

**REPORT ON THE PERFORMANCE OF THE GROUP
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2011**

We are pleased to report on the performance of the Group for the six month period ended 30 June 2011.

The Group

The Group recorded a profit of RO 9.92m vs. RO 11.30m in the corresponding period in 2010. The profit attributable to the Parent Company shareholders from the Group profits is RO 4.62m compared to RO 5.73m in the six month period ended 30 June 2010. The 19.37% reduction in profit attributable to the shareholders of the Parent Company is mainly due to:

- a) Increase in Group operating expenses by RO 1.82m (15.47%);
- b) Lower fee and commission income by RO 0.76m (11.33%) at the banking subsidiary; and
- c) Losses of RO 486K compared to profits of RO 29K from Parent Company's capital market operations.

Shareholders' funds of the Group stood at RO 94.43m compared to RO 92.62m at 31 December 2010.

The Parent Company

Parent Company profit for the period is RO 7.83m compared to RO 7.18m 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 0.49m from the Company's capital market investments compared to profit of RO 0.03m in 2010.

Total assets stood at RO 68.82m, an increase of 17.94% compared to RO 58.35m at 31 December 2010. Shareholders' funds of the Company increased to RO 50.53m (+12%) from RO 45.06m at 31 December 2010.

The Parent Company has completed one pre-IPO media deal and is working towards concluding a new major investment in the energy sector, 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, no additional provision is required during the second quarter for potential impairment in the value of investments and the total provision for impairment held at 30 June 2011 is RO 2.38m.

Oman Arab Bank

Oman Arab Bank, our banking subsidiary reported a profit of RO 10.83m compared to RO 11.38m for the six month period ended 30 June 2010. Gross loans and advances at RO 727m increased by 16% and customers' deposits at RO 857m were up by 23% compared with 30 June 2010. The Bank's share capital and shareholders' funds stood at RO 100m and RO 148.79m respectively compared with RO 85m and RO 130.77m at 30 June 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

August 8, 2011