



BOARD OF DIRECTORS REPORT
ON THE AUDITED CONSOLIDATED FINANCIAL RESULTS
FOR THE YEAR ENDED 31st DECEMBER 2014

Dear Shareholders,

After Compliments,

I am pleased to present on behalf of the Board of Directors of Muscat National Holding Company SAOG the 20th Annual Report on the Company's activities and the audited consolidated financial statements for the year ended 31st December 2014.

General Overview of the Business Environment:

The overall business environment for 2014 in the Sultanate has remained stable in all sectors of the economy.

The Insurance Industry also continues to grow on back of motor and health insurance, though the market became more competitive with entry of Takaful insurance companies.

Business Results

The Gross Premiums was OMR 10.523 Million in 2014 from OMR 11.595 Million in 2013, due on the general insurance side to the non-renewal of a large oil sector policy carrying lower margin. However, there has been an impressive 68% growth in motor premiums to OMR 5.027 Million in 2014 compared to OMR 2.993 Million at year end 2013. On the Life insurance side gross written premium was OMR 1.093 Million as compared to OMR 888K last year, an increase of 23%.

Our underwriting results improved to OMR 2.109 Million compared to OMR 1.584 Million in 2013.

The investment income was a profit of OMR 48,005/= for 2014 compared to OMR 529,864/= in 2013.



The realised investment income was OMR 793,862 compared to OMR 739,555/= in 2013 and unrealised loss on investments were OMR 745,857/= compared to OMR 209,691 in 2013.

As a result, the net profit after tax is OMR 132,396/= for 2014 compared to OMR 513,199/= in 2013.

Dividend

The Board of Directors has proposed a cash dividend in respect of the year 2014 of 5% being OMR 0.050 per share amounting to OMR 250,000/=.

The Company adopts a prudent dividend policy however the dividend distributions are subject to the approval of the shareholders at the Annual General Meeting.

The amount of dividend distributed in the past five years is as follows:-

Year	2009	2010	2011	2012	2013
Cash Dividend	10%	5%	7.5%	-	-

The Future Outlook

The recent decline in the crude oil price has added uncertainty to the world market. However, economy is expected to remain steady in 2015, from the Oman state budget for 2015, the government has reiterated its commitment to continue with the development projects.

Both our subsidiaries Muscat Insurance Company and Muscat Life Assurance Company remain on path with their expansion policy, with the general insurance adding several new branches to the existing branch network, and on the life side to the launching of new life healthcare products in 2015.



Corporate Governance

The Company continues to implement the code of Corporate Governance as required by the Laws and Regulations of the Capital Market Authority and other regulatory authorities. The Company maintains a high standard of compliance and best practice as required by the Code of Corporate Governance and the Company's Corporate Governance policies.

During the year, a Directors and Officers Liability Policy was underwritten covering the company Directors' & Officers at cost of OMR 2,880/=.

Acknowledgement

The Board of Directors conveys its thanks to our Customers, Reinsurers, Bankers and Shareholders for their continued and ongoing support.

The Board of Directors especially appreciates the continued support and determined efforts made by the Management and Staff of the Company.

On behalf of the Board, I would like to take this opportunity to express our most humble gratitude and loyalty to His Majesty Sultan Qaboos bin Said for the continued peace and stability, which his reign has brought us. We also wish His Majesty the strength and good health to allow him to continue to lead us on an enlightened path to future prosperity and development for Oman and its people.

For and on behalf of the Board of Directors,

Gamal Mohamed Mohamed
Chairman