BOARD OF DIRECTORS' REPORT
SIX MONTHS (UNAUDITED) CONSOLIDATED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015

I am pleased to present, on behalf of the Board of Muscat National Holding Company SAOG the consolidated unaudited interim results for the six months ended 30th June 2015.

The consolidated Gross Premiums were higher at OMR7.141 Million in the first half of the 2015 compared with OMR 6.553 Million in 2014, by 8.9%.This increase in the premiums was despite of issuance of a property policy on a prorate basis, instead of annual renewal, at the request of the insured, decreasing the premium by OMR 729 K, which will be made good by the year end. There was a 43 % growth in profitable segment of motor premiums from OMR 2.276 Million last year to OMR 3.244 Million in general insurance. However, the life insurance, in spite of increase in premiums by 47% to RO. 1.185 Million, recorded lower profits due to higher group medical insurance claims.

As a result, the consolidated underwriting results for the six months were OMR 1.171 Million compared to OMR 1.118 Million in 2014 for the corresponding period.

The Group has put in place the infrastructure in terms of the qualitative manpower and facilities in terms of branch expansion for the profitable growth. Accordingly, General and Administrative Expenses are at OMR 942 K compared to OMR 847 K for the same period in 2014..

The Investment income was higher at OMR 401 K compared with loss of OMR 291 K for the corresponding period of 2014. It may be noted that the realized investment income in terms of interest income, dividend income and rental income was OMR 490 K compared to OMR 459 K last year. The unrealized losses on equity portfolio were OMR 89 K for the current period compared to OMR 168 K for corresponding period last year.

The net profit after tax for the current period was OMR 551 K compared to OMR 474 K for the same period last year.

The Board of Directors appreciates the ongoing support of our Customers, Reinsurers, Regulatory Authorities and Shareholders.

The Board of Directors appreciates the efforts being made by the Management and staff of the company for the development of the business.

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.

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Aimen bin Ahmed Al Hosni
Chairman