



OMAN INTERNATIONAL DEVELOPMENT AND  
INVESTMENT COMPANY SAOG

**GROUP AND PARENT COMPANY UNAUDITED FINANCIAL STATEMENTS**

**31 MARCH 2010**



**GROUP AND PARENT COMPANY UNAUDITED FINANCIAL STATEMENTS**  
**THREE MONTH PERIOD ENDED 31 MARCH 2010**

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**1. GENERAL INFORMATION**

Oman International Development and Investment Company SAOG (the Parent Company) is incorporated in the Sultanate of Oman as a public joint stock company and is principally engaged in investment related activities. The Parent Company has its listing on the Muscat Securities Market.

The Parent Company's principal place of business and registered address is Ominvest Building, Central Business District, Greater Muttrah, P O Box 3886, Ruwi, Postal Code 112, Sultanate of Oman.

These consolidated interim financial statements for the three month period ended 31 March 2010 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 a stand alone basis. The consolidated and separate financial statements are collectively referred to as "the financial statements".

**2. ACCOUNTING POLICIES**

The interim condensed consolidated financial information of the Group has been prepared in accordance with IAS 34, Interim Financial Reporting. The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2009.

**3. CERTIFICATES OF DEPOSIT**

Certificates of deposit held are issued by the Government of Sultanate of Oman and carry interest at the average rate of 0.04% (2009 – 0.13%).

**4. DEPOSITS WITH BANKS**

Deposits with banks include RO 935,000 (2009 - RO 935,000) being a capital deposit and an insurance deposit with the Central Bank of Oman in terms of regulations applicable to the banking subsidiary which earn interest at 1.5% (2009 – 1.5%) per annum. These deposits cannot be withdrawn without prior written approval of the Central Bank of Oman.

## 5. INVESTMENT SECURITIES

At 31 March, investment securities comprised the following:

	Group		Parent Company	
	2010	2009	2010	2009
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Financial assets at fair value through profit or loss	12,418	13,636	6,720	10,066
Available for sale investments	10,323	7,167	4,864	2,850
Held-to-maturity investments	21,573	19,848	-	1,000
	<u>44,314</u>	<u>40,651</u>	<u>11,584</u>	<u>13,916</u>

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

#### (i) *Financial assets designated as at fair value through profit or loss*

At 31 March, financial assets designated as at fair value through profit or loss comprised the following:

	Group		Parent Company	
	2010	2009	2010	2009
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
<b>Quoted investments</b>				
Local investments				
Banking sector	360	1,114	64	1,110
Investment sector	351	196	351	196
Services sector	1,318	2,471	1,298	2,427
Industrial sector	821	1,373	815	1,308
	<u>2,850</u>	<u>5,154</u>	<u>2,528</u>	<u>5,041</u>
Foreign investments				
Equity and equity related	2,775	4,173	2,775	4,173
Currency and commodity related	379	852	379	852
	<u>3,154</u>	<u>5,025</u>	<u>3,154</u>	<u>5,025</u>
<b>Unquoted investments</b>	<u>1,995</u>	<u>466</u>	<u>1,038</u>	<u>-</u>
Total financial assets designated at fair value through profit or loss	<u>7,999</u>	<u>10,645</u>	<u>6,720</u>	<u>10,066</u>

## 5. INVESTMENT SECURITIES (continued)

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

#### (ii) *Financial assets held for trading*

	Group		Parent Company	
	2010	2009	2010	2009
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Quoted	4,276	2,888	-	-
Unquoted	143	103	-	-
Financial assets held for trading	4,419	2,991	-	-
Total financial assets at fair value through profit or loss	12,418	13,636	6,720	10,066

### (b) *Available for sale investments*

	Group		Parent Company	
	2010	2009	2010	2009
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
<b>Local investments</b>				
Investment Stabilization Fund	4,510	4,024	-	-
Unquoted investments	700	700	700	700
Fair value reserve	530	25	-	-
	5,740	4,749	700	700
<b>Foreign investments</b>				
Unquoted investments	6,117	4,529	6,085	4,498
Less: Provision for impairment [note 5(g)]	(2,545)	(2,748)	(2,545)	(2,748)
	3,572	1,781	3,540	1,750
Fair value reserve	624	400	624	400
	4,196	2,181	4,164	2,150
Quoted investments	190	116	-	-
Fair value reserve	197	121	-	-
	4,583	2,418	4,164	2,150
Total available for sale investments	10,323	7,167	4,864	2,850

## 5. INVESTMENT SECURITIES (continued)

### (b) Available for sale investments (continued)

Unquoted local investments held by the Group include investment in the Financial Settlement and Guaranteed Fund of RO 157,621 (2009 – RO 152,752) which is not recoverable until the date the banking subsidiary ceases its brokerage activities or the fund is liquidated, whichever is earlier.

### (c) Held-to-maturity investments

	Group		Parent Company	
	2010	2009	2010	2009
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Certificates of deposits	-	11,000	-	1,000
Oman Government Development Bonds				
- held by the banking subsidiary	21,573	8,848	-	-
	<u>21,573</u>	<u>19,848</u>	<u>-</u>	<u>1,000</u>

Bonds are denominated in Rial Omani and are issued by the Government of Oman. They carry interest rates varying between 4% to 5.25% (2009 - 4% to 5.25%) per annum. The maturity profile of these bonds, based on the remaining period to maturity from the balance sheet date, is as follows:

	2010	2009
	(RO'000)	(RO'000)
Within one year	3,845	1,000
Between one and five years	17,728	7,848
	<u>21,573</u>	<u>8,848</u>

### (d) Investment in associates

#### Group

At 31 March, investment in associates represented holdings in the following companies registered in the Sultanate of Oman:

	2010		2009	
	Holding (%)	Carrying value (RO'000)	Holding (%)	Carrying value (RO'000)
National Finance Company SAOG	24.04	4,584	24.02	4,074
National Biscuit Industries SAOG	21.30	446	21.30	403
National Detergent Company SAOG	20.94	2,420	20.94	2,293
		<u>7,450</u>		<u>6,770</u>

## 5. INVESTMENT SECURITIES (continued)

### (d) *Investment in associates (continued)*

All the Group's associated companies' shares are listed on the Muscat Securities Market (MSM). The market value of investments in associated companies as of the balance sheet date amounted to RO 8,557,363 (2009 - RO 7,499,230).

#### Parent Company

At 31 March, investment in associates represented holdings by the Parent Company in the following companies registered in the Sultanate of Oman:

	2010		2009	
	Holding (%)	Cost (RO'000)	Holding (%)	Cost (RO'000)
National Finance Company SAOG	23.74	2,334	21.28	2,334
National Biscuit Industries SAOG	21.00	435	21.00	435
National Detergent Company SAOG	20.94	713	20.94	713
		<u>3,482</u>		<u>3,482</u>

All the Parent Company's associated companies' shares are listed on the Muscat Securities Market (MSM). The market value of investments in associated companies as of the balance sheet date amounted to RO 8,477,194 (2009 - RO 7,439,341).

### (e) *Investment in subsidiaries*

At 31 March, investment in subsidiaries incorporated in the Sultanate of Oman are:

	2010		2009	
	Cost (RO'000)	Holding %	Cost (RO'000)	Holding %
<u>Group</u>				
Oman Arab Bank SAOC (Principal activity: Banking)	29,602	51.00	25,522	51.00
Oman Investment Services SAOC (Principal activity: Investments)	903	99.98	903	99.98
Salalah Resorts SAOC (Under formation) (Principal activity: Integrated Tourism Project)	500	99.98	-	-
	<u>31,005</u>		<u>26,425</u>	

## 5. INVESTMENT SECURITIES (continued)

### (e) *Investment in subsidiaries (continued)*

	2010		2009	
	Cost (RO'000)	Holding %	Cost (RO'000)	Holding %
<u>Parent Company</u>				
Oman Arab Bank SAOC (Principal activity: Banking)	29,575	50.99	25,495	50.99
Oman Investment Services SAOC (Principal activity: Investments)	903	99.98	903	99.98
Salalah Resorts SAOC (Under formation) (Principal activity: Integrated Tourism Project)	500	99.98	-	-
	<u>30,978</u>		<u>26,398</u>	

During the period, Parent Company subscribed to its share (50.99%) of the rights issue of RO 4.1 million (2009 - RO 6.1 million) by the banking subsidiary.

During the period, Parent Company subscribed to its share (99.98%) in the capital of Salalah Resorts SAOC (Under formation), an SPV being established for setting up an ITP in Salalah.

### (f) *Details of significant investments*

At 31 March, the Group's investments for which either, the Group's holding represents 10% or more of the issuer's share capital, or, the Group's holding exceeds 10% of the market value of the Group's investment portfolio, are detailed as follows:

#### *Quoted securities*

	Holding %	Number of shares/units	Fair value (RO'000)	Carrying value (RO'000)
<u>Group</u>				
National Biscuit Industries Ltd SAOG	29.22	292,197	1,227	778
National Finance Co. SAOG	24.04	36,389,132	5,277	4,584
National Detergent Co. SAOG	20.94	3,561,700	2,386	2,420
Oman National Dairy Products Co. Ltd SAOG	19.65	482,726	-	-
Oman Al Arabi Fund	15.93	1,450,000	1,501	1,501
			<u>10,391</u>	<u>9,283</u>

At 31 March, the Parent Company's investments for which either, the Parent Company's holding represents 10% or more of the issuer's share capital, or, the Parent Company's holding exceeds 10% of the market value of the Parent Company's investment portfolio, are detailed as follows:



## 5. INVESTMENT SECURITIES (continued)

### (f) Details of significant investments (continued)

	<u>Holding</u> %	<u>Number of</u> <u>shares/units</u>	<u>Fair</u> <u>value</u> (RO'000)	<u>Carrying</u> <u>value</u> (RO'000)
<u>Parent Company</u>				
National Biscuit Industries Ltd SAOG	28.92	289,197	1,215	768
National Finance Co. SAOG	23.74	35,923,141	5,209	2,334
National Detergent Co. SAOG	20.94	3,561,700	2,386	713
Oman National Dairy Products Co. Ltd SAOG	19.65	482,726	-	-
Oman Al Arabi Fund	10.99	1000,000	1,038	1,038
			<u>9,848</u>	<u>4,853</u>

### *Unquoted securities*

	<u>Holding</u> %	<u>Number of</u> <u>shares</u>	<u>Carrying</u> <u>value</u> (RO'000)
<u>Group</u>			
<i>Subsidiaries</i>			
Oman Arab Bank SAOC	51.00	43,350,000	64,097
Oman Investment Services SAOC	99.98	999,800	748
Salalah Resorts SAOC (Under formation)	99.98	499,800	500
<i>Others</i>			
Al Shamal Plastics LLC	21.44	200,000	41
Modern Steel Mills LLC	19.48	1,169,104	251
Gulf Acrylic Industries LLC	17.64	100,000	121
Muscat Depository & Securities Registration Company SAOC	12.13	121,294	124
			<u>65,882</u>

### Parent Company

#### *Subsidiaries*

Oman Arab Bank SAOC	50.99	43,341,500	29,574
Oman Investment Services SAOC	99.98	999,800	903
Salalah Resorts SAOC (Under formation)	99.98	499,800	500

#### *Others*

Al Shamal Plastics LLC	16.08	150,000	-
Modern Steel Mills LLC	19.48	1,169,104	251
Gulf Acrylic Industries LLC	13.23	75,000	75
Muscat Depository & Securities Registration Company SAOC	12.13	121,294	124
			<u>31,427</u>

5. INVESTMENT SECURITIES (continued)

(g) *Movement in provision for impairment of investments*

	Group and Parent Company	
	Unquoted foreign investments	
	2010	2009
	(RO'000)	(RO'000)
Balance at 1 January	2,587	2,841
Written off during the period	(42)	(93)
Balance at 31 March	<u>2,545</u>	<u>2,748</u>

6. LOANS AND ADVANCES TO CUSTOMERS

(a) Loans and advances to customers extended by the banking subsidiary were as follows:

	2010	2009
	(RO'000)	(RO'000)
Commercial loans	300,204	308,851
Overdrafts	55,162	90,979
Personal loans	251,760	174,824
Credit cards	4,627	3,636
Gross loans and advances	<u>611,753</u>	<u>578,290</u>
Less: allowance for loan impairment and reserved interest	(18,446)	(15,440)
Net loans and advances	<u>593,307</u>	<u>562,850</u>

(b) *Allowance for loan impairment and reserved interest*

The movement in the allowance for loan impairment and reserved interest was as follows:

	Allowance for loan impairment	Reserved interest	Total
	(RO 000)	(RO 000)	(RO 000)
<b>2010</b>			
Balance at 1 January	14,148	3,699	17,847
Provided during the period	669	271	940
Amounts written off during the period	(44)	(34)	(78)
Amounts released/recovered	(168)	(95)	(263)
Balance at 31 March	<u>14,605</u>	<u>3,841</u>	<u>18,446</u>

## 6. LOANS AND ADVANCES TO CUSTOMERS (continued)

### (b) Allowance for loan impairment and reserved interest (continued)

	Allowance for loan impairment	Reserved interest	Total
	(RO 000)	(RO 000)	(RO 000)
<b>2009</b>			
Balance at 1 January	11,988	2,994	14,982
Provided during the period	330	418	748
Amounts written off during the period	(35)	(3)	(38)
Amounts released/recovered	(152)	(100)	(252)
Balance at 31 March	<u>12,131</u>	<u>3,309</u>	<u>15,440</u>

- (c) The Central Bank of Oman regulations require that the allowance for impaired loan account should be the higher of the provision determined in accordance with IAS 39 and Central Bank of Oman guidelines. Loans and advances on which interest has been reserved and/or has not been accrued amounted to RO 15,739,043 (2009 - RO 9,362,588).

At 31 March 2010, out of the total loan impairment provision, RO 8,328,723 (2009 - RO 7,145,700) has been made for the potential loss against risk inherent on performing portion of the loans and advances on a collective portfolio basis.

- (d) All loans and advances were made to customers within the Sultanate of Oman. The concentration of loans and advances by sector is as follows:

	2010 (RO'000)	2009 (RO'000)
Personal and consumer loans	256,386	178,460
Construction	71,372	68,345
Manufacturing	57,081	59,326
Wholesale and retail trade	54,952	69,736
Services	47,926	65,804
Mining and quarrying	32,359	38,901
Financial institutions	19,133	13,639
Import trade	17,215	22,434
Utilities	16,930	9,396
Transportation	11,226	11,372
Agriculture and allied activities	7,711	9,083
Government	382	767
Export trade	244	209
Others	18,836	30,818
	<u>611,753</u>	<u>578,290</u>

## 7. OTHER ASSETS

Other assets include freehold property purchased on behalf of fully owned SPV to be established by the Parent Company during the year. Following the establishment of the SPV the freehold property will be transferred to the SPV, being Parent Company investment in the company.

## 8. DUE TO BANKS

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

	Group		Parent Company	
	2010	2009	2010	2009
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Due to banks	4,375	11,744	-	-
Loans and overdrafts	9,425	5,350	11,025	5,350
	<u>13,800</u>	<u>17,094</u>	<u>11,025</u>	<u>5,350</u>

Loans and overdraft bear interest at rates between 2.50% and 5.00% per annum (2009 – between 3.67% and 7%). All the above borrowings are due within one year.

## 9. SHARE CAPITAL

- The authorised share capital of the Parent Company is 300,000,000 (2009 – 300,000,000) shares of 100 baisa each. 230,000,000 (2009 – 200,000,000) shares of 100 baisa each have been issued and fully paid.
- Bonus shares of 30,000,000 (2009 – 20,000,000) shares were issued at 100 baisa per share during the period after approval at the Annual General Meeting of the shareholders of the Parent company held on 31 March 2010 by transferring RO 3,000,000 from retained profits to share capital.
- Shareholders of the Parent Company who own 10% or more of the Company's shares, whether in their name or through a nominee account, and the number of shares they hold are as follows:

	2010		2009	
	Holding %	Shares	Holding %	Shares
Al Hilal Investment Co. LLC	20.09	46,201,581	20.09	36,157,764
Civil Service Employees Pension Fund	13.27	30,527,407	12.52	22,532,303
	<u>33.36</u>	<u>76,728,988</u>	<u>32.61</u>	<u>58,690,067</u>

## 10. INTEREST INCOME

	Group		Parent Company	
	2010	2009	2010	2009
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Loans and advances to customers	9,401	9,155	-	-
Placements with banks	35	193	-	-
Certificates of deposit	14	91	-	13
Oman Government Development Bonds	164	123	-	-
	<u>9,614</u>	<u>9,562</u>	<u>-</u>	<u>13</u>

## 11. INTEREST EXPENSE

	Group		Parent Company	
	2010	2009	2010	2009
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Parent Company:				
Bank borrowings	119	76	130	100
Banking subsidiary:				
Time deposits	1,831	1,586	-	-
Call accounts	161	213	-	-
Saving accounts	96	143	-	-
Bank borrowings	1	3	-	-
	<u>2,208</u>	<u>2,021</u>	<u>130</u>	<u>100</u>

## 12. INVESTMENT INCOME

	Group		Parent Company	
	2010	2009	2010	2009
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Dividend income from investments	290	416	7,931	10,807
Profit/(Loss) on sale of investments	325	(806)	184	(484)
Change in fair value of local investments	58	(317)	7	(216)
Change in fair value of foreign investments	(21)	63	(21)	63
Income from unquoted foreign investments	(2)	3	(2)	3
	<u>650</u>	<u>(641)</u>	<u>8,099</u>	<u>10,173</u>

### 13. COMMISSION AND OTHER INCOME

	Group		Parent Company	
	2010	2009	2010	2009
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Fees and commission	3,514	3,040	-	20
Foreign exchange	855	1,012	-	-
Other income	214	233	21	20
	<u>4,583</u>	<u>4,285</u>	<u>21</u>	<u>40</u>

### 14. OTHER OPERATING EXPENSES

	Group		Parent Company	
	2010	2009	2010	2009
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Staff costs	3,454	3,332	313	293
Other operating expenses	1,673	1,435	109	66
Depreciation	482	393	28	18
Directors' sitting fees and remuneration:				
Parent company	13	11	13	11
Banking subsidiary	24	7	-	-
	<u>5,646</u>	<u>5,178</u>	<u>463</u>	<u>388</u>

### 15. CASH AND SHORT TERM FUNDS

Cash and short term funds included in the statement of cash flow comprise the following:

	Group		Parent Company	
	2010	2009	2010	2009
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Balances with banks and money at call	73,133	38,179	1,892	422
Deposits with banks (note 4)	31,131	23,943	1,155	-
Certificates of deposit	95,000	59,000	-	-
Due to banks	(13,800)	(17,094)	(11,025)	(5,350)
	<u>185,464</u>	<u>104,028</u>	<u>(7,978)</u>	<u>(4,928)</u>

## 16. DIVIDENDS PER SHARE

At the Annual General Meeting, held on Wednesday, 31 March 2010 (2009 – Tuesday, 31 March 2009), a cash dividend of RO 0.010 per share (2009 – RO 0.010 per share) amounting to a total of RO 2,000,000 (2009 – RO 1,800,000) and a stock dividend of 15 shares for every 100 shares held (2009 – 11 shares for every 100 shares held) amounting RO 3,000,000 (2009 – RO 2,000,000) in respect of year ended 31 December 2009 was approved. Following this, the dividend is accounted for in shareholders' changes in equity as an appropriation of retained profits in the period.

## 17. CONTINGENT LIABILITIES

At 31 March 2010, the Group had contingent liabilities as follows:

	<u>2010</u> (RO'000)	<u>2009</u> (RO'000)
Parent Company:		
Guarantees	218	111
Banking subsidiary:		
Letters of credit	238,455	144,062
Guarantees	457,181	498,879
	<u>695,854</u>	<u>643,052</u>

Letters of credit and guarantees amounting to RO 524,010,552 (2009 – RO 490,107,043) and relating to banking subsidiary were counter guaranteed by other banks.

## 18. SEGMENTAL INFORMATION

The Group is organised into two main business segments:

- 1) Banking Segment – incorporating corporate, retail and treasury and investment banking activities carried out by the Group's banking subsidiary; and
- 2) Investment Segment – incorporating investment activities for both short-term and long-term purposes.

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

	Banking Sector					Adjustments RO'000	Total RO'000
	Investments RO'000	Retail Banking RO'000	Corporate Banking RO'000	Investment Banking RO'000	Support and unallocated function RO'000		
<b>2010</b>							
Net operating income	<u>8,169</u>	<u>6,680</u>	<u>3,545</u>	<u>2,073</u>	<u>-</u>	<u>(7,595)</u>	<u>12,872</u>
Segmental assets	<u>60,966</u>	<u>249,656</u>	<u>345,252</u>	<u>231,047</u>	<u>33,154</u>	<u>(30,527)</u>	<u>889,548</u>
<b>2009</b>							
Net operating income	<u>10,024</u>	<u>5,639</u>	<u>4,687</u>	<u>1,393</u>	<u>-</u>	<u>(10,374)</u>	<u>11,369</u>
Segmental assets	<u>49,407</u>	<u>173,789</u>	<u>389,062</u>	<u>148,391</u>	<u>28,529</u>	<u>(23,526)</u>	<u>765,652</u>



## **19. RELATED PARTY TRANSACTIONS**

- (a) These represent transactions with related parties defined in International Accounting Standard 24 – Related Party Disclosures. Pricing policies and the terms of the transactions are approved by the Parent Company's and subsidiaries' respective Boards of Directors.
- (b) Transactions and balances with related parties of the Parent Company or holders of 10% or more of the Parent Company's shares or their family members, included in the income statement, balance sheet and off-balance sheet are as follows:

	Total RO'000	Major shareholders RO'000	Directors RO'000	Associates/ Subsidiary RO'000	Key Management	Non- controlling interests RO'000
<b>2010</b>						
<b>Group</b>						
<b>Statement of income</b>						
Interest and commission income	118	6	45	1	-	66
Interest expense	72	-	-	-	-	72
Directors' sitting fees and remuneration	37	-	13	-	-	24
<b>Statement of financial position</b>						
Investment securities	2,113	-	-	-	2,113	-
Loans and advances	40,880	3	3,038	4,236	-	33,603
Current, deposit and other accounts	2,541	-	1,172	165	-	1,204
<b>Off Statement of financial position</b>						
Letters of credit, guarantees and Acceptances	127,855	-	-	-	-	127,855
<b>Parent Company</b>						
<b>Statement of income</b>						
Directors' sitting fees	13	-	13	-	-	-
Operating expense	7	-	7	-	-	-
<b>Statement of financial position</b>						
Bank borrowings	1,600	-	-	1,600	-	-
Bank balances	1,862	-	-	1,862	-	-

## 19. RELATED PARTY TRANSACTIONS (continued)

	Total	Major shareholders	Director s	Associates/ Subsidiary	Key Management	Non- controlling interests
	RO'000	RO'000	RO'000	RO'000		RO'000
<b>2009</b>						
<b>Group</b>						
<b>Statement of income</b>						
Interest and commission income	130	5	6	3	-	116
Interest expense	46	-	-	-	-	46
Directors' sitting fees and remuneration	18	-	11	-	-	7
<b>Statement of financial position</b>						
Investment securities	-	-	-	-	-	-
Loans and advances	31,767	307	371	5,225	-	25,864
Current, deposit and other accounts	2,796	-	511	212	-	2,073
<b>Off statement of financial position</b>						
Letters of credit, guarantees and Acceptances	195,630	-	-	-	-	195,630
<b>Parent Company</b>						
<b>Statement of income</b>						
Directors' sitting fees	11	-	11	-	-	-
<b>Statement of financial position</b>						
Bank borrowings	-	-	-	-	-	-
Bank balances	361	-	-	361	-	-

(c) The banking subsidiary has a management agreement with Arab Bank plc, Jordan, which owns 49% of the banking subsidiary's share capital. In accordance with the terms of the management agreement, Arab Bank plc provides banking related technical assistance and other management services, including secondment of managerial staff. The annual management fee is US\$ 75,000 (2009 - US\$ 75,000), equivalent to RO 28,850 (2009 – RO 28,850).

(d) Included under available for sale investments, is an investment made in a related party amounting to RO 2,113,355 (2009 – nil)

## 20. BASIC EARNINGS PER SHARE

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

	Group		Parent Company	
	2010	2009	2010	2009
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Profit for the period (RO '000)	<u>3,073</u>	<u>2,353</u>	<u>7,527</u>	<u>9,738</u>
Weighted average number of shares outstanding during the period	<u>230,000,000</u>	<u>200,000,000</u>	<u>230,000,000</u>	<u>200,000,000</u>
Basic earnings per share (RO)	<u>0.013</u>	<u>0.012</u>	<u>0.033</u>	<u>0.049</u>

During the period the Parent Company issued stock dividend of 30,000,000 shares (2009 – 20,000,000) without consideration related to the year 2009. According to IAS 33 - Earnings per share, paragraph 26, the weighted average number of ordinary shares outstanding during the period and for all periods presented shall be adjusted. In the present financial statement, the issue has been treated as if it had occurred at the beginning of 2010 and the 2009 basic earnings per share was recalculated accordingly. As there was no dilutive potential shares, the diluted earnings per share is identical to the basic earnings per share.

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