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/CLCO and the Audit & 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 are as follows:

a) The investment profit for 2016 was OMR 1,286,538 compared to a loss of OMR 77,278 in 2015.

b) The realized investment income in 2016 was OMR 902,177 compared to OMR 816,495 and unrealized gain on investment was OMR 384,361 compared to loss of OMR 893,773 in 2015.

c) The underwriting results increased to OMR 2,775,145 before expenses from OMR 2,473,806 in 2015.

d) The total expenses increased to OMR 2,552,637 in 2016 compared to OMR 2,148,688 in 2015 on account of staff costs and expansion of branch network.

e) The net result is a profit after tax of OMR 1,339,163 for the year 2016 compared with to OMR 92,052 in 2015.

f) The Net Worth at year end reached OMR 16.190 Million compared to OMR 15.081 Million at year end 2015. The Net Assets per share thus stands at OMR 3.238 compared to OMR 3.016 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)

	2011	2012	2013	2014	2015
Consolidated Net Profit/(Loss) After tax	1,814	(288)	513	132	92
Dividends	375	-	-	250	250
Total Equity (Net-worth)	15,185	14,537	15,067	15,218	15,081

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 15.458 Million
- Investments held for trading and carried at fair value through income statement OMR 3.074 Million
- The number of staff in the Company as at 31st December 2016 was 14 with an Omanisation ratio of 64.29%

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, 2016 was 125 with an Omanisation ratio of 79.20%.

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 21 with an Omanisation ratio of 76.19%.

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