

CHAIRMAN'S REPORT ON THE PERFORMANCE OF OMINVEST

For the Six Month Period Ended 30 June 2015

On behalf of the Board of Directors, I am pleased to present the unaudited results for the six month period ended 30 June 2015. Ominvest, at the Group and Parent level, has delivered strong results for the first half of 2015.

Group Performance:

During the first half of 2015, Group revenues and net profit were RO 44m and RO 18.3 million corresponding to an increase of 13% and 11% respectively over the same period in 2014. Ominvest's share of the Group net profit stood at RO 10.54m, corresponding to a growth of 12% over the same period in 2014. The increase in the Group net profit was attributable to the share of profit from Ominvest's banking subsidiary Oman Arab Bank and the associate companies. Total shareholders' equity attributable to the shareholders of the Parent Company increased by 5% to RO 134m from RO 128m at 30 June 2014.

Parent Company Performance:

During the first half of 2015, Parent Company's revenues and net profit were RO 11.6m and RO 9.6m, corresponding to an increase of 24% and 22% respectively over the same period in 2014. The increase in profit was primarily due to dividend income from equity investments made during the fourth quarter of 2014. Investment Income from our equity portfolio (comprising of cash & stock dividends and market gains) amounted to RO 3.6m compared to RO 1m in 2014.

Cash dividend and fees received from Oman Arab Bank grew by 19.7% to RO 7.1m, over the same period in 2014. Total assets stood at RO 118m, corresponding to an increase of 41% from 30 June 2014. Shareholders' Equity of the Parent Company stood at RO 60m compared to RO 62m at 30 June 2014.

Oman Arab Bank:

Oman Arab Bank, our banking subsidiary, reported a net profit of RO 15.9m for the six month period ended 30 June 2015 compared to RO 14.4m for the same period last year corresponding to an increase of 10.4%. Loans and advances increased by 15.3% to RO 1.43bn, compared to RO 1.24bn at 30 June 2014. Customers' deposits rose by 14.8% to RO 1.55bn, compared to RO 1.35bn at 30 June 2014. The Bank's shareholders' funds increased by 7% to RO 215m compared with RO 201m at 30 June 2014.

Associate companies:

Ominvest's associates showed strong results during the period. Share of profits from associates was RO 869k compared to RO 740k in 2014, corresponding to a growth of 17%.

Update on Proposed Merger between Ominvest and ONIC:

There has been substantial progress in the proposed merger with ONIC Holding. Ominvest and ONIC had their Extraordinary General Meetings (EGM) on 31 May 2015 to approve the merger proposal. The shareholders of Ominvest and ONIC overwhelmingly approved the merger in their respective EGMs.

Ominvest and ONIC are in the process of finalising the regulatory approvals and will keep the shareholders updated on the progress.

The merger will create significant value for all the stakeholders of the combined entity.

Acknowledgements:

I would like to thank the Capital Markets Authority for their continuous endeavour to strengthen the financial markets in the Sultanate.

On behalf of the Board of Directors, I would like to express our deepest appreciation to His Majesty Sultan Qaboos bin Said for his wise leadership and guidance for the past 45 years. We affirm our continued endeavour and commitment for contributing towards the economic growth of Oman.



Khalid Muhammad Al Zubair
Chairman

10 August 2015