (RO'000)	**3 months ended 30-Jun-17 (RO'000)**	3 months ended 30-Jun-16 (RO'000)
Fee and commission income	**-**	1,571	**-**	642
Salaries costs	**-**	(565)	**-**	(283)
Other operating expenses	**-**	(216)	**-**	(109)
Depreciation	**-**	(25)	**-**	(13)
Total expenses	**-**	(806)	**-**	(405)
Profit before tax for the period from discontinued operations	**-**	765	**-**	237
Income tax expense	**-**	(92)	**-**	(29)
Profit after tax for the period from discontinued operations	**-**	673	**-**	208

24. SEGMENTAL INFORMATION

The Group is organized into four main business segments:

1) Investment Segment – incorporating investment activities for both short-term and long-term purposes;

2) Banking Segment – incorporating corporate, retail and treasury and investment banking activities carried out by the Group's banking subsidiary;

3) Insurance Segment – incorporating insurance related activities for Life and General Insurance;

4) Real Estate Segment – incorporating activities in real estate sector.

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

	Investments RO '000	**Banking RO '000**	**Insurance RO '000**	**Real Estate RO '000**	**Adjustments RO '000**	**Total RO '000**
30-Jun-17						
Segment revenues	**21,716**	**52,858**	**60,144**	**1,304**	**(16,124)**	**119,898**
Segment results	**15,642**	**12,245**	**4,756**	**817**	**(14,599)**	**18,861**
Segment assets	**404,693**	**2,096,781**	**147,173**	**19,444**	**(246,718)**	**2,421,373**
30-Jun-16						
Segment revenues	20,253	48,258	50,309	190	(12,334)	106,676
Segment results	16,208	11,599	1,167	21	(12,381)	16,614
31-Dec-16						
Segment assets	394,007	2,065,972	135,251	14,372	(213,058)	2,396,544

25. RELATED PARTY TRANSACTIONS

Related party transactions are as follows:

Group	Directors	Associates	Other Related Parties	Non-controlling interests
	RO'000	RO'000	RO'000	RO'000
Statement of comprehensive income				
30-Jun-17				
Interest and commission income	**128**	**604**	**317**	**215**
Interest expense	**-**	**113**	**10**	**189**
Directors' sitting fees and Remuneration	**274**	**-**	**-**	**-**
Premiums received	**1**	**181**	**340**	**-**
Claims paid	**-**	**93**	**158**	**-**
Commission and other exp.	**-**	**50**	**248**	**-**
30-Jun-16				
Interest and commission income	105	427	155	160
Interest expense	-	21	7	319
Directors' sitting fees and Remuneration	169	-	-	-
Premiums received	3	173	63	-
Claims paid	-	76	20	-
Re-insurance claims received	-	49	-	-
Statement of financial positions				
30-Jun-17				
Loans and advances	**5,995**	**25,741**	**33,667**	**28,439**
Current and Deposits from customers	**1,449**	**19,274**	**8,861**	**4,412**
Insurance balance receivables	**2**	**71**	**270**	**-**
Payables	**-**	**46**	**424**	
Deposits	**-**	**250**	**-**	**-**
Off balance sheet				
Letters of credit and guarantees	**-**	**-**	**3,782**	**172,262**
31-Dec-16				
Loans and advances	5,905	26,631	27,969	14,739
Current and Deposits from customers	738	6,682	6,532	3,615
Insurance balance receivables	2	160	78	-
Payables	142	40	294	-
Off balance sheet				
Letters of credit and guarantees	-	-	6,759	209,719

25. RELATED PARTY TRANSACTIONS (continued)

Parent Company	30-Jun-17 (Unaudited)			30-Jun-16 (Unaudited)		
	Subsidiaries	Associates	Directors/ Others	Subsidiaries	Associates	Directors/ Others
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Statement of comprehensive income						
Directors' sitting fees and remuneration	-	-	100	-	-	100
Dividend from Subsidiaries	2,992	-	-	8,477		
Dividend from Associates		2,739	-	-	2,669	
Sale of Investment Property	10,154	-	-	-	-	-
Brokerage	-	4	-	1	-	-
Operating expenses	-	-	20	-	-	1
Interest and other income	1,636	-	-	72	-	-
Interest expenses	301	-	-	221	-	-
Premiums	100	-	-	74	-	-
Claims	29	-	-	21	-	-
	31-Mar-17 (Unaudited)			31-Dec-16 (Audited)		
Statement of financial positions						
Bank borrowings	15,000	-	-	4,000	-	-
Bank balances	7,008	-	-	1,189	-	-
Due from subsidiaries (Net)	42,124	-	-	51,383	-	-
Payables	1	-	-	-	-	-

26. CONTINGENT LIABILITIES

The Contingent liabilities for the Group were as follows:

	(Unaudited) 30-Jun-17 (RO'000)	(Audited) 31-Dec-16 (RO'000)
Letters of credit	164,602	197,931
Guarantees & other contingent liabilities	654,830	623,708
	819,432	821,639

Letters of credit and Guarantees amounting to RO 492,807 thousand (2016 - RO 510,560 thousand) relating to banking subsidiary are counter guaranteed by other banks.

27. RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk, liquidity risk and insurance risks. The interim financial statements do not include all financial and insurance risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements as at 31 December 2016. There have been no changes in the risk management policies since year end.

28. NON-CURRENT ASSET HELD FOR SALE

During the period, CMA approved the prospectus for IPO of Al Ahli Insurance Company SAOC (associate company). Consequent to the approval, company's share of 5% divested through the IPO is re-classified as non-current asset held for sale from investment in associates (note 9) at the IPO price less expected issue expenses.

Company has recorded a loss of RO 1.014 million due to divestment of this stake. IPO process is expected to be completed in Q3 2017.

29. BASIC EARNINGS PER SHARE

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

	Group		Parent Company	
	(Unaudited) 30-Jun-17 (RO'000)	(Unaudited) 30-Jun-16 (RO'000)	**(Unaudited) 30-Jun-17 (RO'000)**	(Unaudited) 30-Jun-16 (RO'000)
Profit for the period attributable to shareholders of the parent (RO'000)	**12,773**	10,853	**14,230**	11,349
Weighted average number of shares outstanding during the period	**699,369,981**	699,369,981	**699,369,981**	699,369,981
Basic earnings per share (RO)	**0.018**	0.016	**0.020**	0.016

During the period, the Parent Company issued stock dividend of 63,579,089 (2016 – 82,929,250) shares without consideration. According to IAS 33 - Earnings per share, the weighted average number of ordinary shares outstanding during the period and for all periods presented shall be adjusted for stock dividend. In the present financial statement, the issue of stock dividend has been treated as if it had occurred at the beginning of 2016 and the basic earnings per share was recalculated accordingly. As there were no dilutive potential shares, the diluted earnings per share is identical to the basic earnings per share.

30. NET ASSETS PER SHARE

The calculation of net assets per share is as follows:

	Group		Parent Company	
	(Unaudited) 30-Jun-17 (RO'000)	(Audited) 31-Dec-16 (RO'000)	**(Unaudited) 30-Jun-17 (RO'000)**	(Audited) 31-Dec-16 (RO'000)
Equity attributable to shareholders of the parent (RO'000)	**232,922**	241,135	**230,847**	237,603
Number of shares outstanding at the end of the period	**699,369,981**	635,790,892	**699,369,981**	635,790,892
Net assets per share (RO)	**0.333**	0.379	**0.330**	0.374

31. COMPARATIVE FIGURES

The corresponding figures of 2016 included for comparative purposes have been reclassified to conform to the presentation in the current period.

Results of discontinued operations of the banking subsidiary are reclassified (refer note 23). Insurance subsidiary's reclassification of previous year's number is given effect to and the Group early adopted IFRS 9 with effect from 1 January 2016, previous period numbers are adjusted accordingly:

	Previously reported for period ended 30-Jun-16	Adjustment	Restated for period ended 30-Jun-16
	(RO '000)	(RO '000)	(RO '000)
Parent Company			
Investment income	577	(353)	224
Share of results of subsidiaries	12,002	(461)	11,541
Other comprehensive expenses	(8,171)	814	(7,357)
Group			
Investment income	6,827	(686)	6,141
Other comprehensive expenses	(8,139)	686	(7,453)
Fees and commission income	10,461	(1,616)	8,845
Operating expenses	(27,947)	806	(27,141)
Income tax expenses	(2,125)	92	(2,033)
Income from discontinued operations	-	673	673
Gross premiums earned	48,034	34	48,068
Premium ceded to re-insurers	(20,910)	687	(20,223)
Net Claims	(24,613)	(676)	(25,289)

32. APPROVAL OF FINANCIAL STATMENTS

These unaudited condensed interim financial statements were approved and authorized for release by the Board of Directors on 14 August 2017.