

**REPORT ON THE PERFORMANCE OF THE GROUP
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2009**

We are pleased to report on the performance of the Group for the three month period ended 31 March 2009.

The Group recorded a profit of RO 5.32m vs. RO 7.72m in the corresponding period in 2008. The profit attributable to the parent company shareholders from the Group profits is RO 2.35m compared to RO 4.19m in the first quarter of 2008. The underperformance in the profits is mainly attributable to continued depressed market conditions in the local, regional and international markets where the parent company has investments.

The parent company profit for the period is RO 9.74m compared to RO 5.74m in 2008. This increase in profit is mainly attributable to cash dividend of RO 10.20m received from Oman Arab Bank vs. RO 4.90m received in the first quarter of 2008. Parent company recorded a loss of RO 9,828 (2008: Profit of RO 940,173) on its investments excluding cash dividends of RO 10.20m (2008: RO 5.15 m) from its subsidiaries. Reflecting the fall in the MSM general index to 4628.64 at 31 March 2009 from 5441.12 at 31 December 2008, investments in MSM lost RO 434,474 vs. gain of RO 1,113,865 in the first quarter of 2008. Other local investments (mainly dividends from associates) recorded an income of RO 357,474 (2008: RO 542,027). Overseas marketable investments gained RO 63,019 compared to loss of RO 743,324 in March 2008.

Oman Arab Bank, our banking subsidiary reported a profit of RO 6.05m compared to RO 7.22m for the first quarter in 2008. Gross loans and advances at RO 578m increased by 29% and customers' deposits at RO 580m was lower by 7% compared with the first quarter in 2008. During the period, the banking subsidiary increased its paid-up share capital to RO 75m, an increase of RO 15m by issue of rights shares of RO 12m and by capitalization of retained profits, RO 3m.

During the period, the number of employees in the Parent Company increased to 19 from 16 at 31 December 2008. Executive Vice-President, Real Estate Division and Senior Vice President, Private Equity & Corporate Finance joined the management team.

At the Annual General Meeting of the Parent Company held on 31 March 2009, shareholders have approved cash dividend of RO 1,800,000 (10% of the paid-up share capital) and stock dividend of RO 2,000,000 (representing 1 share for every 9 shares held). Following this, the paid-up share capital of the Parent Company is increased to RO 20m.



While the uncertainties continued to cloud the global financial markets, there are signals indicating that the worst is behind us and with the sustained stimulus packages from governments across the globe, a slow recovery may begin during the latter part of 2009. The current financial year will continue to be a challenging one.

HANI BIN MUHAMMAD AL ZUBAIR
CHAIRMAN

May 13, 2009