

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 and to provide a management oversight to its subsidiaries Muscat Life Assurance Company SAOC and Muscat Insurance Company SAOC.

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 risk mitigation is based on the following key principles:

- Maintaining a diversified portfolio of its Equity and other asset classes
- By continuous monitoring of the local and international markets
- Providing an oversight and broad-based review mechanism of its insurance subsidiaries
- Following a 2-tier structure of corporate governance towards underlying Investment Philosophy, Strategic Asset Allocation and overall Investment Policy. These tiers include CEO/CFO/CIO Office and the Board for key investment decisions

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 on the performance for the current year is as follows:

- a) The investment results for 2015 were a loss of OMR 77,278 compared to profit of OMR 48,119 in 2014.
- b) The realized investment income in 2015 was OMR 816,495 compared to OMR 793,976 and unrealised loss on investment was OMR 893,773 compared to OMR 745,857 in 2014.
- c) The underwriting results increased to OMR 2,473,806 before expenses from OMR 2,109,731 in 2014.
- d) The total expenses increased to OMR 2,148,688 in 2015 compared to OMR 1,864,539 in 2014 on account of staff costs and network branch expansion.



e) The net result is a profit after tax of OMR 92,052/= for the year 2015 compared with to OMR 132,396 /= in 2014.

f) The Net Worth at year end reached OMR 15.081 Million compared to OMR 15.218 Million at year end 2014. The Net Assets per share thus stands at OMR 3.016 compared to OMR 3.044 last year.

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

(OMR in '000)

	2010	2011	2012	2013	2014
Consolidated Net Profit/(Loss) After tax	1,081	1,814	(288)	513	132
Dividends	250	375	-	-	250
Total Equity (Net-worth)	13,606	15,185	14,537	15,067	15,218

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 10.550 Million
 - Investments held for trading and carried at fair value through income statement OMR 2.506 Million
 - The number of staff in the Company as at 31st December 2015 was 15 with an Omanisation ratio of 53.33%

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, 2015 was 111 with an Omanisation ratio of 76.58%.

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, 2015 was 20 with an Omanisation ratio of 75%.
