

REPORT ON THE PERFORMANCE OF THE GROUP FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014

We are pleased to report on the performance of the Group for the six month period ended 30 June 2014.

Group

The Group recorded a profit of RO 16.50m vs. RO 13.98m in the corresponding period in 2013. The profit attributable to the Parent Company shareholders from the Group profit is RO 9.44m compared to RO 7.86m in the six month period ended 30 June 2013. While the earnings from investments in banking subsidiary and associates performed well compared to 2013, the 20.10% increase in profit attributable to the shareholders of the Parent Company is mainly due to the profit from the sale of an investment property.

Total Shareholders' Funds attributable to the shareholders of the Parent Company stood at RO 127.71m compared to RO 115.37m at 30 June 2013 and RO 123.18m at 31 December 2013.

Parent Company

Parent Company profit for the period is RO 7.90m compared to RO 7.47m in 2013. The increase in profit is mainly attributable to the sale of an investment property, partially offset by relatively lower income from capital market activities during the period. Income from capital market activities amounted to RO 0.64M compared to RO 1.55m in 2013 representing cash dividends and market gains.

Cash dividend and fees received from Oman Arab Bank was marginally higher at RO 5.93m compared to RO 5.91m in 2013. Cash dividends received from investments in associates and other investments in Oman was RO 1.13m compared to RO 1.20m in 2013.

Total assets stood at RO 83.95m, an increase of 5.96% compared to RO 79.23m at 30 June 2013. Shareholders' funds of the Parent Company increased to RO 61.84m (+8.59%) from RO 56.95m at 30 June 2013.

Oman Arab Bank

Oman Arab Bank, our banking subsidiary, reported a profit of RO 14.41m compared to RO 12.51m for the six month period ended 30 June 2013. Gross loans and advances at RO 1.27 bn increased by 21% and customers' deposits at RO 1.35 bn were up by 33% compared with 30 June 2013. The Bank's shareholders' funds increased to RO 200.95 m compared with RO 185.52 m at 30 June 2013.

Associate companies

Associates performed well during the period. Share of profits from associates was RO 740k compared to RO 746k in 2013.

Conclusion

The Group is progressing in line with the strategy to enable sustainable earnings over the medium and long term.

TAYA JANDAL ALI
DEPUTY CHAIRMAN

August 07 , 2014