

**REPORT ON THE PERFORMANCE OF THE GROUP
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2010**

We are pleased to report on the performance of the Group for the three month period ended 31 March 2010.

The Group recorded a profit of RO 5.98m vs. RO 5.32m in the corresponding period in 2009. The profit attributable to the parent company shareholders from the Group profits is RO 3.07m compared to RO 2.35m in the first quarter of 2009. The improved performance in the profits attributable to the shareholders of the Parent Company is mainly due to better market conditions in the local, regional and international capital markets where the parent company has investments.

The parent company profit for the period is RO 7.53m compared to RO 9.74m in 2009. This decrease in profit is mainly attributable to cash dividend of RO 7.65m received from Oman Arab Bank vs. RO 10.20m received in the first quarter of 2009. Parent company recorded gains of RO 170k (2009: loss of RO 637k) on its capital market investments, reflecting an improved sentiment in capital markets.

Total assets of the Parent Company at RO 59.64m recorded an increase of 15% compared to RO 51.86m at 31 December 2009. Parent Company is on course to building a focused portfolio of strategic and diversified investments with an objective of improving sustained earnings in the medium to long term. Shareholders' funds of the Parent Company increased to RO 45.79m from RO 40.26m at 31 December 2009.

Oman Arab Bank, our banking subsidiary reported a profit of RO 5.93m compared to RO 6.05m for the first quarter in 2009. Gross loans and advances at RO 612m increased by 6% and customers' deposits at RO 695m was up by 20% compared with the first quarter in 2009. During the period, the banking subsidiary increased its paid-up share capital to RO 85m, an increase of RO 10m by issue of rights shares of RO 8m and by capitalisation of retained profits, RO 2m.

At the Annual General Meeting of the Parent Company held on 31 March 2010, shareholders have approved cash dividend of RO 2,000,000 (10% of the paid-up share capital) and stock dividend of RO 3,000,000 (representing 15 shares for every 100 shares held). Following this, the paid-up share capital of the Parent Company is increased to RO 23m.

The Group is on track to achieve its targets set for the year in line with its Business Plan.

HANI BIN MUHAMMAD AL ZUBAIR
CHAIRMAN

May 10, 2010