

DIRECTORS REPORT

For the nine months period ended 30 September 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 nine months period ended 30 September 2017. OMINVEST delivered good results for the nine months period ended 30 September 2017 – both at the Group level and the Parent level. In the following sections, we will elaborate on OMINVEST's strategic updates and financial performance during the nine months of 2017.

Strategic Updates

Capital Intelligence (CI) Ratings has announced on 5 October 2017 that it has assigned initial corporate ratings of BBB Long-Term and A3 Short term to OMINVEST. The outlook is stable. The ratings are supported by OMINVEST's status as the largest listed investment company in Oman (and as one of the largest in the region), its moderate (although rising) leverage and its low ratio of debt to equity. Also supporting the rating are the high quality of the asset base, the good maturity profile of the funding base, comfortable debt service position, and large expected cash inflows this year and next from disposals and IPOs.

During the period, OMINVEST has offered to sell 25% of its stake in National Life & General Insurance company (NLGIC) through an Initial Public offering and the company is expected to be listed before the end of this year. In addition, Al Ahlia Insurance Company SAOG (one of OMINVEST associate companies) listed its shares in Muscat Securities Market through an Initial Public Offering (IPO).

Group Consolidated Performance:

During the nine months period of 2017, total Group revenues rose by 12% to RO 176.4m and Group net profit grew by 23% to RO 25.2m, over the same period in 2016. OMINVEST's equity shareholders share of the Group net profits stood at RO 15.7m, compared to RO 13.7m, a growth of 14% 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) and Oman Arab Bank (OAB) compared to same period of last year.

Parent Company Performance:

During the nine months period of 2017, total revenues rose by 24% to RO 24.7m and net profit by 20% to RO 17.4m, 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 and investment income.

Our Subsidiaries:

Oman Arab Bank (OAB), our banking subsidiary, reported a profit of RO 19.01m for the nine months period ended 30 September 2017 compared to RO 13.52m, a growth of 41% over the same period in 2016. In terms of expanding the business outside the Group, OAB increased its Loans & Advances by 5% to RO 1.68bn compared to RO 1.59bn at 31 December 2016. Customers' deposits rose by 10% to RO 1.80bn compared to RO 1.63bn at 31 December 2016. The Shareholders' funds increased by 6% to RO 268m compared to RO 253m as at 31 December 2016. OAB has shown a robust growth during the period backed by increase in business and interest rate spread. OAB has a strong balance sheet, an established brand, committed shareholders, well-anchored and growing market position.

National Life & General Insurance Company (NLGIC), our subsidiary in the insurance sector, reported a gross insurance premium of RO 90.5m compared to RO 76.1m for the same period in 2016, a growth of 19%, signifying the underlying growth in the broader insurance sector and more importantly major gains in NLG's market share. For the nine months period of 2017, NLG reported net profit of RO 7.14m compared to RO 2.46m for the same period of last year, a growth of 190%. 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 and expected to start operations in Kuwait Market before the end of this year.

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 1.7m for the nine months period ended 30 September 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 nine months period of 2017, our share of profit in the associate companies stood at RO 4.41m compared to RO 5.64m, a decline of 22%. The decline is mainly due losses suffered by one of our associate companies, International General Insurance (IGI) because of catastrophic events occurred in Central American region (Hurricane IRMA, Maria in Caribbean and Mexico Quake 1 & 2) during the period. This has resulted in a significant decline in OMINVEST share of profit from IGI during the 3rd quarter of this year.

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. We also take this opportunity to extend our sincere congratulations to His Majesty Sultan Qaboos and the Omani People on the occasion of the 47th National Day.



Khalid Muhammad Al Zubair
Chairman