

**MUSCAT NATIONAL HOLDING COMPANY SAOG
AND ITS SUBSIDIARIES**



Statement of consolidated cash flow
for the year ended 31 December

	Group 2009 RO	Parent company 2009 RO	Group 2008 RO	Parent company 2008 RO
Profit (loss) before taxation	3,147,997	1,488,530	(2,343,168)	(1,063,538)
Adjustments for:				
Depreciation	80,731	4,404	78,352	3,739
Movement in unearned premium reserve	355,563	-	375,841	-
Amortisation of premium on Bank Muscat Subordinated Bonds	3,510	-	-	-
Net unrealised (gain) loss on investments securities	(1,926,656)	(1,475,031)	3,376,107	1,705,296
Realised loss (gain) on disposal of investment securities	78,903	37,703	(13,265)	(12,901)
Accrual for employees' end of service benefits	29,100	11,330	45,236	21,931
Investment transaction cost	-	-	1,730	-
Interest income	(289,028)	(93)	(169,522)	(2,771)
Dividend income	(552,423)	(434,411)	(405,357)	(212,242)
Interest expense	110,133	82,066	75,944	24,097
Rental income	(73,436)	-	(74,653)	-
Profit on disposal of property, plant and equipment	-	-	(4,325)	-
Operating profit (loss) before payment of end of service benefit and working capital changes	964,394	(285,502)	942,920	463,611
Employees end of service benefits paid	(6,792)	(140)	(39,808)	-
Premium and insurance receivable	207,369	-	618,916	-
Reinsurers' share of outstanding claims	7,283,454	-	(4,073,742)	-
Gross outstanding claims	(7,351,246)	-	4,131,350	-
Other receivables and prepayments	(38,855)	(9,962)	20,582	(2,573)
Due to reinsurers	(962,036)	-	1,465,418	-
Other liabilities and accruals	(21,892)	12,681	(32,421)	123,552
Cash generated from (used in) operations	74,396	(282,923)	3,033,215	584,590
Income tax paid	(105,964)	-	(100,313)	-
Interest paid	(110,133)	(82,066)	(75,944)	(24,097)
Net cash (used in) from operating activities	(141,701)	(364,989)	2,856,958	560,493
Investing activities				
Purchase of property, plant and equipment	(20,056)	(2,161)	(91,368)	(5,177)
Decrease (Increase) in bank deposits	3,428,145	-	(2,972,863)	-
Purchase of investments	(14,074)	(6,799)	(914,947)	(864,947)
Proceeds from sale of investments	73,523	33,442	904,721	24,957
Purchase of Government development bond	-	-	(637,200)	-
Purchase of Bank Muscat Subordinated bonds	(3,972,027)	-	-	-
Proceeds from disposal of property, plant and equipment	-	-	4,901	-
Investment transaction cost	-	-	(1,730)	-
Interest income	289,028	93	169,522	2,771
Dividends received	552,423	434,411	405,357	212,242
Rental income	73,436	-	74,653	-
Net cash from (used in) investing activities	410,398	458,986	(3,058,954)	(630,154)
Financing activity				
Cash dividend paid	-	-	(750,000)	(750,000)
Bank borrowings	(69,325)	(69,325)	851,009	851,009
Net cash (used in) from financing activities	(69,325)	(69,325)	101,009	101,009
Net change in cash and cash equivalents	199,372	24,672	(100,987)	31,348
Cash and cash equivalents at the beginning of the year	653,463	55,130	754,450	23,782
Cash and cash equivalents at the end of the year	852,835	79,802	653,463	55,130

The attached notes 1 to 35 form an integral part of these consolidated financial statements.
The report of the Auditors is set forth on page