OMAN INVESTMENT & FINANCE CO. SAOG

Report of the Board of Directors

On behalf of the Board of Directors, we are pleased to present the un-audited financial results for the nine months period ended 31st December 2008. The Operating income at RO 6,398,628 was higher than the corresponding period of previous year by 1.53%. The global financial crisis did not affect the company's core operations.

The net profit for the period at RO. 1,461,322 was however lower by 23.7% compared to the corresponding period of last year due to a pre-tax loss (realised and unrealised) of RO 457,807 on the stock market investment portfolio. The financial crisis that the world has been witnessing deepened further during the last quarter. Oman has been no exception to this contagion with the MSM index declining by 35.9% between September 30, 2008 and December 31, 2008 that contributed to the loss on the investment portfolio.

The Company is negotiating with Muscat Electricity Distribution Company SAOC (MEDC) for outsourcing of the disconnection activity in the Capital Area. This, if successfully concluded, would not only add additional revenue streams to the company but also help in recovery of old dues and write-back of provisions.

In accordance with the Board's decision to diversify into new businesses, an Ordinary and Extra ordinary general meeting of the shareholders has been called on Monday the 2nd February 2009 to seek approval for investment in a Dar Al Zain Real Estate Project coming up in Seeb and for amendments to the Objectives of the Company. The company plans to venture into Money Exchange Business after obtaining necessary approvals to better utilise its extensive branch network and also undertake distribution of prepaid cards of new Mobile resellers. The Board has also constituted an Investment Committee to oversee all new Investment initiatives.

Dr. Mohammed Abdulaziz Kalmoor, resigned from the services of the company as its Managing Director with effect from December 31, 2008 due to personal reasons. He will however, continue as a member of the Board of Directors. The Board of Directors wishes to place on record its appreciation for his commendable contribution as CEO since February 2004 and subsequently as Managing Director of the Company.

The Board of Directors wishes to express their sincere gratitude to His Majesty Sultan Qaboos Bin Said and the Government of the Sultanate of Oman. The Company would further like to place on record its appreciation of the support received from Oman Telecommunications Co. SAOG, MEDC, Public Authority of Electricity and Water and Oman Wastewater Services.

Mohamed Abdulla Al Khonji
Chairman – Board of Directors.