

Chairman's Report

Dear Shareholders,

On behalf of the Board of Directors of Oman United Insurance Company SAOG, I have the pleasure to present to you the Financial Statements of the company for the First Half 2008.

Insurance Premium Revenue

The combined Insurance Premium revenue for the 1st Half 2008 for both General and Medical & Life Insurance Divisions was RO. 18,7 million registering an increase of RO. 9,9 million as against the RO. 12,8 million written in the corresponding period of the previous year. In percentage terms this equates to a 46% increase.

Performance of Divisions

The **Gross Underwriting profits** (before management expenses) amounts to RO. 1,8 million as against loss of (RO.2,9 million) in the corresponding period of 2007.

In respect of **General Insurance Business** and due to the underwriting losses of Motor Business, the Underwriting results (before management expenses) were negative and resulted losses of (RO. 290K) as against losses of (RO. 3,7 million) for the corresponding period of the previous year.

The **Medical and Life Underwriting results continued** its substantial growth and achieved underwriting profit stood at RO. 1,9 million as against profit of RO. 624K for the corresponding period of the previous year registering an improvement of RO. 1,3 million. i.e. 212%.

As far as **Auto Services Division**, it has produced similar performance to 2007 Whereas, the gross profit amounted to RO.148K as against RO. 100K for the corresponding period of the previous year.

Investments and Investment Income:

The company's total investment portfolio (including term deposits, Government Development Bonds, Land & Building) as at 1st Half 2008 stands at RO.44,2 million as against RO.30,4 million in corresponding period of the previous year registering a growth of RO. 13,8 million i.e. 45,4%.

The net investment income (including appreciation) for as at 1st Half 2008 amounts to RO. 4,7 million as against RO. 1,7 in corresponding period of the previous year registering a growth of RO.3 million i.e. 172%.

Due to the substantial growth achieved in GDP of 42,9% for 1st Q 2008, the outlook of local economy appears to be very positive. Accordingly we expect the MSM to continue its upward trend thereby deriving to solid investment gains.

Net Profit:

The company reported a Net Profit of RO. 0 million as against losses (RO. 2 million) in corresponding period of the previous.

Accordingly, the Earnings Per Share (EPS) for the 1st Half 2008 is 0. baizas as compared to loss of (2. baizas) in corresponding period of the previous year.

Risks :

Intense competition continues to result in price pressures on all lines of business.

Motor results are expected to deteriorate further owing to the legislative changes effective 1st July introducing the Unified Motor Policy. The higher limits, broader cover and limited exclusions under the new policy coupled with rising parts & labor costs at dealerships means that higher claims costs on motor are inevitable.

Remedial Action:

Effective 1st August, we will revise the manner of rating motor business, in order to attract better quality business at preferred rates. In reducing the overall proportion of Motor business within our portfolio, we are shifting attention to Property & Casualty (P&C) business where we wish to grow our small account substantially.

We recently concluded a major review of our reinsurance program, achieving higher capacities and less onerous loss corridor participation exposures, that will enable us to write larger risks to our treaties and reducing the time & costs of resorting to the facultative market.

Our IT system is being upgraded from Premia 2 to Premia 1.0 and is expected to be completed by year-end.

For our joint venture in Qatar, we expect to lodge our license application with the QFC during this quarter with the target of launching by year-end.

Thank You and Kindest Regards

Mukesh Kumar Sawhney
Deputy Chairman

July / 2008