



REPORT ON THE PERFORMANCE OF THE GROUP FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2009

We are pleased to report on the performance of the Group for the nine month period ended 30 September 2009.

Group

The Group recorded a profit of RO 19.74 million vs. RO 24.13 million in the corresponding period in 2008. The profit and earnings per share attributable to the Parent Company shareholders from the Group profit is RO 10.89 million and RO 0.054 compared to RO 13.89 million and RO 0.077 in the nine month period ended 30 September 2009. The 2008 Group profit included profit amounting to RO 4.20 million on sale of an associate and release of impairment provision for an investment of RO 0.79 million by the Parent Company.

Total shareholders' equity at RO 82.14 million was higher compared to RO 77.11 million at 30 September 2008. Net asset value per share was RO 0.411 on the paid up share capital of RO 20 million.

Parent Company

The Parent Company profit for the period is RO 11.63 million compared to RO 10.13 million in 2008. Parent Company recorded total income of RO 13.17 million (2008: RO 11.82 million) and comprised of:

- (i) Cash dividends and fees received from subsidiaries of RO 10.21 million, compared to RO 5.16 million in 2008;
- (ii) Cash dividends and fees received from associates and other investments of RO 0.62 million (2008: RO 1.10 million);
- (iii) Realised and unrealised gains from capital markets operations RO 1.82 million vs. loss of RO 1.79 million in the comparable period in 2008; cash dividends received from capital markets investments was RO 0.39 million compared to RO 0.23 million reported in Q3'08;
- (iv) In 2008, profit realised on sale of an investment in an associate at cost, in the Parent Company was RO 5.84 million and release of impairment provision for an investment was RO 0.79 million. However, there were no comparable income in 2009.
- (v) Gains of RO 11,403 (2008: RO 0.31 million) from unquoted foreign investments.
- (vi) Interest, rental and other income for the period was RO 0.14 million vs. RO 0.18 million in 2008.



Total shareholders' equity at RO 42.19 million was higher compared to RO 38.90 million at 30th September 2008, and the net assets value per share was RO 0.211 on the paid up share capital of RO 20 million. Total assets of the Parent Company increased to RO 52.65 million from RO 47.76 million at 30th September 2008. All financial assets and liabilities, with the exception of investment in subsidiaries (RO 26.40 million) which are carried at cost, are at fair values in the Parent Company financial statements.

Banking Subsidiary

Oman Arab Bank, our banking subsidiary reported a profit of RO 18.07m compared to RO 20.90m for the nine month period ended 30 September in 2008. Operating profit of the Bank at RO 21.13m was identical to RO 21.13m in '08, and the decrease in the profit for the period was mainly due to lower recoveries from impaired loans, RO 1.28m vs. RO 4.97m in '08. Gross loans and advances at RO 577.90m increased by 7% and customers' deposits at RO 606.29m were marginally higher compared with 2008. During the period, the banking subsidiary increased its paid-up share capital to RO 75m, an increase of RO 15m by issue of rights shares of RO 12m and by capitalisation of retained profits, RO 3m.

At the Annual General Meeting of the Parent Company held on 31 March 2009, shareholders have approved cash dividend of RO 1,800,000 (10% of the paid-up share capital) and stock dividend of RO 2,000,000 (representing 1 share for every 9 shares held). Following this, the paid-up share capital of the Parent Company is increased to RO 20m.

The sustained recovery of global capital markets, continued support of global economies by respective governments, relatively stable commodity prices and an improved sentiment towards businesses, all suggest an emerging trend towards recovery, leading to growth prospects in the world economies over the near to medium term, and increasing opportunities for growth and improved earnings.

HANI BIN MUHAMMAD AL ZUBAIR
CHAIRMAN

November 7, 2009