



DIRECTORS' REPORT

For the Period ended 31 March 2020

Dear Shareholders

On behalf of the Board of Directors, I am pleased to present the Unaudited Financial Results of OMINVEST Group for the period ended 31 March 2020. During the period, OMINVEST delivered strong results both at the Group and the Parent level, despite the extremely difficult business and economic conditions caused by low oil prices and the outbreak of COVID-19.

In the face of ongoing challenges, OMINVEST Group and our subsidiaries and associate companies are focused on ensuring safety and well being of their staff and serving the needs of their customers and stakeholders with greater efficiencies. We are seeing an opportunity in these difficult times to become more tech-savvy, enhance our productivity, further grow top lines, reduce operating costs, and improve our bottom lines. Given our strong cash position (RO 29 million as at 31 March 2020) and low debt to equity profile, we are actively seeking growth investment opportunities to further diversify our revenues sources.

We are also cognizant of our responsibilities towards our communities and society. I am pleased to update you that OMINVEST contributed RO 500,000 to The Endowment Fund to support public health services to address challenges caused by COVID-19. In addition, our Subsidiaries and Associate companies combinedly contributed another RO 1,850,000 to the Fund towards this noble cause.

Below, I would like to present the financial performance of OMINVEST Group and our major portfolio companies for the Q1 2020:

Parent Company Performance

During the period ended 31 March 2020, total revenues rose by 7% to RO 18.34m and net profit remained flat at RO 13.06m, over the same period in 2019. The increase in our share of P&L of the subsidiary's income was nullified by decrease in interest income. As at 31 March 2020, total assets of the Parent Company stood at RO 633m compared to RO 601m as at 31 December 2019. Increase in total assets was due to growth in the portfolios and business activities of our key subsidiaries. Parent company paid cash dividend of 25 bz per share totaling to RO 20.19 million to the shareholders during this quarter.



Group Consolidated Performance

OMINVEST

During the period ended 31 March 2020, total Group revenues rose by 8% to RO 82.24m and the net profit attributable to OMINVEST's shareholders grew by 2% to RO 9.35m from RO 9.20m, over the same period in 2019. The growth is attributable to strong performance of our key subsidiaries: Jabreen International Development Company SAOC (Jabreen) and Oman Real Estate Investment and Services Corporation (ORIS).

Performance of Key Subsidiaries & Associates:

Oman Arab Bank (OAB), our subsidiary in the banking sector, reported a profit of RO 5.66m for the period ended 31 March 2020 compared to RO 7.24m for the same period in 2019, a decline of 22%. The decline is due to higher 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. OAB increased its Loans & Advances by 0.65% to RO 2.02bn compared to RO 2.01bn, as at 31 December 2019. Customers' deposits rose by 1.44% to RO 2.03bn compared to RO 2.00bn, as at 31 December 2019. The Shareholders' funds were RO 287m compared to RO 296m, as at 31 December 2019. OAB's transaction with Alizz Islamic Bank is progressing well towards its successful completion. We believe that, after this transactions' successful conclusion, OAB will further strengthen its position in the conventional and Islamic banking segments.

National Life & General Insurance Company (NLGIC), our subsidiary in the insurance sector, reported Gross Written Premium (GWP) of RO 52.4m, of which Oman contributed 49%, UAE 50%, and, Kuwait 1%. NLGIC achieved a net insurance premium of RO 29.74m compared to RO 25.33m in 2019, an impressive growth of 17%. For the period ended 31 March 2020, NLGIC reported net profit of RO 2.36m compared to RO 2.70m in 2019, a decline of 13%. The decline is due to decrease in profits from UAE operations. We believe that NLGIC's growth prospects are strong, its recurring revenues from insurance business are stable and on a clear growth trend.

Jabreen International Development Company SAOC (Jabreen), our subsidiary, is focused on making private equity investments in diverse sectors and expanding into new growth markets in Asia. Jabreen reported a net profit of RO 9.89m for the period ended 31 March 2020 compared to RO 8.06m for the same period in 2019. The profit growth was mainly attributable to the share of profits from key associates and dividend income received from Jabreen's public and private equity portfolios. During this period, Jabreen sold 6.74% of Ominvest shares it held, at a premium of 11% to market price and made new investments in its school platform. At 31 March 2020, Jabreen's total assets stood at RO 337m compared to RO 331m at 31 December 2019. We expect Jabreen to further enhance and diversify its investment income in the years ahead. International General Insurance (IGI), an associate in the insurance sector, got listed Nasdaq during March 2020.



Oman Real Estate Investment and Services Corporation (ORIS), our subsidiary in the real estate sector, invests in iconic real estate projects and acts as lead Developer and Promoter of such projects. ORIS also provides real estate management services to our affiliates within OMINVEST Group and to large institutional clients outside the Group to generate fee income. ORIS is now in advance stages of initiating new large-scale commercial & residential projects at attractive locations in Muscat.

National Finance Company (NFC), one of our largest associates in the leasing sector, reported net profit of RO 2.01m for the period ended 31 March 2020 compared to a net profit of RO 2.06m for the same period in 2019 – a decline of 2.6%. NFC's revenues grew by 2.68% to RO 11.1m in this period compared with RO 10.8m in corresponding period 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. The projected lower levels of credit offtake combined with increased interest costs will make it challenging to sustain current profitability levels. NFC will continue to focus on strengthening our efficiencies, customer experience, product offerings and quality of service delivery. We expect NFC to further consolidate its position as the leading and best performing finance company in Oman.

Acknowledgements:

On behalf of the Board, I thank the esteemed leaderships at the CMA, CBO, and MOCI for their continued support and guidance. I also take this opportunity to thank the management teams at OMINVEST and across our Group companies for their dedication and hard work.

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

Khalid Muhammad AlZubair
Chairman