

**REPORT ON THE PERFORMANCE OF THE GROUP
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2011**

We are pleased to report on the performance of the Group for the three month period ended 31 March 2011.

The Group

The Group recorded a profit of RO 5.49m vs. RO 5.98m in the corresponding period in 2010. The profit attributable to the Parent Company shareholders from the Group profits is RO 2.48m compared to RO 3.07m in the three month period ended 31 March 2010. The 19.22% reduction in the profit attributable to the shareholders of the Parent Company is mainly due to lower investment income of RO 0.26m compared to RO 0.65m for the comparable three month period in 2010.

Shareholders' funds of the Group were at RO 92.34m compared to RO 92.62m at 31 December 2010.

The Parent Company

The Parent Company profit for the period is RO 8.21m compared to RO 7.53m in 2010. This increase in profit is mainly attributable to higher cash dividend of RO 8.67m received from Oman Arab Bank vs. RO 7.65m received in 2010, partially offset by the loss of RO 0.32m from the Company's capital market investments compared to profit of RO 0.17m in 2010.

Total assets at RO 68.73m recorded an increase of 17.79% compared to RO 58.35m at 31 December 2010. Shareholders' funds of the Company increased to RO 50.91m (+13%) from RO 45.06m at 31 December 2010.

In the private equity, the Parent Company has completed one deal with an investment of RO 3.08m and is working towards concluding certain new investment opportunities, in line with the company's strategy of focused diversification of investments. These investments are expected to earn returns and provide cash flows in the near to medium term. Based on a review of reports from fund managers, an additional provision of RO 0.06m has been made for potential impairment in the value of investments and the total provision for impairment held at 31 March 2011 is RO 2.38m.

Oman Arab Bank

Oman Arab Bank, our banking subsidiary reported a profit of RO 6.15m compared to RO 5.93m for the three month period ended 31 March 2010. Gross loans and advances at RO 693m increased by 13% and customers' deposits at RO 755m were up by 8% compared with 31 March 2010. The Bank's share capital and shareholders' funds stood at RO 100m and RO 144.19m respectively compared with RO 85m and RO 125.68m at 31 March 2010.

Real Estate Development Projects

Ominvest's fully owned real estate development projects, which were explained in detail in the Directors' Report for the financial year ended 31 December 2010, are progressing in accordance with our plans.

Conclusion

The Company is progressing in line with the strategy to build on its diversified portfolio of investments and to enable sustainable earnings over the medium and long term.

HANI BIN MUHAMMAD AL ZUBAIR
CHAIRMAN

May 9, 2011