



OMAN INTERNATIONAL DEVELOPMENT AND  
INVESTMENT COMPANY SAOG

**GROUP AND PARENT COMPANY UNAUDITED FINANCIAL STATEMENTS**

**30 JUNE 2011**



**GROUP AND PARENT COMPANY UNAUDITED FINANCIAL STATEMENTS**  
**SIX MONTH PERIOD ENDED 30 JUNE 2011**

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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 six month period ended 30 June 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 0.027% (2010 – 0.07%).

## **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 These deposits cannot be withdrawn without prior written approval of the Central Bank of Oman.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 30 June, 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	13,606	12,683	6,850	7,170
Available for sale investments	13,666	10,575	8,319	5,475
Held-to-maturity investments	19,953	21,517	-	-
	<u>47,225</u>	<u>44,775</u>	<u>15,169</u>	<u>12,645</u>

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

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

At 30 June, 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)
<b>Quoted investments</b>				
Local investments				
Banking sector	489	254	366	135
Investment sector	324	279	294	277
Services sector	1,226	884	989	870
Industrial sector	785	1,050	682	1,043
	<u>2,824</u>	<u>2,467</u>	<u>2,331</u>	<u>2,325</u>
Foreign investments				
Equity and equity related	2,357	3,488	2,357	3,488
Currency and commodity related	309	396	309	396
	<u>2,666</u>	<u>3,884</u>	<u>2,666</u>	<u>3,884</u>
<b>Unquoted local investments</b>	2,809	1,902	1,853	961
<b>Total financial assets designated at fair value through profit or loss</b>	<u>8,299</u>	<u>8,253</u>	<u>6,850</u>	<u>7,170</u>

Unquoted local investments held by the Group include investment in the Financial Settlement and Guaranteed Fund of RO 166,131 (2010 – RO 166,131) 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	5,307	4,291	-	-
Unquoted	-	139	-	-
Financial assets held for trading	5,307	4,430	-	-
Total financial assets at fair value through profit or loss	13,606	12,683	6,850	7,170

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

	Group		Parent Company	
	2011	2010	2011	2010
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
<b>Local investments</b>				
Investment Stabilization Fund	4,560	4,376	-	-
Fair value reserve	84	392	-	-
Unquoted investments	994	700	700	700
	5,638	5,468	700	700
<b>Foreign investments</b>				
Unquoted investments	9,762	6,648	9,712	6,617
Less: Provision for impairment [note 5(d)]	(2,382)	(2,375)	(2,382)	(2,375)
	7,380	4,273	7,330	4,242
Fair value reserve	289	533	289	533
	7,669	4,806	7,619	4,775
Quoted investments	176	148	-	-
Fair value reserve	183	153	-	-
	8,028	5,107	7,619	4,775
Total available for sale investments	13,666	10,575	8,319	4,775

At 30 June, Parent Company has committed for an investment of US dollars 20 million which is expected to be drawn in full before the end of third quarter in 2011.

## 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	19,953	21,517	-	-
	<u>19,953</u>	<u>21,517</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	-	3,789
Between one and five years	19,953	17,728
	<u>19,953</u>	<u>21,517</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	-	(212)
Balance at 30 June	<u>2,382</u>	<u>2,375</u>

## 5. INVESTMENT SECURITIES (continued)

### (e) *Investments in associates*

#### Group

At 30 June, 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	5,180	24.04	4,701
National Biscuit Industries SAOG	21.30	453	21.30	452
National Detergent Company SAOG	20.94	2,611	20.94	2,529
		<u>8,244</u>		<u>7,682</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 8,795,988 (2010 - RO 8,538,658).

#### Parent Company

At 30 June, 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 8,727,469 (2010 - RO 8,465,479).

## 5. INVESTMENT SECURITIES (continued)

### (f) *Investments in subsidiaries*

At 30 June, investments held by the Parent Company in subsidiaries are:

	<u>Incorporated in</u>	<u>2011</u>		<u>2010</u>	
		<u>Cost</u> (RO'000)	<u>Holding</u> %	<u>Cost</u> (RO'000)	<u>Holding</u> %
Oman Arab Bank SAOC (Principal activity: Banking)	Oman	36,203	50.99	29,575	50.99
Oman Investment Services SAOC (Principal activity: Investments)	Oman	903	99.98	903	99.98
Salalah Resorts SAOC (Principal activity: Integrated Tourism Project)	Oman	500	99.98	500	99.98
Budva Beach Properties (Principal activity: Tourism Project)	Montenegro	5,150	100.00	-	-
		<u>42,756</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 30 June, 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	736	651
National Finance Co. SAOG	24.04	42,136,834	5,056	5,181
National Detergent Co. SAOG	20.94	3,561,700	3,202	2,611
Oman National Dairy Products Co. Ltd SAOC	19.65	482,726	-	-
			<u>8,994</u>	<u>8,443</u>

At 30 June, 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	723	633
National Finance Co. SAOG	23.74	41,670,843	5,000	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>8,925</u>	<u>3,680</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	75,884
Oman Investment Services SAOC	99.98	999,800	667
Salalah Resorts SAOC	99.98	499,800	319
Budva Beach Properties	100.00	-	5,098
<i>Others</i>			
Al Shamal Plastics LLC	21.44	200,000	34
Modern Steel Mills LLC	19.48	1,169,104	251
Gulf Acrylic Industries LLC	17.64	100,000	127
			<u>82,380</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	-	5,150
<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>43,082</u>

## 6. LOANS AND ADVANCES TO CUSTOMERS

(a) At 30 June, 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	313,293	293,778
Overdrafts	83,842	60,353
Personal loans	320,654	266,145
Credit cards	<u>5,661</u>	<u>5,036</u>
Gross loans and advances	723,450	625,312
Less: allowance for loan impairment and reserved interest	(24,003)	(18,885)
Net loans and advances	<u>699,447</u>	<u>606,427</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)
<b>2011</b>			
Balance at 1 January	17,401	4,602	22,003
Provided during the period	2,522	1,173	3,695
Amounts written off during the period	(216)	(44)	(260)
Amounts released/recovered	<u>(1,122)</u>	<u>(313)</u>	<u>(1,435)</u>
Balance at 30 June	<u>18,585</u>	<u>5,418</u>	<u>24,003</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>2010</b>			
Balance at 1 January	14,148	3,699	17,847
Provided during the period	1,210	575	1,785
Amounts written off during the period	(78)	(47)	(125)
Amounts released/recovered	(411)	(211)	(622)
Balance at 30 June	<u>14,869</u>	<u>4,016</u>	<u>18,885</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 23,097,019 (2010 - RO 15,731,640).

At 30 June 2011, out of the total loan impairment provision, RO 10,228,827 (2010 - RO 8,603,743) 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	326,315	271,181
Services	82,516	52,195
Manufacturing	71,502	69,166
Construction	64,559	75,037
Wholesale and retail trade	36,245	36,036
Import trade	33,254	16,135
Mining and quarrying	32,927	32,737
Utilities	18,016	17,828
Financial institutions	14,972	17,413
Transportation	10,970	10,900
Agriculture and allied activities	6,739	7,606
Export trade	712	442
Others	24,723	18,636
	<u>723,450</u>	<u>625,312</u>

## 7. PROJECTS WORK IN PROGRESS

At 30 June 2011, projects works in progress are as follows:

	<u>Group</u> (RO'000)	<u>Parent Company</u> (RO'000)
<b>Salalah Resorts SAOC:</b>		
Initial stage	289	-
Development stage	652	-
Consultancy charges	<u>1,948</u>	<u>-</u>
	2,889	-
<b>Budva Beach Properties:</b>		
Cost of land	5,150	-
Consultancy and other costs	<u>134</u>	<u>-</u>
	5,284	-
	<u>8,173</u>	<u>-</u>

## 8. DUE TO BANKS

At 30 June 2011, due to banks are as follows:

	<u>Group</u>	<u>Parent Company</u>	<u>Group</u>	<u>Parent Company</u>
	<u>2011</u> (RO'000)	<u>2010</u> (RO'000)	<u>2011</u> (RO'000)	<u>2010</u> (RO'000)
Due to banks	5,150	11,169	-	-
Loans and overdrafts	<u>13,829</u>	<u>9,425</u>	<u>17,729</u>	<u>12,025</u>
	<u>18,979</u>	<u>20,594</u>	<u>17,729</u>	<u>12,025</u>

Parent Company's loans and overdrafts bear interest at rates between 2.25% and 2.85% per annum (2010 – between 4.00% 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	20.22	51,159,130	20.09	46,201,581
Civil Service Employees Pension Fund	12.81	32,409,028	12.43	28,597,407
	<u>33.03</u>	<u>83,568,158</u>	<u>32.52</u>	<u>74,798,988</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	20,288	19,256	-	-
Placements with banks	77	71	-	-
Certificates of deposit	-	26	-	-
Oman Government Development Bonds	<u>256</u>	<u>330</u>	<u>-</u>	<u>-</u>
	<u>20,621</u>	<u>19,683</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	167	216	218	268
Banking subsidiary:				
Time deposits	2,916	3,558	-	-
Call accounts	203	339	-	-
Saving accounts	<u>173</u>	<u>186</u>	<u>-</u>	<u>-</u>
	<u>3,459</u>	<u>4,299</u>	<u>218</u>	<u>268</u>

## 12. INVESTMENT INCOME

	Group		Parent Company	
	2011	2010	2011	2010
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Dividend income from investments	1,204	561	9,441	8,186
Profit on sale of investments	203	257	11	154
Change in fair value of local investments	(762)	(527)	(289)	7
Change in fair value of foreign investments	(208)	(132)	(208)	(132)
Income from unquoted foreign investments	53	141	53	141
	<u>490</u>	<u>300</u>	<u>9,008</u>	<u>8,356</u>

## 13. COMMISSION AND OTHER INCOME

	Group		Parent Company	
	2011	2010	2011	2010
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Fees and commission	5,951	6,712	-	-
Foreign exchange	1,817	1,779	-	-
Other income	260	608	19	42
	<u>8,028</u>	<u>9,099</u>	<u>19</u>	<u>42</u>

## 14. OPERATING EXPENSES

	Group		Parent Company	
	2011	2010	2011	2010
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Staff costs	8,407	7,038	619	636
Other operating expenses	4,120	3,682	199	231
Depreciation	995	980	81	58
Directors' sitting fees and remuneration:				
Parent company	18	22	18	22
Banking subsidiary	51	48	-	-
	<u>13,591</u>	<u>11,770</u>	<u>917</u>	<u>947</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	52,406	56,428	784	1,061
Deposits with banks (note 4)	17,930	33,148	-	-
Certificates of deposit	200,000	110,000	-	-
Due to banks	(18,979)	(20,594)	(17,729)	(12,025)
	<u>251,357</u>	<u>178,982</u>	<u>(16,945)</u>	<u>(10,964)</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 30 June 2011, the Group had contingent liabilities as follows:

	<u>2011</u>	<u>2010</u>
	(RO'000)	(RO'000)
Parent Company:		
Guarantees	170	218
Banking subsidiary:		
Letters of credit	327,762	314,082
Guarantees	545,203	411,127
	<u>873,135</u>	<u>725,427</u>

Letters of credit and guarantees amounting to RO 666,136,878 (2010 – RO 542,842,039) 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
<b>2011</b>							
Net operating income	<u>8,773</u>	<u>13,902</u>	<u>8,703</u>	<u>1,191</u>	<u>2,147</u>	<u>(8,568)</u>	<u>26,148</u>
Segmental assets	<u>78,201</u>	<u>316,998</u>	<u>386,349</u>	<u>10,946</u>	<u>330,438</u>	<u>(46,078)</u>	<u>1,076,854</u>
<b>2010</b>							
Net operating income	<u>8,269</u>	<u>14,049</u>	<u>7,304</u>	<u>2,952</u>	<u>-</u>	<u>(7,363)</u>	<u>25,211</u>
Segmental assets	61,295	264,325	344,702	230,138	33,136	(32,157)	901,439



## **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	Major	Directors	Associates/ Subsidiary	Key	Non- controlling
	RO'000	shareholders	RO'000	RO'000	Management	interests
		RO'000	RO'000	RO'000	RO'000	RO'000
<b><u>2011</u></b>						
<b>Group</b>						
<b>Statement of income</b>						
Interest and commission income	207	4	1	102	-	100
Interest expense	178	-	-	6	-	172
Directors' sitting fees	69	-	18	-	-	51
<b>Statement of financial position</b>						
Loans and advances	29,176	-	57	7,079	-	22,040
Current, deposit and other accounts	1,242	-	582	24	-	636
<b>Off Statement of financial position</b>						
Letters of credit, guarantees and Acceptances	219,029	-	-	-	-	219,029
<b>Parent Company</b>						
<b>Statement of income</b>						
Directors' sitting fees	18	-	18	-	-	-
Operating expense	16	-	16	-	-	-
<b>Statement of financial position</b>						
Bank borrowings	3,900	-	-	3,900	-	-
Bank balances	245	-	-	245	-	-
Others	7	-	-	7	-	-

## 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
<b>2010</b>						
<b>Group</b>						
<b>Statement of income</b>						
Interest and commission income	568	6	90	2	-	470
Interest expense	210	-	-	-	-	210
Directors' sitting fees and remuneration	70	-	22	-	-	48
<b>Statement of financial position</b>						
Loans and advances	42,694	-	3,080	2,792	-	36,822
Current, deposit and other accounts	2,288	-	1,403	89	-	796
<b>Off statement of financial position</b>						
Letters of credit, guarantees and Acceptances	107,351	-	-	-	-	107,351
<b>Parent Company</b>						
<b>Statement of income</b>						
Directors' sitting fees	22	-	22	-	-	-
Operating expense	21	-	21	-	-	-
<b>Statement of financial position</b>						
Bank borrowings	2,600	-	-	2,600	-	-
Bank balances	840	-	-	840	-	-

- (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>4,617</u>	<u>5,726</u>	<u>7,830</u>	<u>7,183</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>0.018</u>	<u>0.025</u>	<u>0.031</u>	<u>0.031</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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