



OMAN INTERNATIONAL DEVELOPMENT AND  
INVESTMENT COMPANY SAOG

**GROUP AND PARENT COMPANY UNAUDITED FINANCIAL STATEMENTS**

**31 MARCH 2013**



**GROUP AND PARENT COMPANY UNAUDITED FINANCIAL STATEMENTS  
THREE MONTH PERIOD ENDED 31 MARCH 2013**

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## **REPORT ON THE PERFORMANCE OF THE GROUP FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2013**

We are pleased to report on the performance of the Group for the three month period ended 31 March 2013.

### **Group**

The Group recorded a profit of RO 7.81m vs. RO 7.41m in the corresponding period in 2012. The profit attributable to the Parent Company shareholders from the Group profit is RO 4.62m compared to RO 4m in the three month period ended 31 March 2012. The 15.5% increase in profit attributable to the shareholders of the Parent Company is mainly due to increased contribution to Group's investment income from capital market activities during the period.

Total Shareholders' Funds attributable to the shareholders of the Parent Company stood at RO 112.08m compared to RO 110.76m at 31 December 2012.

### **Parent Company**

Parent Company profit for the period is RO 7.61m compared to RO 6.85m in 2012. This increase in profit is mainly attributable to better performance from capital market activities during the period. Cash dividend received from Oman Arab Bank was RO 5.91m compared to RO 6.85m in 2012.

Total assets stood at RO 85.99m, an increase of 10% compared to RO 78.16m at 31 December 2012. Shareholders' funds of the Parent Company increased to RO 57.14m (+8%) from RO 52.90m at 31 December 2012.

### **Oman Arab Bank**

Oman Arab Bank, our banking subsidiary, reported a profit of RO 6.52m compared to RO 6.96m for the three month period ended 31 March 2012. Gross loans and advances at RO 1 bn increased by 10% and customers' deposits at RO 1.01 bn were up by 10% compared with 31 March 2012. The Bank's share capital and shareholders' funds stood at RO 116m and RO 179.33m respectively compared with RO 106m and RO 167.64m at 31 March 2012.

Associates performed well during the period. Share of profits from associates was RO 381k compared to RO 305k in 2012.



## **Conclusion**

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

KHALID MUHAMMAD AL ZUBAIR  
CHAIRMAN

May 13, 2013



GROUP AND PARENT COMPANY  
UNAUDITED STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2013

	Note	GROUP		PARENT COMPANY	
		2013	2012	2013	2012
		(RO '000)	(RO '000)	(RO '000)	(RO '000)
<b>ASSETS</b>					
Balances with banks and money at call		71,409	40,521	7,322	731
Certificates of deposit	3	132,000	115,000	-	-
Deposits with banks	4	29,375	28,275	-	-
Investment securities	5	58,173	50,838	15,081	14,031
Investments in associates	5(e)	10,855	10,375	5,330	5,330
Investments in subsidiaries	5(f)	-	-	47,936	42,837
Loans and advances to customers	6 (a)	970,627	866,157	-	-
Due from subsidiaries		-	-	4,753	3,936
Other assets		35,522	37,762	1,679	7,111
Projects work in progress	7	9,689	8,842	-	-
Property and equipment		28,298	19,184	3,890	3,343
<b>TOTAL ASSETS</b>		<b>1,345,948</b>	<b>1,176,954</b>	<b>85,991</b>	<b>77,319</b>
<b>LIABILITIES</b>					
Due to banks	8	25,814	22,780	24,675	22,025
Deposit from customers		1,007,595	924,204	-	-
Unpaid dividend		3,340	2,530	3,340	2,530
Subordinated bonds	9	50,000	-	-	-
Other liabilities		58,269	44,566	836	885
Taxation		952	1,287	-	-
<b>TOTAL LIABILITIES</b>		<b>1,145,970</b>	<b>995,367</b>	<b>28,851</b>	<b>25,440</b>
<b>EQUITY</b>					
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>					
Share capital	10	30,613	27,830	30,613	27,830
Legal reserve		20,757	19,173	7,770	7,476
Capital reserve		17,846	17,846	-	-
General reserve		9,977	9,333	-	-
Subordinated debt reserve		5,099	-	-	-
Revaluation reserve		1,596	1,677	-	-
Cumulative changes in fair value		5,264	124	5,035	131
Retained earnings		20,933	23,444	13,722	16,442
		112,085	99,427	57,140	51,879
Non - controlling interests		87,893	82,160	-	-
<b>TOTAL EQUITY</b>		<b>199,978</b>	<b>181,587</b>	<b>57,140</b>	<b>51,879</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,345,948</b>	<b>1,176,954</b>	<b>85,991</b>	<b>77,319</b>
Net assets per share (Rial Omani)		0.366	0.357	0.187	0.186

These financial statements were approved and authorised for release by the Board of Directors on 13<sup>th</sup> May 2013 and were signed by:

**KHALID MUHAMMAD AL ZUBAIR**  
CHAIRMAN

**TAYA JANDAL ALI**  
DEPUTY CHAIRMAN

The accompanying notes on pages 8 to 24 form an integral part of these interim financial statements.

GROUP AND PARENT COMPANY  
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME  
THREE MONTH PERIOD ENDED 31 MARCH 2013

	Note	GROUP		PARENT COMPANY	
		2013 (RO '000)	2012 (RO '000)	2013 (RO '000)	2012 (RO '000)
Interest income	11	12,625	11,941	-	-
Interest expense	12	(2,697)	(1,762)	(134)	(95)
<b>Net interest income</b>		<b>9,928</b>	<b>10,179</b>	<b>(134)</b>	<b>(95)</b>
Investment income	13	2,605	2,084	8,314	7,448
Commission and other income	14	4,294	4,416	10	10
<b>Total income</b>		<b>16,827</b>	<b>16,679</b>	<b>8,190</b>	<b>7,363</b>
Operating expenses	15	(8,183)	(7,893)	(476)	(518)
Provision for impairment of investments		(109)	-	(109)	-
Allowance for loan impairment	6(b)	(1,111)	(1,188)	-	-
Recoveries from allowance for loan impairment	6(b)	943	504	-	-
<b>OPERATING PROFIT</b>		<b>8,367</b>	<b>8,102</b>	<b>7,605</b>	<b>6,845</b>
Share of profit from associated companies		381	305	-	-
<b>PROFIT BEFORE TAX</b>		<b>8,748</b>	<b>8,407</b>	<b>7,605</b>	<b>6,845</b>
Income tax expense		(937)	(995)	-	-
<b>PROFIT FOR THE PERIOD</b>		<b>7,811</b>	<b>7,412</b>	<b>7,605</b>	<b>6,845</b>
<b>Other comprehensive income / (expense):</b>					
Changes in the fair value of investments		283	(370)	(20)	(93)
Other comprehensive income / (expense) for the period		283	(370)	(20)	(93)
<b>Total comprehensive income for the period</b>		<b>8,094</b>	<b>7,042</b>	<b>7,585</b>	<b>6,752</b>
<b>Profit attributable to:</b>					
Shareholders of the Parent Company		4,615	4,002	7,605	6,845
Non - Controlling interests		3,196	3,410	-	-
		<b>7,811</b>	<b>7,412</b>	<b>7,605</b>	<b>6,845</b>
<b>Total comprehensive income attributable to:</b>					
Shareholders of the Parent Company		4,749	3,769	7,585	6,752
Non - controlling interests		3,345	3,273	-	-
		<b>8,094</b>	<b>7,042</b>	<b>7,585</b>	<b>6,752</b>
<b>Basic earnings per share on profit attributable to the shareholders of the Parent Company (Rial Omani)</b>	21	0.015	0.014	0.025	0.025

The accompanying notes on pages 8 to 24 form an integral part of these interim financial statements.

GROUP AND PARENT COMPANY  
UNAUDITED STATEMENTS OF CASH FLOW  
THREE MONTH PERIOD ENDED 31 MARCH 2013

	<u>Note</u>	<b>GROUP</b>		<b>PARENT COMPANY</b>	
		<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
		<b>(RO '000)</b>	<b>(RO '000)</b>	<b>(RO '000)</b>	<b>(RO '000)</b>
<b>Cash flows from operating activities</b>					
Profit before tax		8,748	8,407	7,605	6,845
Adjustments for:					
Depreciation		461	556	25	41
Provision for impairment on investments		109	-	109	-
Allowance for loan impairment		1,111	1,188	-	-
Recoveries from allowance for loan impairment		(943)	(504)	-	-
Income from investments held-to-maturity		(183)	(145)	-	-
Change in fair value of financial assets at fair value through profit or loss		(675)	(655)	(466)	(274)
Non – controlling interests (net)		(5,537)	(136)	-	-
<b>Operating profit before changes in operating assets and liabilities</b>		<b>3,091</b>	<b>8,711</b>	<b>7,273</b>	<b>6,612</b>
Investment securities		(1,122)	(549)	913	(539)
Loans and advances to customers		(40,881)	(40,897)	-	-
Due from subsidiaries		-	-	(82)	(311)
Other assets		(4,030)	(12,332)	(1,088)	(6,926)
Deposits from customers		(22,564)	15,303	-	-
Other liabilities		15,859	10,778	95	108
<b>Cash (used in) / from operations</b>		<b>(49,647)</b>	<b>(18,986)</b>	<b>7,111</b>	<b>(1,056)</b>
Tax paid		(3,835)	(3,267)	-	-
<b>Net cash (used in) / from operating activities</b>		<b>(53,482)</b>	<b>(22,253)</b>	<b>7,111</b>	<b>(1,056)</b>
<b>Cash flows from investing activities</b>					
Investments in associates		367	(1,601)	-	(1,848)
Projects work in progress		(151)	(236)	-	-
Investment in property and equipment		(3,332)	(1,503)	(268)	(166)
<b>Net cash (used in) investing activities</b>		<b>(3,116)</b>	<b>(3,340)</b>	<b>(268)</b>	<b>(2,014)</b>
<b>Cash flows from financing activities</b>					
Bank borrowings		750	3,500	150	3,500
<b>Net cash from financing activities</b>		<b>750</b>	<b>3,500</b>	<b>150</b>	<b>3,500</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(55,848)</b>	<b>(22,093)</b>	<b>6,993</b>	<b>430</b>
Cash and cash equivalents at 1 January		282,693	200,734	329	301
<b>Cash and cash equivalents at 31 March</b>	<b>16</b>	<b>226,845</b>	<b>178,641</b>	<b>7,322</b>	<b>731</b>

The accompanying notes on pages 8 to 24 form an integral part of these interim financial statements.



GROUP AND PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY  
THREE MONTH PERIOD ENDED 31 MARCH 2013

	Share capital	Legal reserve	Capital reserve	General reserve	Sub-ordinated debt reserve	Cumulative Revaluation reserve	changes in fair value	Retained earnings	Attributable to equity holders of the Parent Company	Non-controlling interests	Total
	(RO'000)	(RO'000)	(RO'000)	(RO'000)	(RO'000)	(RO'000)	(RO'000)	(RO'000)	(RO'000)	(RO'000)	(RO'000)
<b>GROUP</b>											
<b>Balance at 1 January 2012</b>	25,300	19,173	14,787	9,333	-	1,754	358	27,561	98,266	78,886	177,152
Profit for the period	-	-	-	-	-	-	-	4,002	4,002	3,410	7,412
Other comprehensive expense for the period	-	-	-	-	-	-	(234)	-	(234)	(136)	(370)
Total comprehensive income for the period	-	-	-	-	-	-	(234)	4,002	3,768	3,274	7,042
Increase in share capital through capitalisation of retained earnings	2,530	-	-	-	-	-	-	(2,530)	-	-	-
Increase in share capital of banking subsidiary through capitalisation of retained earnings	-	-	3,059	-	-	-	-	(3,059)	-	-	-
Decrease in revaluation reserve	-	-	-	-	-	(77)	-	-	(77)	-	(77)
Dividend paid relating to 2011 (note 17)	-	-	-	-	-	-	-	(2,530)	(2,530)	-	-
<b>Balance at 31 March 2012</b>	<b>27,830</b>	<b>19,173</b>	<b>17,846</b>	<b>9,333</b>	<b>-</b>	<b>1,677</b>	<b>124</b>	<b>23,444</b>	<b>99,427</b>	<b>82,160</b>	<b>181,587</b>
<b>Balance at 1 January 2013</b>	27,830	20,757	17,846	9,977	5,099	1,677	5,130	22,441	110,757	90,233	200,990
Profit for the period	-	-	-	-	-	-	-	4,615	4,615	3,196	7,811
Other comprehensive income for the period	-	-	-	-	-	-	134	-	134	149	283
Total comprehensive income for the period	-	-	-	-	-	-	134	4,615	4,749	3,345	8,094
Increase in share capital through capitalisation of retained earnings	2,783	-	-	-	-	-	-	(2,783)	-	-	-
Decrease in revaluation reserve	-	-	-	-	-	(81)	-	-	(81)	-	(81)
Dividend paid relating to 2012 (note 17)	-	-	-	-	-	-	-	(3,340)	(3,340)	(5,685)	(9,025)
<b>Balance at 31 March 2013</b>	<b>30,613</b>	<b>20,757</b>	<b>17,846</b>	<b>9,977</b>	<b>5,099</b>	<b>1,596</b>	<b>5,264</b>	<b>20,933</b>	<b>112,085</b>	<b>87,893</b>	<b>199,978</b>

The accompanying notes on pages 8 to 24 form an integral part of these interim financial statements.





GROUP AND PARENT COMPANY UNAUDITED STATEMENTS OF CHANGES IN EQUITY  
THREE MONTH PERIOD ENDED 31 MARCH 2013

	<u>Note</u>	<b>Share capital</b>	<b>Legal reserve</b>	<b>Cumulative Changes in fair value</b>	<b>Retained earnings</b>	<b>Total</b>
		(RO '000)	(RO '000)	(RO '000)	(RO '000)	(RO '000)
<b>PARENT COMPANY</b>						
<b>Balance at 1 January 2012</b>		<b>25,300</b>	<b>7,476</b>	<b>224</b>	<b>14,657</b>	<b>47,657</b>
Profit for the period		-	-	-	6,845	6,845
Other comprehensive expense for the period		-	-	(93)	-	(93)
Total comprehensive income / (expense) for the period		-	-	(93)	6,845	6,752
Increase in share capital through capitalisation of retained earnings		2,530	-	-	(2,530)	-
Dividend paid relating to 2011	17	-	-	-	(2,530)	(2,530)
<b>Balance at 31 March 2012</b>		<b>27,830</b>	<b>7,476</b>	<b>131</b>	<b>16,442</b>	<b>51,879</b>
<b>Balance at 1 January 2013</b>		<b>27,830</b>	<b>7,770</b>	<b>5,055</b>	<b>12,240</b>	<b>52,895</b>
Profit for the period		-	-	-	7,605	7,605
Other comprehensive expense for the period		-	-	(20)	-	(20)
Total comprehensive income / (expense) for the period		-	-	(20)	7,605	7,585
Increase in share capital through capitalisation of retained earnings		2,783	-	-	(2,783)	-
Dividend paid relating to 2012	17	-	-	-	(3,340)	(3,340)
<b>Balance at 31 March 2013</b>		<b>30,613</b>	<b>7,770</b>	<b>5,035</b>	<b>13,722</b>	<b>57,140</b>

The accompanying notes on pages 8 to 24 form an integral part of these interim financial statements.

**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 three month period ended 31 March 2013 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 audited annual consolidated financial statements for the year ended 31 December 2012.

**3. CERTIFICATES OF DEPOSIT**

Certificates of deposit held are issued by the Central Bank of Oman for the periods ranging from 28 days to 6 months and carry interest at the average rate of 0.120% (31 March 2012 – 0.079%) per annum.

**4. DEPOSITS WITH BANKS**

Deposits with banks include RO 500,000 (2012 - RO 500,000) being statutory capital deposit with the Central Bank of Oman in terms of regulations applicable to the banking subsidiary. This deposit cannot be withdrawn without prior written approval of the Central Bank of Oman.

**5. INVESTMENT SECURITIES**

At 31 March, investment securities comprised the following:

	Group		Parent Company	
	2013 (RO’000)	2012 (RO’000)	2013 (RO’000)	2012 (RO’000)
Financial assets at fair value through profit or loss	10,422	15,139	7,269	9,383
Available for sale investments	19,942	13,353	7,812	4,648
Held-to-maturity investments	27,809	22,346	-	-
	<u>58,173</u>	<u>50,838</u>	<u>15,081</u>	<u>14,031</u>

5. INVESTMENT SECURITIES (continued)

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

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

At 31 March, financial assets designated at fair value through profit or loss comprised the following:

	Group		Parent Company	
	2013 (RO'000)	2012 (RO'000)	2013 (RO'000)	2012 (RO'000)
<b>Quoted investments</b>				
Local investments				
Banking sector	1,743	678	1,262	492
Investment sector	652	37	637	37
Services sector	633	1,225	585	928
Industrial sector	362	435	310	399
	<u>3,390</u>	<u>2,375</u>	<u>2,794</u>	<u>1,856</u>
 Mutual Funds	 467	 2,336	 -	 1,883
	<u>3,857</u>	<u>4,711</u>	<u>2,794</u>	<u>3,739</u>
 Foreign investments				
Equity and equity related	4,475	5,305	4,475	5,305
Currency and commodity related	-	339	-	339
	<u>4,475</u>	<u>5,644</u>	<u>4,475</u>	<u>5,644</u>
 Total quoted	 <u>8,332</u>	 <u>10,355</u>	 <u>7,269</u>	 <u>9,383</u>
<b>Unquoted investments</b>				
Local investments	279	515	-	-
 Total financial assets designated at fair value through profit or loss	 <u>8,611</u>	 <u>10,870</u>	 <u>7,269</u>	 <u>9,383</u>

Unquoted local investments held by the Group include investment in the Financial Settlement and Guaranteed Fund of RO 182,906 (2012 – RO 175,062) 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	
	2013 (RO'000)	2012 (RO'000)	2013 (RO'000)	2012 (RO'000)
Quoted	1,811	4,269	-	-
Total financial assets at fair value through profit or loss	<u>10,422</u>	<u>15,139</u>	<u>7,269</u>	<u>9,383</u>

(b) *Available for sale investments*

	Group		Parent Company	
	2013 (RO'000)	2012 (RO'000)	2013 (RO'000)	2012 (RO'000)
<b>Local investments</b>				
Quoted investments	11,726	8,492	-	-
Fair value reserve	248	16	-	-
Unquoted investments	700	700	700	700
Fair value reserve	5,601	-	5,601	-
Deferred tax liability on fair value reserve	<u>(659)</u>	<u>-</u>	<u>(659)</u>	<u>-</u>
	<u>17,616</u>	<u>9,207</u>	<u>5,642</u>	<u>700</u>
<b>Foreign investments</b>				
Quoted investments	175	171	-	-
Fair value reserve	(19)	(23)	-	-
	<u>156</u>	<u>148</u>	<u>-</u>	<u>-</u>
Unquoted investments	5,143	6,108	5,143	6,058
Less: Provision for impairment [note 5(d)]	<u>(3,066)</u>	<u>(2,241)</u>	<u>(3,066)</u>	<u>(2,241)</u>
	<u>2,077</u>	<u>3,867</u>	<u>2,077</u>	<u>3,817</u>
Fair value reserve	93	131	93	131
	<u>2,170</u>	<u>3,998</u>	<u>2,170</u>	<u>3,948</u>
Total available for sale investments	<u>19,942</u>	<u>13,353</u>	<u>7,812</u>	<u>4,648</u>

5. INVESTMENT SECURITIES (continued)

(c) *Held-to-maturity investments*

	<u>Group</u>		<u>Parent Company</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	(RO'000)	(RO'000)	(RO'000)	(RO'000)
Oman Government Development Bonds				
- held by the banking subsidiary	27,809	22,346	-	-
	<u>27,809</u>	<u>22,346</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% and 5.50% (2012 – 3.25% and 4.00%) per annum. The maturity profile of these bonds, based on the remaining period to maturity from the balance sheet date, is as follows:

	<u>2013</u>	<u>2012</u>
	(RO'000)	(RO'000)
Within one year	4,000	13,191
Between one and five years	23,809	9,155
	<u>27,809</u>	<u>22,346</u>

(d) *Movement in provision for impairment of investments*

	<u>Group and Parent Company</u>	
	<u>Unquoted foreign investments</u>	
	<u>2013</u>	<u>2012</u>
	(RO'000)	(RO'000)
Balance at 1 January	2,957	2,389
Provided during the period	109	-
Written off during the period	-	(148)
Balance at 31 March	<u>3,066</u>	<u>2,241</u>

5. INVESTMENT SECURITIES (continued)

(e) *Investments in associates*

Group

At 31 March, investments in associates represented holdings in the following companies registered in the Sultanate of Oman:

	2013		2012	
	Holding (%)	Carrying value (RO'000)	Holding (%)	Carrying value (RO'000)
National Finance Company SAOG	24.22	7,808	24.22	7,380
National Biscuit Industries Ltd. SAOG	21.30	588	21.30	489
National Detergent Company SAOG	20.94	2,459	20.94	2,506
		<u>10,855</u>		<u>10,375</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 13,285,620 (2012 - RO 11,320,346).

Parent Company

At 31 March, investments in associates represented holdings by the Parent Company in the following companies registered in the Sultanate of Oman:

	2013		2012	
	Holding (%)	Cost (RO'000)	Holding (%)	Cost (RO'000)
National Finance Company SAOG	24.01	4,182	24.01	4,182
National Biscuit Industries SAOG	21.00	435	21.00	435
National Detergent Company SAOG	20.94	713	20.94	713
		<u>5,330</u>		<u>5,330</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 13,191,669 (2012 - RO 11,245,278).

5. INVESTMENT SECURITIES (continued)

(f) *Investments in subsidiaries*

At 31 March, investments held by the Parent Company in subsidiaries are:

	<u>Incorporated in</u>	<u>2013</u>		<u>2012</u>	
		<u>Cost</u> (RO'000)	<u>Holding</u> %	<u>Cost</u> (RO'000)	<u>Holding</u> %
Oman Arab Bank SAOC <i>(Principal activity: Banking)</i>	Oman	41,302	50.99	36,203	50.99
Oman Investment Services SAOC <i>(Principal activity: Investments)</i>	Oman	903	99.98	903	99.98
Salalah Resorts SAOC <i>(Principal activity: Integrated Tourism Project)</i>	Oman	500	99.98	500	99.98
Al Jabal Al Aswad Investments LLC <i>(Principal activity: Real Estate)</i>	Oman	-	99.98	-	-
Budva Beach Properties d.o.o <i>(Principal activity: Tourism Project)</i>	Montenegro	5,231	100.00	5,231	100.00
		<u>47,936</u>		<u>42,837</u>	

5. INVESTMENT SECURITIES (continued)

(g) *Details of significant investments*

At 31 March, 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 held</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	1,096	885
National Finance Co. SAOG	24.22	60,687,024	9,285	7,808
National Detergent Co. SAOG	20.94	3,561,700	3,202	2,459
Oman National Dairy Products Co. Ltd SAOC	19.65	482,726	-	-
			<u>13,583</u>	<u>11,152</u>

At 31 March, 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 held</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	1,084	732
National Finance Co. SAOG	24.01	60,146,475	9,202	4,182
National Detergent Co. SAOG	20.94	3,561,700	3,202	713
Oman National Dairy Products Co. Ltd SAOC	19.65	482,726	-	-
			<u>13,488</u>	<u>5,627</u>

*Unquoted securities*

<u>Group</u>	<u>Holding</u> %	<u>Number of</u> <u>shares held</u>	<u>Carrying</u> <u>value</u> (RO'000)
<i>Subsidiaries</i>			
Oman Arab Bank SAOC	51.00	591,600,000	91,461
Oman Investment Services SAOC	99.98	999,800	724
Salalah Resorts SAOC	99.98	499,800	199
Budva Beach Properties d.o.o	100.00	-	5,068
<i>Others</i>			
Al Shamal Plastics LLC	21.44	200,000	172
Modern Steel Mills LLC	19.48	1,363,950	4,828
Gulf Acrylic Industries LLC	17.64	100,000	364
			<u>102,816</u>



5. INVESTMENT SECURITIES (continued)

(g) Details of significant investments (continued)

	<u>Holding</u> %	<u>Number of</u> <u>shares held</u>	<u>Carrying</u> <u>value</u> (RO'000)
<u>Parent Company</u>			
<i>Subsidiaries</i>			
Oman Arab Bank SAOC	50.99	591,484,000	41,302
Oman Investment Services SAOC	99.98	999,800	903
Salalah Resorts SAOC	99.98	499,800	500
Budva Beach Properties d.o.o	100.00	-	5,231
<i>Others</i>			
Al Shamal Plastics LLC	16.08	150,000	136
Modern Steel Mills LLC	19.48	1,363,950	4,828
Gulf Acrylic Industries LLC	13.23	75,000	305
			<u>53,205</u>

6. LOANS AND ADVANCES TO CUSTOMERS

(a) At 31 March, Loans and advances to customers extended by the banking subsidiary were as follows:

	<u>2013</u> (RO'000)	<u>2012</u> (RO'000)
Commercial loans	498,166	427,946
Overdrafts	96,669	92,621
Personal loans	401,274	367,424
Credit cards	<u>6,114</u>	<u>6,144</u>
Gross loans and advances	1,002,223	894,135
Less: Allowance for loan impairment and reserved interest	(31,596)	(27,978)
Net loans and advances	<u>970,627</u>	<u>866,157</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>2013</b>			
Balance at 1 January	24,777	6,744	31,521
Provided during the period	1,111	424	1,535
Amounts written off during the period	(139)	(378)	(517)
Amounts released/recovered	(712)	(231)	(943)
Balance at 31 March	<u>25,037</u>	<u>6,559</u>	<u>31,596</u>

**6. LOANS AND ADVANCES TO CUSTOMERS (continued)**

(b) *Allowance for loan impairment and reserved interest (continued)*

	<u>Allowance for loan impairment</u> (RO 000)	<u>Reserved interest</u> (RO 000)	<u>Total</u> (RO 000)
<b>2012</b>			
Balance at 1 January	21,328	5,827	27,155
Provided during the period	1,188	396	1,584
Amounts written off during the period	(128)	(129)	(257)
Amounts released/recovered	(311)	(193)	(504)
Balance at 31 March	<u>22,077</u>	<u>5,901</u>	<u>27,978</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 25,373,328 (2012 - RO 24,124,374).

At 31 March 2013, out of the total loan impairment provision, RO 13,824,421 (2012 - RO 12,623,304) 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:

	<u>2013</u> (RO'000)	<u>2012</u> (RO'000)
Personal loans including credit cards	407,388	373,568
Transportation	131,955	80,362
Manufacturing	109,085	91,346
Construction	82,233	71,331
Wholesale and retail trade	44,037	43,730
Services	40,917	58,679
Utilities	38,384	18,685
Import trade	35,608	34,835
Financial institutions	17,198	17,247
Mining and quarrying	16,937	45,663
Agriculture and allied activities	8,117	7,931
Export trade	600	3,089
Others	69,764	47,669
	<u>1,002,223</u>	<u>894,135</u>

## 7. PROJECTS WORK IN PROGRESS

At 31 March, projects work in progress are as follows:

	<u>2013</u> (RO'000)	<u>2012</u> (RO'000)
<b>Salalah Resorts SAOC:</b>		
Initial stage	1,067	1,067
Consultancy charges	<u>2,578</u>	<u>2,265</u>
	3,645	3,332
<b>Budva Beach Properties d.o.o :</b>		
Cost of land	5,231	5,231
Consultancy and other costs	<u>813</u>	<u>279</u>
	6,044	5,510
	<u>9,689</u>	<u>8,842</u>

## 8. DUE TO BANKS

At 31 March, due to banks are as follows:

	<u>Group</u>		<u>Parent Company</u>	
	<u>2013</u> (RO'000)	<u>2012</u> (RO'000)	<u>2013</u> (RO'000)	<u>2012</u> (RO'000)
Due to banks	5,439	4,655	-	-
Loans and overdrafts	<u>20,375</u>	<u>18,125</u>	<u>24,675</u>	<u>22,025</u>
	<u>25,814</u>	<u>22,780</u>	<u>24,675</u>	<u>22,025</u>

All the above borrowings are due within one year.

## 9. SUBORDINATED BONDS

In order to enhance the capital adequacy and to meet the funding requirements our banking subsidiary Oman Arab Bank issued non-convertible unsecured Subordinated Bonds of RO 50 Million (50,000,000 units of RO 1 each) for a tenor of five years and one month in April 2012 through private placement. The Bonds are listed in the Muscat Securities Market and are transferable through trading. The Bonds carry a fixed coupon rate payable semi-annually with the principal payable on maturity.

## 10. SHARE CAPITAL

- (a) The authorised share capital of the Parent Company is 500,000,000 (2012 – 300,000,000) shares of 100 baisa each. 306,130,000 (2012 – 278,300,000) shares of 100 baisa each have been issued and fully paid.
- (b) At the Annual General Meeting of the shareholders of the Parent Company held on 31 March 2013 bonus shares of 27,830,000 (2012 – 25,300,000) shares at 100 baisa per share were approved to be issued by transferring RO 2,783,000 (2012 – RO 2,530,000) from retained earnings to share capital.

**10. 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, and the number of shares they hold are as follows:

	<u>2013</u>		<u>2012</u>	
	<u>Holding %</u>	<u>Shares</u>	<u>Holding %</u>	<u>Shares</u>
Al Hilal Investment Co. LLC	20.22	61,902,542	20.22	56,275,040
Civil Service Employees Pension Fund	12.68	38,832,400	12.92	35,947,622
	<u>32.90</u>	<u>100,734,942</u>	<u>33.14</u>	<u>92,222,662</u>

**11. INTEREST INCOME**

	<u>Group</u>		<u>Parent Company</u>	
	<u>2013</u> <u>(RO'000)</u>	<u>2012</u> <u>(RO'000)</u>	<u>2013</u> <u>(RO'000)</u>	<u>2012</u> <u>(RO'000)</u>
Loans and advances to customers	12,379	11,748	-	-
Placements with banks	30	24	-	-
Certificates of deposit	33	24	-	-
Oman Government Development Bonds	<u>183</u>	<u>145</u>	<u>-</u>	<u>-</u>
	<u>12,625</u>	<u>11,941</u>	<u>-</u>	<u>-</u>

**12. INTEREST EXPENSE**

	<u>Group</u>		<u>Parent Company</u>	
	<u>2013</u> <u>(RO'000)</u>	<u>2012</u> <u>(RO'000)</u>	<u>2013</u> <u>(RO'000)</u>	<u>2012</u> <u>(RO'000)</u>
Parent Company:				
Bank borrowings	129	81	134	95
Banking subsidiary:				
Time deposits	2,323	1,473	-	-
Call accounts	157	114	-	-
Saving accounts	<u>88</u>	<u>94</u>	<u>-</u>	<u>-</u>
	<u>2,697</u>	<u>1,762</u>	<u>134</u>	<u>95</u>

**13. INVESTMENT INCOME**

	Group		Parent Company	
	2013 (RO'000)	2012 (RO'000)	2013 (RO'000)	2012 (RO'000)
Dividend from investments	1,045	501	7,216	6,828
Quoted local investments:				
Profit on sale	450	637	197	56
Changes in fair value	496	429	287	47
Quoted foreign investments:				
Profit on sale	266	265	266	265
Changes in fair value	179	226	179	226
Unquoted foreign investments:				
Profit on sale	169	26	169	26
	<u>2,605</u>	<u>2,084</u>	<u>8,314</u>	<u>7,448</u>

**14. COMMISSION AND OTHER INCOME**

	Group		Parent Company	
	2013 (RO'000)	2012 (RO'000)	2013 (RO'000)	2012 (RO'000)
Fees and commission	2,999	3,279	-	-
Foreign exchange	1,127	985	-	-
Other income	168	152	10	10
	<u>4,294</u>	<u>4,416</u>	<u>10</u>	<u>10</u>

**15. OPERATING EXPENSES**

	Group		Parent Company	
	2013 (RO'000)	2012 (RO'000)	2013 (RO'000)	2012 (RO'000)
Staff costs	5,330	4,869	334	337
Other operating expenses	2,316	2,392	67	90
Depreciation	461	556	25	41
Directors' sitting fees and remuneration:				
Parent company	50	50	50	50
Banking subsidiary	26	26	-	-
	<u>8,183</u>	<u>7,893</u>	<u>476</u>	<u>518</u>

**16. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the statements of cash flow comprise the following:

	Group		Parent Company	
	2013 (RO'000)	2012 (RO'000)	2013 (RO'000)	2012 (RO'000)
Balances with banks and money at call	71,409	40,521	7,322	731
Deposits with banks (note 4)	28,875	27,775	-	-
Certificates of deposit	132,000	115,000	-	-
Due to banks	(5,439)	(4,655)	-	-
	<u>226,845</u>	<u>178,641</u>	<u>7,322</u>	<u>731</u>

**17. DIVIDENDS PER SHARE**

At the Annual General Meeting, held on Sunday, 31 March 2013 (2012 – Saturday, 31 March 2012), a cash dividend of RO 0.012 per share (2012 – RO 0.010 per share) amounting to a total of RO 3,339,600 (2012 – RO 2,530,000) and a stock dividend of 10 shares for every 100 shares held (2012 – 10 shares for every 100 shares held) amounting RO 2,783,000 (2011 – RO 2,530,000) in respect of year ended 31 December 2012 was approved. Following this, the dividend is accounted for in shareholders' changes in equity as an appropriation of retained profits in the period.

**18. CONTINGENT LIABILITIES**

At 31 March 2013, the Group had contingent liabilities as follows:

	2013 (RO'000)	2012 (RO'000)
Parent Company:		
Guarantees	-	247
Banking subsidiary:		
Letters of credit	498,456	288,332
Guarantees	516,619	507,851
	<u>1,015,075</u>	<u>796,430</u>

Letters of credit and guarantees amounting to RO 799,188,706 (2012 – RO 591,542,925) and relating to banking subsidiary were counter guaranteed by other banks.

**19. 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	Treasury/			Unallocated	Adjustments	Total
		Retail Banking	Corporate Banking	Investment Banking			
RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	
<b>2013</b>							
Net operating income	8,225	8,179	4,454	1,205	1,421	(6,281)	17,203
Segmental assets	97,012	395,258	579,669	26,303	305,877	(58,171)	1,345,948
<b>2012</b>							
Net operating income	7,391	8,555	4,657	1,591	1,177	(6,387)	16,984
Segmental assets	87,380	362,840	507,217	13,880	258,522	(52,885)	1,176,954

**20. 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 Management	Non- controlling interests
	RO’000	shareholders	RO’000	RO’000	RO’000	RO’000
		RO’000	RO’000	RO’000	RO’000	RO’000
<b>2013</b>						
<b>Group</b>						
<b>Statement of income</b>						
Interest and commission income	53	-	3	46	-	4
Interest expense	88	-	-	-	-	88
Directors’ sitting fees	76	-	50	-	-	26
<b>Statement of financial position</b>						
Loans and advances	16,269	750	183	7,029	-	8,307
Deposit from customers	2,660	36	1,176	85	-	1,363
<b>Off Statement of financial position</b>						
Letters of credit, guarantees and Acceptances	218,408	-	-	-	-	218,408
<b>Parent Company</b>						
<b>Statement of income</b>						
Directors’ sitting fees	50	-	50	-	-	-
Operating expenses	15	-	15	-	-	-
<b>Statement of financial position</b>						
Bank borrowings	4,300	-	-	4,300	-	-
Bank balances	6,096	-	-	6,096	-	-



**20. RELATED PARTY TRANSACTIONS (continued)**

	<u>Total</u>	<u>Major</u>	<u>Directors</u>	<u>Associates/</u>	<u>Key</u>	<u>Non-</u>
	RO'000	shareholders	RO'000	Subsidiary	Management	controlling
		RO'000	RO'000	RO'000	RO'000	interests
				RO'000		RO'000
<b>2012</b>						
<b>Group</b>						
<b>Statement of income</b>						
Interest and commission income	188	-	31	59	-	98
Interest expense	78	-	-	3	-	75
Directors' sitting fees and remuneration	76	-	50	-	-	26
<b>Statement of financial position</b>						
Loans and advances	44,724	357	5,234	8,722	-	30,411
Deposit from customers	4,082	-	1,792	147	-	2,143
<b>Off statement of financial position</b>						
Letters of credit, guarantees and Acceptances	203,805	-	-	-	-	203,805
<b>Parent Company</b>						
<b>Statement of income</b>						
Directors' sitting fees	50	-	50	-	-	-
Operating expenses	17	-	17	-	-	-
<b>Statement of financial position</b>						
Bank borrowings	3,900	-	-	3,900	-	-
Bank balances	506	-	-	506	-	-

- (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 (2012 - US\$ 75,000), equivalent to RO 28,850 (2012 - RO 28,850).

**21. 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	
	2013 (RO'000)	2012 (RO'000)	2013 (RO'000)	2012 (RO'000)
Profit for the period (RO '000)	<u>4,615</u>	<u>4,002</u>	<u>7,605</u>	<u>6,845</u>
Weighted average number of shares outstanding during the period	<u>306,130,000</u>	<u>278,300,000</u>	<u>306,130,000</u>	<u>278,300,000</u>
Basic earnings per share (RO)	<u>0.015</u>	<u>0.014</u>	<u>0.025</u>	<u>0.025</u>

During the period the Parent Company issued stock dividend of 27,830,000 shares (2012 – 25,300,000) without consideration related to the year 2012. 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 2013 and the 2012 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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