



OMAN INTERNATIONAL DEVELOPMENT AND
INVESTMENT COMPANY SAOG

GROUP AND PARENT COMPANY UNAUDITED FINANCIAL STATEMENTS

31 MARCH 2011



GROUP AND PARENT COMPANY UNAUDITED FINANCIAL STATEMENTS
THREE MONTH PERIOD ENDED 31 MARCH 2011

TABLE OF CONTENTS

	<u>PAGE</u>
1. REPORT ON THE PERFORMANCE OF THE GROUP	1-2
2. STATEMENTS OF FINANCIAL POSITION	3
3. STATEMENTS OF COMPREHENSIVE INCOME	4
4. STATEMENTS OF CASHFLOWS	5
5. STATEMENTS OF CHANGES IN EQUITY	6 – 7
6. NOTES TO THE FINANCIAL STATEMENTS	8 – 24

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 2011 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 2010.

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 0.065% (2010 – 0.04%).

4. DEPOSITS WITH BANKS

Deposits with banks include RO 500,000 (2010 - RO 500,000) being a capital deposit and an insurance deposit with the Central Bank of Oman in terms of regulations applicable to the banking subsidiary. These deposits cannot be withdrawn without prior written approval of the Central Bank of Oman.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	
	2011	2010	2011	2010
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Financial assets at fair value through profit or loss	13,076	12,418	6,512	6,720
Available for sale investments	13,653	10,323	8,224	4,864
Held-to-maturity investments	20,016	21,573	-	-
	<u>46,745</u>	<u>44,314</u>	<u>14,736</u>	<u>11,584</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	
	2011	2010	2011	2010
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Quoted investments				
Local investments				
Banking sector	470	360	347	64
Investment sector	201	351	176	351
Services sector	1,101	1,318	864	1,298
Industrial sector	990	821	863	815
	<u>2,762</u>	<u>2,850</u>	<u>2,250</u>	<u>2,528</u>
Foreign investments				
Equity and equity related	2,074	2,775	2,074	2,775
Currency and commodity related	348	379	348	379
	<u>2,422</u>	<u>3,154</u>	<u>2,422</u>	<u>3,154</u>
Unquoted local investments	2,801	1,995	1,840	1,038
Total financial assets designated at fair value through profit or loss	<u>7,985</u>	<u>7,999</u>	<u>6,512</u>	<u>6,720</u>

Unquoted local investments held by the Group include investment in the Financial Settlement and Guaranteed Fund of RO 166,131 (2010 – RO 157,621) which is not recoverable until the date the banking subsidiary ceases its brokerage activities or the fund is liquidated, whichever is earlier.

5. INVESTMENT SECURITIES (continued)

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

(ii) *Financial assets held for trading*

	Group		Parent Company	
	2011	2010	2011	2010
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Quoted	5,091	4,276	-	-
Unquoted	-	143	-	-
Financial assets held for trading	5,091	4,419	-	-
Total financial assets at fair value through profit or loss	13,076	12,418	6,512	6,720

(b) *Available for sale investments*

	Group		Parent Company	
	2011	2010	2011	2010
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Local investments				
Investment Stabilization Fund	4,626	4,510	-	-
Fair value reserve	151	530	-	-
Unquoted investments	849	700	700	700
	5,626	5,740	700	700
Foreign investments				
Unquoted investments	9,617	6,117	9,617	6,085
Less: Provision for impairment [note 5(d)]	(2,382)	(2,545)	(2,382)	(2,545)
	7,235	3,572	7,235	3,540
Fair value reserve	289	624	289	624
	7,524	4,196	7,524	4,164
Quoted investments	343	190	-	-
Fair value reserve	160	197	-	-
	8,027	4,583	7,524	4,164
Total available for sale investments	13,653	10,323	8,224	4,864

5. INVESTMENT SECURITIES (continued)

(c) *Held-to-maturity investments*

	Group		Parent Company	
	2011	2010	2011	2010
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Oman Government Development Bonds				
- held by the banking subsidiary	20,016	21,573	-	-
	<u>20,016</u>	<u>21,573</u>	<u>-</u>	<u>-</u>

Bonds are denominated in Rial Omani and are issued by the Government of Oman. They carry interest rates varying between 3.25% to 4.00% (2010 - 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:

	2011	2010
	(RO'000)	(RO'000)
Within one year	-	3,845
Between one and five years	20,016	17,728
	<u>20,016</u>	<u>21,573</u>

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

	Group and Parent Company	
	Unquoted foreign investments	
	2011	2010
	(RO'000)	(RO'000)
Balance at 1 January	2,320	2,587
Provision during the period	62	-
Written off during the period	-	(42)
Balance at 31 March	<u>2,382</u>	<u>2,545</u>

5. INVESTMENT SECURITIES (continued)

(e) *Investments in associates*

Group

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

	2011		2010	
	Holding (%)	Carrying value (RO'000)	Holding (%)	Carrying value (RO'000)
National Finance Company SAOG	24.04	5,009	24.04	4,584
National Biscuit Industries SAOG	21.30	459	21.30	446
National Detergent Company SAOG	20.94	2,572	20.94	2,420
		<u>8,840</u>		<u>7,450</u>

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 9,068,715 (2010 - RO 8,557,363).

Parent Company

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

	2011		2010	
	Holding (%)	Cost (RO'000)	Holding (%)	Cost (RO'000)
National Finance Company SAOG	23.74	2,334	23.74	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 9,001,128 (2010 - RO 8,477,194).

5. INVESTMENT SECURITIES (continued)

(f) *Investments in subsidiaries*

At 31 March, investments in subsidiaries are:

	Incorporated in	2011		2010	
		Cost (RO'000)	Holding %	Cost (RO'000)	Holding %
<u>Group</u>					
Oman Arab Bank SAOC <i>(Principal activity: Banking)</i>	Oman	36,232	51.00	29,602	51.00
Oman Investment Services SAOC <i>(Principal activity: Investments)</i>	Oman	903	99.98	903	99.98
Salalah Resorts SAOC <i>(Principal activity: Integrated Tourism Project)</i>	Oman	500	99.98	500	99.98
Budva Beach Properties <i>(Principal activity: Tourism Project)</i>	Montenegro	4,615	100.00	-	-
		<u>42,250</u>		<u>31,005</u>	
<u>Parent Company</u>					
Oman Arab Bank SAOC <i>(Principal activity: Banking)</i>	Oman	36,203	50.99	29,575	50.99
Oman Investment Services SAOC <i>(Principal activity: Investments)</i>	Oman	903	99.98	903	99.98
Salalah Resorts SAOC <i>(Principal activity: Integrated Tourism Project)</i>	Oman	500	99.98	500	99.98
Budva Beach Properties <i>(Principal activity: Tourism Project)</i>	Montenegro	4,615	100.00	-	-
		<u>42,221</u>		<u>30,978</u>	

During the period, Parent Company subscribed to its share (50.99%) of the rights issue of RO 6.6 million (2010 - RO 4.1 million) by the banking subsidiary.

5. INVESTMENT SECURITIES (continued)

(g) 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

<u>Group</u>	<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)
National Biscuit Industries Ltd SAOG	29.22	292,197	1,227	792
National Finance Co. SAOG	24.04	42,136,834	4,972	5,009
National Detergent Co. SAOG	20.94	3,561,700	3,202	2,571
Oman National Dairy Products Co. Ltd SAOC	19.65	482,726	-	-
			<u>9,401</u>	<u>8,372</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:

<u>Parent Company</u>	<u>Holding</u> %	<u>Number of</u> <u>shares</u>	<u>Fair</u> <u>value</u> (RO'000)	<u>Carrying</u> <u>value</u> (RO'000)
National Biscuit Industries Ltd SAOG	28.92	289,197	1,215	768
National Finance Co. SAOG	23.74	41,670,843	4,917	2,334
National Detergent Co. SAOG	20.94	3,561,700	3,202	713
Oman National Dairy Products Co. Ltd SAOC	19.65	482,726	-	-
			<u>9,334</u>	<u>3,815</u>

Unquoted securities

<u>Group</u>	<u>Holding</u> %	<u>Number of</u> <u>shares/units</u>	<u>Carrying</u> <u>value</u> (RO'000)
<i>Subsidiaries</i>			
Oman Arab Bank SAOC	51.00	51,000,000	73,538
Oman Investment Services SAOC	99.98	999,800	692
Salalah Resorts SAOC	99.98	499,800	369
Budva Beach Properties	100.00	-	4,563
<i>Others</i>			
Al Shamal Plastics LLC	21.44	200,000	37
Modern Steel Mills LLC	19.48	1,169,104	251
Gulf Acrylic Industries LLC	17.64	100,000	124
			<u>79,574</u>

5. INVESTMENT SECURITIES (continued)

(g) Details of significant investments (continued)

	<u>Holding</u> %	<u>Number of</u> <u>shares/units</u>	<u>Carrying</u> <u>value</u> (RO'000)
<u>Parent Company</u>			
<i>Subsidiaries</i>			
Oman Arab Bank SAOC	50.99	50,990,000	36,203
Oman Investment Services SAOC	99.98	999,800	903
Salalah Resorts SAOC	99.98	499,800	500
Budva Beach Properties	100.00	-	4,615
<i>Others</i>			
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
			<u>42,547</u>

6. LOANS AND ADVANCES TO CUSTOMERS

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

	<u>2011</u> (RO'000)	<u>2010</u> (RO'000)
Commercial loans	316,718	300,204
Overdrafts	65,668	55,162
Personal loans	302,316	251,760
Credit cards	<u>5,403</u>	<u>4,627</u>
Gross loans and advances	690,105	611,753
Less: allowance for loan impairment and reserved interest	(21,984)	(18,446)
Net loans and advances	<u>668,121</u>	<u>593,307</u>

(b) Allowance for loan impairment and reserved interest

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

	<u>Allowance for</u> <u>loan impairment</u> (RO 000)	<u>Reserved</u> <u>interest</u> (RO 000)	<u>Total</u> (RO 000)
2011			
Balance at 1 January	17,401	4,602	22,003
Provided during the period	482	357	839
Amounts written off during the period	(145)	(39)	(184)
Amounts released/recovered	<u>(536)</u>	<u>(138)</u>	<u>(674)</u>
Balance at 31 March	<u>17,202</u>	<u>4,782</u>	<u>21,984</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)
2010			
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>

- (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 20,115,884 (2010 - RO 15,739,043).

At 31 March 2011, out of the total loan impairment provision, RO 9,722,984 (2010 - RO 8,328,723) 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:

	2011 (RO'000)	2010 (RO'000)
Personal loans including credit cards	307,719	256,386
Services	80,236	47,926
Construction	70,424	71,372
Manufacturing	61,997	57,081
Wholesale and retail trade	37,256	54,952
Mining and quarrying	31,472	32,359
Import trade	21,916	17,215
Utilities	17,896	16,930
Financial institutions	16,966	19,133
Transportation	16,689	11,226
Agriculture and allied activities	7,436	7,711
Export trade	393	244
Government	-	382
Others	19,705	18,836
	<u>690,105</u>	<u>611,753</u>

7. PROJECTS WORK IN PROGRESS

At 31 March 2011, projects works in progress are as follows:

	<u>Group</u> (RO'000)	<u>Parent Company</u> (RO'000)
Salalah Resorts SAOC:		
Initial stage	289	-
Development stage	652	-
Consultancy charges	<u>1,753</u>	<u>-</u>
	<u>2,694</u>	<u>-</u>
Budva Beach Properties:		
Cost of land	4,615	-
Consultancy and other costs	<u>132</u>	<u>-</u>
	<u>4,747</u>	<u>-</u>
	<u>7,441</u>	<u>-</u>

8. DUE TO BANKS

At 31 March 2011, due to banks are as follows:

	<u>Group</u>		<u>Parent Company</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Due to banks	5,012	4,375	-	-
Loans and overdrafts	<u>11,580</u>	<u>9,425</u>	<u>14,180</u>	<u>11,025</u>
	<u>16,592</u>	<u>13,800</u>	<u>14,180</u>	<u>11,025</u>

Parent Company's loans and overdrafts bear interest at rates between 2.50% and 3.304% per annum (2010 – between 2.50% and 5.00%). All the above borrowings are due within one year.

9. SHARE CAPITAL

- (a) The authorised share capital of the Parent Company is 300,000,000 (2010 – 300,000,000) shares of 100 baisa each. 253,000,000 (2010 – 230,000,000) shares of 100 baisa each have been issued and fully paid.
- (b) Bonus shares of 23,000,000 (2010 – 30,000,000) 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 2011 by transferring RO 2,300,000 from retained profits to share capital.

9. SHARE CAPITAL (continued)

- (c) 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:

	2011		2010	
	<u>Holding %</u>	<u>Shares</u>	<u>Holding %</u>	<u>Shares</u>
Al Hilal Investment Co. LLC	20.09	50,821,738	20.09	46,201,581
Civil Service Employees Pension Fund	12.60	31,883,572	13.27	30,527,407
	<u>32.69</u>	<u>82,705,310</u>	<u>33.36</u>	<u>76,728,988</u>

10. INTEREST INCOME

	Group		Parent Company	
	<u>2011</u> (RO'000)	<u>2010</u> (RO'000)	<u>2011</u> (RO'000)	<u>2010</u> (RO'000)
Loans and advances to customers	10,045	9,401	-	-
Placements with banks	16	35	-	-
Certificates of deposit	26	14	-	-
Oman Government Development Bonds	127	164	-	-
	<u>10,214</u>	<u>9,614</u>	<u>-</u>	<u>-</u>

11. INTEREST EXPENSE

	Group		Parent Company	
	<u>2011</u> (RO'000)	<u>2010</u> (RO'000)	<u>2011</u> (RO'000)	<u>2010</u> (RO'000)
Parent Company:				
Bank borrowings	84	119	110	130
Banking subsidiary:				
Time deposits	1,462	1,832	-	-
Call accounts	85	161	-	-
Saving accounts	85	96	-	-
	<u>1,716</u>	<u>2,208</u>	<u>110</u>	<u>130</u>

12. INVESTMENT INCOME

	Group		Parent Company	
	2011	2010	2011	2010
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Dividend income from investments	826	290	9,136	7,931
Profit/(loss) on sale of investments	159	325	(26)	184
Change in fair value of local investments	(612)	58	(191)	7
Change in fair value of foreign investments	(108)	(21)	(108)	(21)
Income from unquoted foreign investments	22	(2)	22	(2)
	<u>287</u>	<u>650</u>	<u>8,833</u>	<u>8,099</u>

13. COMMISSION AND OTHER INCOME

	Group		Parent Company	
	2011	2010	2011	2010
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Fees and commission	2,940	3,514	-	-
Foreign exchange	913	855	-	-
Other income	136	214	10	21
	<u>3,989</u>	<u>4,583</u>	<u>10</u>	<u>21</u>

14. OPERATING EXPENSES

	Group		Parent Company	
	2011	2010	2011	2010
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Staff costs	4,118	3,454	342	313
Other operating expenses	2,200	1,673	72	109
Depreciation	480	482	40	28
Directors' sitting fees and remuneration:				
Parent company	7	13	7	13
Banking subsidiary	25	24	-	-
	<u>6,830</u>	<u>5,646</u>	<u>461</u>	<u>463</u>

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flow comprise the following:

	Group		Parent Company	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Balances with banks and money at call	75,758	73,133	1,557	1,892
Deposits with banks (note 4)	5,467	31,131	-	1,155
Certificates of deposit	120,000	95,000	-	-
Due to banks	(16,592)	(13,800)	(14,180)	(11,025)
	<u>184,633</u>	<u>185,464</u>	<u>(12,623)</u>	<u>(7,978)</u>

16. DIVIDENDS PER SHARE

At the Annual General Meeting, held on Thursday, 31 March 2011 (2010 – Wednesday, 31 March 2010), a cash dividend of RO 0.010 per share (2010 – RO 0.010 per share) amounting to a total of RO 2,300,000 (2010 – RO 2,000,000) and a stock dividend of 10 shares for every 100 shares held (2010 – 15 shares for every 100 shares held) amounting RO 2,300,000 (2010 – RO 3,000,000) in respect of year ended 31 December 2010 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 2011, the Group had contingent liabilities as follows:

	<u>2011</u>	<u>2010</u>
	(RO'000)	(RO'000)
Parent Company:		
Guarantees	218	218
Banking subsidiary:		
Letters of credit	279,680	238,455
Guarantees	527,080	457,181
	<u>806,978</u>	<u>695,854</u>

Letters of credit and guarantees amounting to RO 585,167,457 (2010 – RO 524,010,552) 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						
	Investments	Retail Banking	Corporate Banking	Treasury/ Investment Banking	Unallocated	Adjustments	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
2011							
Net operating income	<u>8,703</u>	<u>6,284</u>	<u>4,857</u>	<u>858</u>	<u>1,110</u>	<u>(8,776)</u>	<u>13,036</u>
Segmental assets	<u>77,045</u>	<u>298,801</u>	<u>371,920</u>	<u>10,837</u>	<u>261,228</u>	<u>(44,786)</u>	<u>975,045</u>
2010							
Net operating income	<u>8,132</u>	<u>6,680</u>	<u>3,545</u>	<u>2,073</u>	<u>-</u>	<u>(7,595)</u>	<u>12,835</u>
Segmental assets	<u>60,929</u>	<u>249,656</u>	<u>345,252</u>	<u>231,047</u>	<u>33,154</u>	<u>(30,527)</u>	<u>889,511</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 RO'000	Non- controlling interests RO'000
<u>2011</u>						
Group						
Statement of income						
Interest and commission income	115	-	27	19	-	69
Interest expense	94	-	-	-	-	94
Directors' sitting fees	32	-	7	-	-	25
 Statement of financial position						
Loans and advances	18,804	207	2,144	7,175	-	9,278
Current, deposit and other accounts	1,390	-	378	137	-	875
 Off Statement of financial position						
Letters of credit, guarantees and Acceptances	205,462	-	-	-	-	205,462
 Parent Company						
Statement of income						
Directors' sitting fees	7	-	7	-	-	-
Operating expense	8	-	8	-	-	-
 Statement of financial position						
Bank borrowings	2,600	-	-	2,600	-	-
Bank balances	987	-	-	987	-	-

19. RELATED PARTY TRANSACTIONS (continued)

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

- (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 (2010 - US\$ 75,000), equivalent to RO 28,850 (2010 – RO 28,850).

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	
	2011	2010	2011	2010
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Profit for the period (RO '000)	<u>2,480</u>	<u>3,073</u>	<u>8,210</u>	<u>7,527</u>
Weighted average number of shares outstanding during the period	<u>253,000,000</u>	<u>230,000,000</u>	<u>253,000,000</u>	<u>230,000,000</u>
Basic earnings per share (RO)	<u>0.010</u>	<u>0.013</u>	<u>0.032</u>	<u>0.033</u>

During the period the Parent Company issued stock dividend of 23,000,000 shares (2010 – 30,000,000) without consideration related to the year 2010. 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 2011 and the 2010 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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