

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.

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 investments.

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 market.

6. Discussion of the consolidated 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 12.13 Million compared to OMR 11.27 Million in 2008.
- b) The Underwriting result is OMR 1.83 Million compared to OMR 1.81 million in 2008.
- c) The net result is a profit after tax of OMR 3.01 Million for the year 2009 compared with a net loss after tax of OMR 2.45 Million in 2008.
- d) The Net worth as at the year end is OMR 13.01 Million compared to OMR 9.98 Million as at end 2008. The Net Assets per share thus stands increased to OMR 2.602 compared to OMR 1.996 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)

	2004	2005	2006	2007	2008
Consolidated Net Profit/(Loss)					
After tax*	2509	2271	447	2871	(2449)
Dividends	-	-	300	750	-
Net Equity*	7468	9739	10607	13177	9978

**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 , 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 5.84 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 and Construction.

The number of employees of the company as at 31 December, 2009 was 56 with an Omanisation ratio of 58.9%.

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, 2009 was 17 with an Omanisation ratio of 52.9%.