



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Statement of the main objects and business of the issuer.

The principal activity of the Parent company is investments.

2. Methods through which the company achieves its business and development proposal.

Investing in subsidiaries and investing in shares and securities in Oman and international markets; and evaluating other investment opportunities including property investments.

3. Explanation of investment opportunities and obstacles.

The market risks involved in both the Oman and international markets are the major factors considered by the company in evaluating investment opportunities and the performance of its subsidiaries.

4. Analysis of issuer's products

The company is an investment company.

5. Explanation of the risks the company is facing and how to mitigate them.

The company is exposed to market risks in respect of its investments. The company limits market risk by maintaining a diversified portfolio and by continuous monitoring of the markets.

6. Discussion of the financial and operational performance of the company including analysis of the financial position of the company, the results of its business during the financial year focusing on explanation of the significant changes in figures.

The salient features of the performance for the current year is as follows:

- a) The consolidated premium written for the year is OMR 11.26 Million compared to OMR 10 Million in 2007.
- b) The Underwriting result is OMR 1.81 Million compared to OMR 1.53 million in 2007.
- c) The net result is a loss after tax of OMR 2.45 Million for the year 2008 compared with a net profit after tax of OMR 2.87 Million in 2007. This is mainly because of the meltdown of the financial markets which has caused unrealized losses on investments.
- d) The Net worth as at the year end is OMR 9.98 Million compared to OMR 13.2 Million as at end 2007. The Net Assets per share **thus stands decreased** to OMR 1.996 compared to OMR 2.635 last year.



7. Time sequence of realized profits and losses, dividends, net equity, for a period of not less than five years :

(In OMR ‘ 000)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Consolidated Net Profit/ (Loss) after tax *	1,038	2,386	2,509	2,271	447	1,338
Dividends - Cash	-	-	-	-	300	750
Consolidated Net Equity*	2,573	4,959	7,468	9,739	10,607	13,172

**Profit and Equity figures above prior to 2006 are not restated in respect of change in Omani Insurance Law regarding accounting treatment of Contingency Reserve by insurance subsidiaries.*

8. Description of the main activities of the issuer, their geographical location, size, of investment and number of employees in each one. Description of subsidiaries (if any) and nature of their business and activity.

Principal Activity : Investments

Geographical Location : Muscat , Sultanate of Oman

Size of Investment by parent company :

In subsidiaries OMR 4 million

Investments held for trading and carried at fair value through income statement: OMR 4.4 Million

Subsidiaries :

Muscat Insurance Company SAOC is engaged in general insurance business and underwrites risk in various classes of general insurance in Oman such as Fire, Motor, Accident, Engineering & Construction.

The number of employees of the company as at 31 December, 2008 was 53 with an Omanisation ratio of 62%.

Muscat Life Assurance Company SAOC is engaged in the business of Group Life and Health Insurance and underwrites risk in group life and health in Oman.

The number of employees of the company as at 31 December, 2008 was 13 with an Omanisation ratio of 54%.