PROSPECTUS

Join the leader's journey to success

Initial Public Offering of 66,250,000 Offer Shares at an Offer Price of Baizas 320 per Offer Share

(Comprising a nominal value of Baizas 100 per Share, premium of Baizas 218 per Share and Offer expenses of Baizas 2 per Share)

Issue Open: 22 October 2017

Issue Close: 20 November 2017

الوطنية للتأمين على الحياة والعام

NATIONAL LIFE & GENERAL INSURANCE

Ominvest Group مجموعة اومينفست

ISSUE MANAGER	MARKETING AND FINANCIAL ADVISER TO ISSUE MANAGER	LEGAL ADVISER	COLLECTING BANKS
BankDhofar	Ubhar Capital	AMJ Al Busaidy, Mansoor Jamal & Co. Barristers & Legal Consultants	BankDhofar, Oman Arab Bank, bank muscat, National Bank of Oman

National Life & General Insurance Company SAOG

(Under Transformation)

His Majesty Sultan Qaboos Bin Said

الوطنية للتأمين على الحياة والعام
NATIONAL LIFE & GENERAL INSURANCE
Ominvest Group
مجموعة اومينفست

National Life & General Insurance Company SAOG
(Under Transformation)

(PO Box 798, Wadi Kabir, Postal Code 117, Sultanate of Oman.)
Tel: +968 24730810, Fax: +968 24727453
Web: www.nlicgulf.com

PROSPECTUS

Initial Public Offerings of 66,250,000 Shares

Offer Price: Baizas 320 per Offer Share
(Comprising a nominal value of Baizas 100 per Share, premium of Baizas 218 per Share and Offer expenses of Baizas 2 per Share)

SUBCRIPTION PERIOD

Subscription Opens: 22 October 2017; Subscription Closes: 20 November 2017

ISSUE MANAGER

Bank Dhofar SAOG

PO Box 1507, Postal Code 112, Ruwi, Sultanate of Oman
Tel: +968 24799733 Fax: +968 24791131
www.bankdhofar.com

MARKETING AND FINANCIAL ADVISER TO ISSUE MANAGER

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PO Box 1137, Postal Code 111, C.P.O., Sultanate of Oman
Tel: +968 24949001 Fax: +968 24949099
www.u-capital.net

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AL BUSAIDY, MANSOOR JAMAL & CO.
BARRISTERS & LEGAL CONSULTANTS

Al Busaidy Mansoor Jamal & Co

PO Box 686, Postal Code 112, Sultanate of Oman
Tel: +968 24829200; Fax: +968 24812256
www.amjoman.com

COLLECTING BANKS

Bank Dhofar SAOG

Oman Arab Bank SAOC

bank muscat SAOG

National Bank of Oman SAOG

This Prospectus has been prepared in accordance with the requirements prescribed by the CMA. This is an unofficial English translation of the Prospectus prepared in Arabic and approved by the CMA in accordance with Administrative Decision no. KH/67/2017 dated 12/10/2017. The CMA assumes no responsibility for the accuracy and adequacy of the statements and information contained in this Prospectus nor will it have any liability for any damage or loss resulting from the reliance upon or use of any part of the same by any person.

This Prospectus does not constitute an offer to sell or an invitation by or on behalf of the Company to subscribe to any of the Shares in any jurisdiction outside of Oman where such distribution is, or may be, unlawful.

IMPORTANT NOTICE TO INVESTORS

All prospective investors are advised to read this notice

The objective of this Prospectus is to present material information that may assist prospective investors to make an appropriate and informed decision as to whether or not to invest in the Offer Shares.

This Prospectus includes all material information and data and does not contain any misleading information or omit any material information that would have a positive or negative impact on the decision of whether or not to invest in the Offer Shares.

The Directors of the Company are jointly and severally responsible for the integrity and adequacy of the information contained in, and confirm that to their knowledge appropriate due diligence has been conducted in the preparation of, this Prospectus and further confirm that no material information has been omitted, the omission of which would render this Prospectus misleading.

All prospective investors should examine and carefully review this Prospectus in order to decide whether it would be appropriate to invest in the Offer Shares by taking into consideration all the information contained in this Prospectus in its proper context. Prospective investors should not consider this Prospectus as a recommendation by the Company, the Directors, the Issue Manager, Marketing and Financial Adviser to Issue Manager or the Legal Adviser to buy the Shares. Every prospective investor shall bear the responsibility of obtaining independent professional advice on the investment in the Offer Shares and shall conduct independent evaluation of the information and assumptions contained herein using appropriate analysis or projections.

No person has been authorized to make any statements or provide information in relation to the Company or the Offer Shares other than the persons whose names are indicated in this Prospectus to do so. Where any person makes any statement or provides information it should not be taken as authorized by the Company, the Issue Manager, Marketing and Financial Adviser to Issue Manager or the Legal Adviser.

FORWARD LOOKING STATEMENT

This Prospectus contains statements that constitute statements relating to intentions, future acts and events. Such statements are generally classified as forward-looking statements and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events and circumstances to materially differ from the way implicitly portrayed within this Prospectus. The use of any of the words “aim”, “anticipate”, “continue”, “estimate”, “objective”, “plan”, “schedule”, “intend”, “expect”, “may”, “will”, “project”, “propose”, “should”, “believe” “will continue”, “will pursue” and similar expressions are intended to identify forward-looking statements. These forward-looking statements are not historical facts but reflect current expectations regarding future results or events and are based on various estimates, factors and assumptions. The Company believes the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct. Moreover, forward-looking statements involve inherent risks and uncertainties and speak only as at the date they are made and should not be relied upon as representing the Company’s estimates as of any subsequent date.

The Company cautions prospective investors that a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements. These factors include, but are not limited to, the following:

- Level of demand for the Company’s products and services;
- The competitive environment and the potential increase in number of competitors;
- Regulatory, legal and fiscal developments;
- Fluctuations in foreign exchange rates, equity prices or other rates or prices;
- The inability to estimate future performance;
- The performance of the Omani economy;
- Inability to successfully implement its strategy, growth and expansion plans; and
- Other factors described under the chapter “Risk Factors and Mitigants” in this Prospectus.

The Company cannot provide any assurance that forward-looking statements will materialize. The Company, the Issue Manager, Marketing and Financial Adviser to Issue Manager and the Legal Adviser and any of their respective affiliates disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise unless required by Applicable Law.

For a description of material factors that could cause the Company’s actual results to differ materially from the forward-looking statements in this Prospectus, see the chapter titled “Risk Factors and Mitigants” of this Prospectus. The risk factors described in this Prospectus are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in the forward-looking statements.

After listing on the MSM, the Company will adhere to the disclosure rules and regulations of the CMA, which includes making timely disclosure in relation to the Company’s financial results. The Company advises prospective investors and the Shareholders to track any information or announcements made by it after listing through the MSM website at www.msm.gov.om.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Data: This Prospectus includes certain projections. The projections are based on the expectations of external conditions and events relating to the Company, the competitive environment in Oman and the industry in which the Company operates. These projections are forward-looking statements that involve inherent risks and uncertainties. The prospective investors are cautioned that a number of important factors could cause actual results or outcomes relating to the Company to differ materially from those expected in these projections.

In addition, the Issue Manager, Marketing and Financial Adviser to Issue Manager has not independently verified any of the projections and financial/ other data prepared by the Directors. Please see the chapter "Risk Factors and Mitigants".

The Company's Financial Year commences on January 1 and ends on December 31 of each year.

In this Prospectus, any discrepancy between the total and the sum of the relevant amounts listed is due to rounding.

Currency of Presentation: All references to "RO" are to Omani Rial, the official currency of Oman. The Omani Rial is pegged to the U.S. Dollar and the pegged exchange rate is RO 1 = US Dollar 2.6008. RO 1 is composed of 1,000 Baizas.

Summary or Extracts of Documents: Any summaries of documents or extracts of documents contained in the Prospectus should not be relied upon as being comprehensive statements in respect of such documents.

Industry and Market Data: Industry and market data in this Prospectus has been obtained from third parties or from public sources such as websites and publications. Neither the Directors of the Company, the Issue Manager, Marketing and Financial Adviser to Issue Manager nor the Legal Adviser have independently verified any of the data from third party sources referred to in this Prospectus or ascertained the underlying assumptions relied upon by such sources. In addition, the Issue Manager, Marketing and Financial Adviser to Issue Manager or the Legal Adviser have not independently verified any of the industry data or other sources referred to in this document. Therefore, its accuracy and completeness is not guaranteed and its reliability cannot be assured. The extent to which the Industry and Market data used in this Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

ADDITIONAL POINTS TO BE NOTED

Scope of Information: The information contained in this Prospectus is intended to provide a prospective investors with adequate information relating to the investment opportunity and background information on the IPO referred to in this Prospectus. However, this Prospectus does not necessarily contain all the information that a prospective Applicant may consider material. The content of this Prospectus is not to be construed as legal, business or tax advice. Each prospective Applicant should consult his own lawyer, financial adviser or tax adviser for legal, financial or tax advice in relation to any subscription, purchase or proposed subscription or purchase of the Shares.

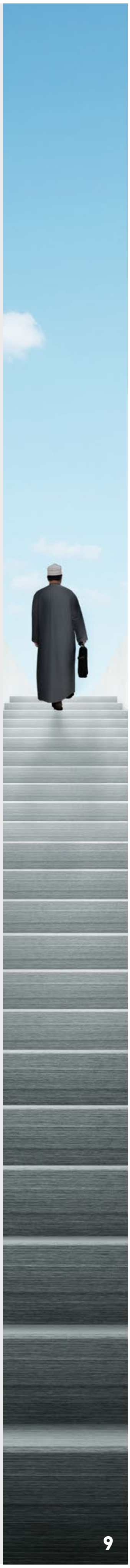
Investor Due Diligence: Prior to making any decision as to whether to subscribe for the Shares, prospective investors should read this Prospectus in its entirety. In making an investment decision, prospective investors must rely upon their own examination of the terms of this Prospectus and the risks involved in making an investment.

Equity Risk: All equity investments carry market risks to varying degrees. The value of any security can fall as well as rise depending on the market conditions. The prospective investors should read the chapter related to "Risk Factors and Mitigants" of this Prospectus.

Restrictions on Distribution of this Prospectus: The distribution of this Prospectus and the Offer Shares may, in certain jurisdictions, be restricted by law or may be subject to prior regulatory approvals. This Prospectus does not constitute an offer to sell or an invitation by or on behalf of the Company to subscribe to any of the Offer Shares in any jurisdiction outside of Oman where such offer or invitation would be unlawful. This Prospectus may not be distributed in any jurisdiction where such distribution is, or may be, unlawful. The Company, the Issue Manager, Marketing and Financial Adviser to Issue Manager, the Legal Adviser and the Collecting Banks require persons into whose possession this Prospectus comes to inform themselves of and observe, all such restrictions. None of the Company, the Issue Manager, Marketing and Financial Adviser to Issue Manager, the Legal Adviser or the Collecting Banks accept any legal responsibility for any violation of any such restrictions on the sale, offer to sell or solicitation to subscribe for Offer Shares by any person, whether or not a prospective Applicant, in any jurisdiction outside Oman where such sale, offer to sell or solicitation to subscribe would be unlawful.

Restrictions on use of Information Contained in this Prospectus: The information contained in this Prospectus may not be published, duplicated, copied or disclosed in whole or in part or otherwise used for any purpose other than in connection with the Offer, without the prior written approval of the Company and the Issue Manager, Marketing and Financial Adviser to Issue Manager.

Disclaimer of Implied Warranties: Except as required under Applicable Law no representation or warranty, express or implied, is given by the Company, the Issue Manager, Marketing and Financial Adviser to Issue Manager, the Legal Adviser or the Collecting Banks, or any of their respective directors, managers, accountants, lawyers, employees or any other person as to the completeness of the contents of this Prospectus; or of the projections included within; or of any other document or information supplied at any time in connection with the Offer; or that any such document has remained unchanged after the issue thereof.



SELLING RESTRICTIONS OUTSIDE OMAN

Kingdom of Bahrain

In relation to investors in the Kingdom of Bahrain, the securities, which are the subject of this Prospectus and related offering documents may only be offered in registered form to existing account holders and accredited investors as defined by the Central Bank of Bahrain in the Kingdom of Bahrain ("Central Bank of Bahrain") where such investors make a minimum investment of at least US$100,000, or any equivalent amount in other currency or such other amount as the Central Bank of Bahrain may determine.

This offer does not constitute an offer of securities in the Kingdom of Bahrain in terms of Article 81 of the Central Bank and Financial Institutions Law 2006 (Decree Law No. 64 of 2006). This Prospectus and related offering documents have not been and will not be registered as a prospectus with the Central Bank of Bahrain. Accordingly, no securities may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Prospectus or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase securities, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors for an offer outside Bahrain.

The Central Bank of Bahrain has not reviewed, approved or registered this Prospectus or related offering documents and it has not in any way considered the merits of the securities to be offered for investment, whether in or outside the Kingdom of Bahrain. Therefore, the Central Bank of Bahrain assumes no responsibility for the accuracy and completeness of the statements and information contained in this document and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this document.

State of Kuwait

This Prospectus has not been reviewed by the Capital Markets Authority of Kuwait and is not issued by a person licenced by the Capital Markets Authority of Kuwait. Accordingly, this Prospectus may neither be circulated within the State of Kuwait nor may any of the Offer Shares be offered for subscription be sold, directly or indirectly, in the State of Kuwait. Moreover, no invitation or offer to subscribe for any of the Offer Shares may be made to persons, including for the avoidance of doubt, any legal entities, in the State of Kuwait. In the event that this Prospectus is forwarded to any person in the State of Kuwait, it should be disregarded and no steps should be taken in reliance upon it. No person in the State of Kuwait may accept or subscribe for, or purport to accept or subscribe for, the Offer Shares.

State of Qatar

The Offer Shares have not been and will not be offered, sold or delivered, at any time, directly or indirectly in the State of Qatar in a manner that would constitute a public offering. No application has been or will be made for the Offer Shares to be listed or traded on the Qatar Exchange or the QE Venture Market. This Prospectus has not been, and will not be, reviewed or approved by or registered or filed with the Qatar Financial Markets Authority or Qatar Central Bank and may not be publicly distributed. This Prospectus is intended for the original recipient only and must not be provided to any other person. This Prospectus is not for general circulation in the State of Qatar and may not be reproduced or used for any other purpose.

Kingdom of Saudi Arabia

This Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations as issued by the Board of the Capital Market Authority of the Kingdom of Saudi Arabia ("KSA CMA") resolution number 2-11-2004 dated October 4, 2004 as amended by resolution number 1-28-2008 dated August 18, 2008 (the "KSA Regulations"). This Prospectus is directed to "sophisticated investors", as defined under Article 10 of the KSA Regulations ("Sophisticated Investors"), for information purposes only. This Prospectus is not intended for distribution to, or use by anyone who is not a Sophisticated Investor. Any person who is not a Sophisticated Investor should not act on this Prospectus or any of its contents. This Prospectus also is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution would be contrary to law or regulation.

The KSA CMA does not make any representation as to the accuracy or completeness of this Prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus. Prospective purchasers of the Offer Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this Prospectus, you should consult an authorised financial adviser.

United Arab Emirates (excluding the Dubai International Financial Centre)

This Prospectus is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. By receiving this Prospectus, the person or entity to whom it has been issued understands, acknowledges and agrees that neither the Offer Shares nor this Prospectus have been approved by the United Arab Emirates ("UAE") Central Bank, the UAE Ministry of Economy and Planning, the UAE Securities and Commodities Authority or any other authorities in the UAE. The Financial Adviser & Issue Manager has not received authorisation or licensing from the UAE Central Bank, the UAE Ministry of Economy and Planning, the UAE Securities and Commodities Authority or any other authorities in the UAE to market or sell the Offer Shares within the UAE. No marketing or offer of the Offer Shares has been or will be made from within the UAE and no subscription to the Shares may or will be consummated within the UAE. It should not be assumed that the Financial Adviser & Issue Manager is a licenced broker, dealer or investment adviser under the laws applicable in the UAE, or that it advises individuals resident in the UAE as to the appropriateness of investing in or purchasing or selling securities or other financial products. The Offer Shares may not be offered or sold directly or indirectly to the public in the UAE. This Prospectus does not constitute a public offer of securities in the UAE in accordance with the UAE Commercial Companies Law, Federal Law No. 8 of 1984 (as amended) or otherwise. Nothing contained in this Prospectus is intended to constitute investment, legal, tax, accounting or other professional advice. This Prospectus is for your information only and nothing in this Prospectus is intended to endorse or recommend a particular course of action. You should consult with an appropriate professional for specific advice rendered on the basis of your situation

Dubai International Financial Centre

This Prospectus is not intended to, and does not, constitute a financial promotion, an offer, sale or delivery of shares or other securities under the Dubai International Financial Centre (the "DIFC") Markets Law (DIFC Law 12 of 2004, as amended), Regulatory Law (DIFC Law 1 of 2004, as amended), under the Offered Securities Rules of the Dubai Financial Services Authority (the "DFSA") or otherwise. The Offer Shares are not intended for, are not being offered, distributed, sold or publicly promoted or advertised, directly or indirectly, to, or for the account or benefit of, any person in the DIFC. This Prospectus is not intended for distribution to any person in the DIFC and any such person that receives a copy of this Prospectus should not act or rely on this Prospectus and should ignore the same. The DFSA has not approved the offer of Offer Shares or this Prospectus nor taken steps to verify the information set out in it, and has no responsibility for it.

United States

The Offer Shares have not been, and will not be, registered under the US Securities Act of 1933, (as amended) (the "US Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, US persons (as such term is defined in Rule 902 under the US Securities Act (a "US Person")) except in certain transactions exempt from the registration requirements of the US Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the US Securities Act.

The Financial Adviser & Issue Manager has agreed that it will not offer or sell the Offer Shares(i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the Offer and the closing date of the Offer, within the United States or to, or for the account or benefit of, US Persons, and it will have sent to each dealer to which it sells Shares during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Shares within the United States or to, or for the account or benefit of, US Persons. Terms used in this paragraph have the meanings given to them by Regulation S. The Offer Shares are being offered and sold outside of the United States to non US Persons in reliance on Regulation S.

United Kingdom

Investment in NLGIC is a controlled investment for the purposes of the financial promotion or restriction under section 21 of the Financial Services and Markets Act 2000 ("FSMA"). This Prospectus has not been approved under FSMA by an authorised person. This communication is exempt from the general restriction under section 21 of FSMA on the communication of invitations or inducements to engage in investment activity on the grounds that it is made only to, or directed only at, the following persons ("Relevant Persons"):(a) "investment professionals" within the meaning of Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 ("FPO"); or (b) "high net worth companies, unincorporated associations etc." within the meaning of Article 49 of the FPO, or any other person to whom this Prospectus may lawfully be communicated.

Persons who are not Relevant Persons must not act, or rely, on this communication. NLGIC or the Financial Adviser & Issue Manager will deal in the investments described in this Prospectus only with Relevant Persons. An "investment professional" for the purposes of Article 19 of the FPO is a person who has professional experience in matters relating to "investments". A "high net worth company", or "unincorporated association etc." for the purposes of Article 49 of the FPO is (i) a body corporate which has, or is a member of the same group as an undertaking which has, a called-up share capital or net assets of at least £5million (or where the body corporate has more than 20 members or is a subsidiary undertaking of a parent undertaking which has more than 20 members, at least £500,000); (ii) an unincorporated association or partnership which has net assets of not less than £5 million; (iii) the trustee of a high value trust which has, or has had in the 12 months before the date of this communication, an aggregate value of at least £10million; or (iv) any person ("A") whilst acting in the capacity of director, officer or employee of a person ("B") falling within any of the above where A's responsibilities when acting in that capacity, involve him in B's engaging in investment activity.

European Economic Area

In relation to each Member State of the European Economic Area that has implemented Directive 2003/71/EC (as amended) (the "Prospectus Directive") (each, a "Relevant Member State"), an offer to the public of Offer Shares may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of Offer Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State: (i) to any legal entity which is a qualified investor as defined in the Prospectus Directive; (ii) to fewer than 150 natural or legal persons (other than "qualified investors" as defined in the Prospectus Directive); subject to obtaining the prior consent of the Financial Adviser & Issue Manager; or (iii) in any other circumstances which do not require the publication by NLGIC of a prospectus within the meaning of the Prospectus Directive, provided that no such offer of Offer Shares shall result in a requirement for the publication by NLGIC Insurance or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State. For the purposes of this provision, the expression "an offer to the public" in relation to Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offer and any Offer Shares to be offered so as to enable an investor to decide to acquire any Offer Shares, as the same may be varied in that member state by any measure implementing the Prospectus Directive in that member state.

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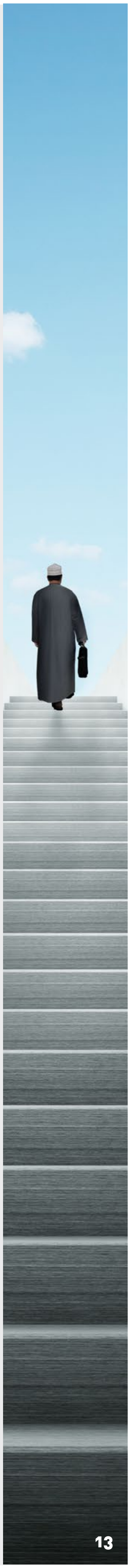


1. ABBREVIATIONS AND DEFINITIONS

AGM	Annual general meeting of the Shareholders convened and held pursuant to Article 120 of the CCL
Applicable Law	laws and regulations in Oman in force on the date of this Prospectus
Applicant	An eligible person who applies for the Offer Shares pursuant to the terms of this Prospectus
Application	The Application Form duly filled and submitted to the Collecting Bank(s) together with the Application Money as specified in the Chapter "Subscription Conditions and Procedures" of this Prospectus
Application Form	The printed application form to be used to apply for the Offer Shares pursuant to the terms of this Prospectus. These forms will be available at the branches of the Collecting Banks
Application Money	The Application Money is equal to the amount in Omani Rials, equal to the number of Shares applied multiplied by the Offer Price per Share. This amount has to be paid by an Applicant at the time of submission of his/her duly completed Application Form as specified in the Chapter "Subscription Conditions and Procedures" of this Prospectus.
Articles	The Company's Articles of Association (as amended from time to time) as approved by the CMA and registered with the MOCI
ATMs	Automated Teller Machines
Baiza(s)	One thousandth of an Omani Rial (Baizas 1,000 = RO 1)
Bank Muscat	bank muscat SAOG
Board/ Board of Directors	The board of directors of the Company elected and holding office in accordance with the Articles, the CCL, the Code and the Rules and Conditions for Election of Directors of Public and closed Joint Stock Companies and their Responsibilities (Ministerial Decision 137/2002, as amended)
CAGR	Compounded Annual Growth Rate
Capital Market Law	The Capital Market Law of Oman promulgated by Royal Decree Number 80/98 (as amended)
Category I Investors	Omani and non-Omani Applicants that apply for a minimum of 1,000 Offer Shares and in multiples of 100 Shares thereafter up to a maximum of 250,000 Offer Shares
Category II Investors	Omani and non-Omani Applicants that apply for a minimum of 250,100 Offer Shares and in multiples of 100 Shares thereafter up to a maximum of 6,625,000 Offer Shares equivalent to 10 per cent of the Offer
CBO	Central Bank of Oman
CCL	The Commercial Companies Law of Oman promulgated by Royal Decree Number 4/74 (as amended)
CDMs	Cash Deposit Machines
CEO	The Chief Executive Officer of the Company
Chairman	The Chairman of the Board
CMA	The Capital Market Authority of Oman

Code	The CMA code of corporate governance for SAOGs issued in July 2015 and updated in December 2016
Collecting Bank(s)	The banks appointed to receive the Applications during the Subscription Period
Company or “NLGIC”	National Life & General Insurance Company SAOG (Under Transformation)
CPI	Consumer Price Index
DDM	Discounted Dividend Model methodology for valuation
Directors	The directors of the Company
EGM	Extraordinary General Meeting of the Shareholders
EPS	Earnings per share
Executive Regulations	Executive Regulations of the Capital Market Law issued vide Administrative Decision No.1/2009 of the CMA (as amended)
Financial Year	The period of twelve months starting on January 1 and ending on December 31 of that particular year
GCC	The Gulf Cooperation Council which is composed of Oman, United Arab Emirates, Saudi Arabia, Qatar, Bahrain and Kuwait
GDP	Gross domestic product
Government	The Government of Oman
GWP or Gross Written Premium	Amount of premium or contribution an insurance company charges to its customers before making any deduction for reinsurance
IBNR	Incurred but not reported
IFRS	International Financial Reporting Standards
Independent Director	A Director who qualifies as an independent director in accordance with the criteria laid down in the Code
Insurance Law	The Insurance Companies Law, promulgated by Royal Decree 12/79 as amended and decisions and regulations made pursuant thereto
Insurance Regulations	The Regulations for implementing the Insurance Law issued by Ministerial Decision No. 5/80 (as amended)
IMF	International Monetary Fund
IPO	The initial public offering of the Offer Shares
IRR	Internal Rate of Return
Issued and Paid up Share Capital	the issued and paid-up share capital of the Company from time to time
Issue Manager	Bank Dhofar SAOG
Legal Adviser	Al Busaidy, Mansoor Jamal & Co.
Loss Ratio	Net claim costs as a percentage of Net Earned Premium
Management	The senior management of the Company as specified in Chapter 19 - Corporate Governance, in this Prospectus

Marketing and Financial Adviser to Issue Manager	Ubhar Capital SAOC
MCD	Muscat Clearing and Depository Company SAOC
MENA	Middle East and North Africa
MOCI	The Ministry of Commerce and Industry of Oman
MSM	Muscat Securities Market
NCSI	National Centre for Statistics and Information, Oman
Net Premium Earned	Net written premium adjusted by the change in net unearned premium for a year. Net unearned premium is the net premium corresponding to the time period remaining on an insurance policy
NWP or Net Written Premium	Amount of premium or contribution that is booked by an insurance company less premiums ceded to reinsurance companies, plus any reinsurance assumed.
OGM	An Ordinary General Meeting of the Shareholders
Offer	The offer for sale of the Offer Shares to the public as described in this Prospectus
Offer Closing Date	The closing date of the Offer, which is described in the Chapter "Subscription Conditions and Procedures" of this Prospectus
Offer Opening Date	The opening date of the Offer, which is described in the Chapter "Subscription Conditions and Procedures" of this Prospectus
Offer Price	The price at which each of the Offer Shares is being offered for subscription through this Prospectus
Offer Proceeds	The proceeds of the Offer that will be available to the Selling Shareholders
Offer Shares	The Shares being offered for subscription in the Offer through this Prospectus
Oman	The Sultanate of Oman
OMINVEST	Oman International Development and Investment Company SAOG
ONIC Holding	the erstwhile Oman National Investment Corporation Holding SAOG
ONIC SAOC	Oman National Investment Corporation SAOC
PB	Price to book value per share
PE	Price earnings ratio
Prospective Investors	Investors proposing to invest in the Offer Shares
Prospectus	This prospectus prepared for the IPO providing details of sale of 25% shares by the Selling Shareholders.
Reinsurance	A contract under which a reinsurer agrees to pay specified types and amounts of underwriting loss incurred by an insurer in return for a premium
Retention Ratio	The ratio of NWP divided by GWP which is the amount of liability for which an insurance company will remain responsible after it has completed its Reinsurance arrangements.

RO	Omani Rial, the lawful currency of Oman
AED	Emirati Dirham, the lawful currency of UAE
SAOC	Omani Closed Joint Stock Company
SAOG	Omani Public Joint Stock Company
Selling Shareholders	The shareholders who are offering their shares as per details provided in Chapter 6 - Shareholding Details of this Prospectus
Shares/ Ordinary Shares	The equity shares of the Company of nominal value Baizas 100 each
Shareholders	The shareholders of the Company as registered with the MCD.
SME	Small and Medium Enterprises
Subscription Period	The period between the Offer Opening Date and the Offer Closing Date inclusive of both days during which an Applicant can submit an Application Form
Takaful	An agreement between a group of participants to support one another jointly for losses arising from specified risks in accordance with the rules and principles of Islamic Shari'a
UAE	United Arab Emirates
UAE IA	UAE Insurance Authority
Underwriting Results	Amount of profit or loss from insurance activities, exclusive of net investment income, capital gains or losses.
USA	United States of America

2. OFFER SUMMARY

<table>
<tr><td>Name of the company</td><td>National Life & General Insurance Company SAOG
(under transformation)</td></tr>
<tr><td>Commercial registration no.</td><td>1487876</td></tr>
<tr><td>Date of registration</td><td>14 June 1995</td></tr>
<tr><td>Address</td><td>PO Box: 798, Postal Code: 117, Wadi Kabir, Sultanate of Oman, Tel; +968 24730999, Fax: +968 24727453</td></tr>
<tr><td>Duration</td><td>Unlimited</td></tr>
<tr><td>Authorized share capital of the Company</td><td>RO 50,000,000 divided into 500,000,000 Shares with a nominal value of Baizas 100 per Share

At an EGM held on 16 July 2017, the Shareholders approved changing the nominal value of the Shares from RO 1 to Baizas 100 per Share.</td></tr>
<tr><td>Issued and Paid-up Share capital of the Company</td><td>RO 26,500,000 divided into 265,000,000 Shares with a nominal value of Baizas 100 per Share</td></tr>
<tr><td>Number of Shares offered for subscription</td><td>66,250,000 Shares of nominal value Baizas 100 each, representing 25% of the Issued and Paid Up Share Capital of the Company.</td></tr>
<tr><td>Name of Selling Shareholders and number of Shares being sold</td><td>
<table>
<tr><th>S.No</th><th>Name</th><th>Number of Shares (nominal value Baizas 100 per Share)</th><th>% of the Offer Shares</th></tr>
<tr><td>1</td><td>OMINVEST</td><td>64,879,119</td><td>97.9307</td></tr>
<tr><td>2</td><td>Bank Muscat</td><td>1,369,141</td><td>2.0666</td></tr>
<tr><td>3</td><td>ONIC SAOC</td><td>1,740</td><td>0.0026</td></tr>
<tr><td></td><td>Total</td><td>66,250,000</td><td>100%</td></tr>
</table>
</td></tr>
<tr><td>Offer Price</td><td>Baizas 320 per Share; comprising a nominal value of Baizas 100 per Share, share premium of Baizas 218 per Share and offer expenses of Baizas 2 per Share.</td></tr>
<tr><td>Purpose of Offer (Use of Offer Proceeds)</td><td>The Company is undertaking the IPO in order to comply with the requirements of Royal Decree 39/2014 which amended the Insurance Law, requiring existing licenced insurance companies to be established as SAOGs by 17th August 2017.

The proceeds of the Offer (net of Offer expenses) will accrue entirely to the Selling Shareholders.</td></tr>
<tr><td>Persons eligible to subscribe for the Offer</td><td>The Offer will be open to Omani and non-Omani individuals and juristic persons, who have their accounts with the MCD, as on the date of / or during the Subscription Period.</td></tr>
<tr><td>Subscription Opening Date</td><td>22 October 2017</td></tr>
<tr><td>Subscription Closing Date</td><td>20 November 2017</td></tr>
<tr><td>Expected listing date on MSM</td><td>06 December 2017</td></tr>
<tr><td>Prohibitions on subscription</td><td>The following prohibitions apply to the Offer:
1 Sole proprietorship establishments cannot apply for the Offer Shares. However, the owners of sole proprietorship establishments may submit Applications in their personal names.
2 Multiple Applications are not permitted. An Applicant may not submit more than one Application.
3 Joint Applications are not permitted (i.e. Applications made in the name of more than one person, including Applications made on behalf of legal heirs). These Applications should only be made in their personal names.
4 Trust accounts cannot apply for the Offer Shares. Brokers shall advise their clients to subscribe in their personal names.
All Applications falling in any of above categories will be rejected without notifying the Applicant.</td></tr>
</table>

Minimum limit for the subscription under one (1) Application	**For Category I Investors:** 1,000 Shares and in multiples of 100 Shares thereafter. **For Category II Investors:** 250,100 Shares and in multiples of 100 Shares thereafter.
Maximum limit for the subscription under one (1) Application	**For Category I Investors:** 250,000 shares **For Category II Investors:** 6,625,000 Shares which is 10% of the total Offer shares.
Proposed allotment	In case of over-subscription of the Offer, the eligible Applications shall be segregated into two categories and the Offer Shares will be allotted among the eligible Applicants, as follows: **Category I:** 43,062,500 Shares, being 65% of the Offer Shares, will be allocated on a pro-rata basis to investors applying for 250,000 Shares or less. **Category II:** 23,187,500 Shares, being 35% of the Offer Shares, will be allocated on a pro-rata basis to investors applying for 250,100 Shares or more. The CMA, in co-ordination with the Issue Manager, will finalise the actual basis of allocation. The CMA may decide to allocate a minimum number of Offer Shares equally to all Applicants, taking into consideration small subscribers, and the remaining Offer Shares shall be distributed on a pro-rata basis. Any unsubscribed Offer Shares shall be retained by the Selling Shareholders and the Company will list on the parallel market of the MSM based on the actual subscription of the IPO. The Company will in consultation with the CMA agree on a suitable course of action regarding the unsubscribed shares. Any under-subscription in any category shall be carried over to the other category as described in more detail in the Chapter 21 "Subscription Conditions and Procedures" of this Prospectus. Total foreign ownership of the Company following the IPO cannot exceed 70% of the paid up share capital of the Company. It should be noted that pursuant to Ministerial Decision 205/2007 issued by the former Ministry of National Economy, all GCC individuals and juristic persons are treated as Omani nationals and juristic persons in respect of ownership of shares of companies in Oman.
Issue Manager	**Bank Dhofar SAOG** Investment Banking Division PO Box 1507, Postal Code 112, Ruwi Sultanate of Oman Tel: +968 24799733 Fax: +968 24791131 Email: PrakashS@bankdhofar.com www.bankdhofar.com
Marketing and Financial Adviser to Issue Manager	**Ubhar Capital SAOC** PO Box 1137, Postal Code 111, C.P.O., Sultanate of Oman. Tel: +968 2494 9006, Fax: +968 2494 9099 Email: ubhar-corporatefinance@u-capital.net Website: www.u-capital.net
Legal Adviser	**Al Busaidy Mansoor Jamal & Co.** Barristers & Legal Consultants P.O. Box 686, Postal Code 112 Sultanate of Oman Tel: +968 2481 4466; Fax: +968 2481 2256 Email: mj-co@omantel.net.om Web: amjoman.com
Collecting Banks	**Oman Arab Bank S.A.O.C.** P.O. Box 2010, Postal Code 112 Ruwi, Sultanate of Oman Tel: +968 2475 4663; Fax: +968 2412 5125 URL: www.oman-arabbank.com

	Bank Dhofar S.A.O.G. P.O. Box 1507, Postal Code 112 Ruwi, Sultanate of Oman Tel: +968 2472 6368; Fax: +968 2472 6262 URL: www.bankdhofar.com **National Bank of Oman S.A.O.G.** P.O. Box 751, Postal Code 112 Ruwi, Sultanate of Oman Tel: +968 2477 8757/8610; Fax: +968 2477 8993 URL: www.nbo.co.om **bank muscat S.A.O.G.** P.O. Box 134, Postal Code 112 Ruwi, Sultanate of Oman Tel: +968 2476 8064; Fax: +968 2478 7764 URL: www.bankmuscat.com
Media Consultant	**United Media Services LLC** P.O. Box 3305, Postal Code 112 Ruwi, Sultanate of Oman Tel: +968 24700896 Ext 334; Fax: +968 24707 939 URL: www.umsoman.com
Statutory Auditors (upto the year ended 2016 and current)	**Ernst & Young LLC** P.O Box 1750, Postal Code 112 Sultanate of Oman Ph: +968 2455 9559; Fax: +968 2456 6043 Web: www.muscat@om.ey.com
Reporting Accountants	**PricewaterhouseCoopers LLC** PO Box 3075, Postal Code 112 Sultanate of Oman Ph.: +968 2455 9110; Fax: +968 2456 4408 Web: www.pwc.com/me
Registration and Transfer Agent	**Muscat Clearing and Depository Co. SAOC** PO Box 952, Postal Code 112, Ruwi, Sultanate of Oman Tel: +968 2482 2222, Fax: +968 2481 7491 Website : www.mcd.gov.om

3. ESTIMATED OFFER EXPENSES

The following are the details of estimated Offer expenses:

Estimated Expenses	**Amount (RO)**
Issue Manager fees	150,000
Legal Advisor fees	12,750
Reporting Accountant fees	20,000
Collecting Banks' fees	130,000
CMA fees	25,000
MCD fees	25,000
Printing, marketing & advertising expenses	175,000
Miscellaneous expenses	27,250
Total Offer expenses	**565,000**
Offer expenses to be collected at Baizas 2 per Offer Share	132,500
Difference between amount to be collected towards expenses and estimated Offer expenses	432,500

The above are indicative estimates only and may differ from the actual total Offer expenses. If all Offer Shares are subscribed for, the estimated expenses are expected to be about 2.7% of the total Offer value.

The total Offer expenses will be partially met out of the amount collected towards Offer expenses. Any Offer expense in excess of the amount collected shall be borne by the Selling Shareholders. If the actual Offer expenses are less than the amount collected from the successful Applicants, the surplus will be retained by the Company and credited to its reserves.

4. PURPOSE OF THE OFFER AND USE OF OFFER PROCEEDS

4.1. Purpose of the Offer

The purpose of the IPO is to convert the Company from an SAOC to an SAOG and list the Shares on the Parallel Market of the MSM. The conversion and the Offer have been approved by the Shareholders at an EGM held on 16 July 2017. The Offer will enable the Company to comply with the requirements of Royal Decree 39/2014 which amended the Insurance Law, requiring existing licenced insurance companies to be established as SAOGs within three years from the date of the publication of the said Royal Decree in the official gazette.

4.2. Use of Offer Proceeds

The Offer Proceeds (including the premium and excluding amount collected towards Offer expenses) will be remitted in full to the Selling Shareholders on listing of the Offer Shares in MSM. Therefore, the Company will not receive any amount other than the amount collected towards Offer expense. If the actual Offer expenses are less than the amount collected from the successful Applicants, the surplus will be retained by the Company and credited to its reserves.

5. OBJECTS AND APPROVALS

5.1 The Company's Objects

As per the Articles of Association, the Company is established to engage in all types of insurance including life insurance, general insurance and business more particularly as mentioned hereunder:

1. Life and Health Insurance:
This shall include the Insurance coverage against death, delivery, illness or disability of any person(s), attainment of specific age by person(s) or incurrence of medical expenses by person(s) or any other matter which affects the health of any person(s), expiration of specified/specifiable period of time or occurrence of any emergent circumstances/event which shall or may be considered to have any effect on the interest of any person(s) and any other life and health insurance products.

2. Fire Insurance:
This shall include the Insurance coverage against the damages arising from fire, earthquakes, lightning, hurricane, storm, cyclone, residential blasts, fall of aircrafts and other air carriers and all that, by convention and practice, are treated as covered under Fire Insurance.

3. Accident Insurance:
This shall include the insurance coverage against the damages arising from personal accidents, work accidents, theft, breach of trust, embezzlement, robbery, plunder and likewise in respect of the illnesses, deficiencies, impotence, custody of the deceased, vehicles, passengers, civil liability and all that, by convention and practice, are treated as covered under insurance against accidents.

4. Marine and Air Insurance:
This shall include the insurance coverage against the losses sustained by marine and air ships, aircrafts including their loads, goods, baggage, passengers irrespective of whether transported by road, sea, air or by all means, including risks to the commercial warehouses or any other contingent and all that are covered, as per convention and practice under Marine and Air Insurance.

5. Other types of General Insurance
This shall include any other type of general insurance not specifically covered above including but not limited to losses sustained in relation to agricultural activities, loan defaults, travel etc.

Likewise, the objects for which the Company is established shall be to engage in all business, including claims administration, which are related, relevant, supplementary, complimentary to any insurance business engaged in and practiced by similar insurance companies.

The Company for the purpose of accomplishing its objects shall have the rights:

i. to own and take on lease the lands required for putting up of various properties relevant to its objects and deal with the same in various manners as allowed under the prevailing laws. .
ii. to acquire any share of any other company of which objects are similar to those of it and to conduct any business directly or indirectly beneficial to it inside Oman or abroad.
iii. to employ, orient and train the cadres capable of managing its activities and projects.
iv. to enter into contracts with the local and foreign bodies to achieve the objects of the Company.
v. to enter into arrangements with individuals and companies inside Oman and abroad for management of all or some of its activities and projects or for assistance in the management.
vi. to invest its investable money and to deal with such moneys in accordance with the method to be determined from time to time.
vii. to borrow funds without or with a security or issuance of bonds or creation of mortgage or any other security over the business or all or any of its assets
viii. to associate in any manner with organisations, enterprises or companies engaged in similar business which may assist it in achieving the objects of the Company inside Oman and abroad and likewise to acquire such organisations, enterprises and companies or have them merged with it,

The Company, in general, may perform all acts and enter into contracts and dealings which it may deem appropriate to execute, facilitate or achieve its objects as per the conditions it considers suitable.

5.2 Permits and Licences

The Company was incorporated in Oman as an SAOC under the name "National Life Insurance Company SAOC" on the Commercial Register of MOCI on 14 June, 1995. Subsequently, on 14 January 2007, the name of the Company was changed to National Life & General Insurance Company SAOC. Further, at an EGM held on 16 July 2017, the Shareholders resolved to approve the conversion of the Company into an SAOG and to amend the Articles accordingly.

The Company currently holds the following material registrations, permits and licences for operation of its business in Oman and the UAE:

5.2.1 Oman

Ministry of Commerce and Industry: Commercial Registration

Commercial Registration Number	: 1487876
Registered Headquarters	: PO Box: 798, Postal Code: 117, Wadi Kabir, Sultanate of Oman Tel; +968 24730999, Fax: +968 24727453
Date of Registration	: 14 June 1995
Expiry Date	: 13 June 2020
Duration	:Unlimited

The Company is registered with the MOCI to undertake Life Insurance and Non-Life Insurance activities.

Capital Market Authority: Insurance Licence

The CMA is the relevant authority which regulates and licences insurance related activities in Oman. The Company is required to obtain and maintain a licence from the CMA to carry on its insurance business. The Company is licenced by CMA to carry out the following Insurance activities:

Activities Licenced	: General Insurance, Life Assurance
Licence No.	: 23/NI
Expiry Date	: 14/11/2021

Oman Chamber of Commerce & Industry: Membership

Registration Number	: 847
Expiry Date	: 09/12/2017
Grade	: Excellent

Municipality Licences

NLGIC holds the following municipality Licences in relation to premises from where it operates in Oman.

S. No.	Licence No.	Issued by	Owner of the Licence	Date of Issue	Date of Expiry	Relevant Branch
1	BM/3181/2015	Muscat Municipality Al Amrat Branch	NLGIC	5 December 2016	4 December 2017	Al Amrat
2	BM/12590/2015	Muscat Municipality Seeb	NLGIC	1 March 2017	28 February 2018	Al Khoudh
3	BM/4793/2015	Muscat Municipality Bausher	NLGIC	10 January 2017	9 January 2018	Al Khuwair
4	14653	Buraimi	NLGIC	26 March 2017	26 April 2018	Buraimi
5	BM/4485/2015	Muscat Municipality Bausher	NLGIC	20 November 2016	19 November 2017	Al Ghubra
6	BM/3643/2003	Muscat Municipality Muttrah	NLGIC	1 April 2017	31 March 2018	*Wadi Al Kabir
7	8818	North Sharqia Municipality IBRA	NLGIC	22 January 2017	31 January 2018	IBRA
8	13062	Al Dhaira Municipality IBRI	NLGIC	21 December 2016	15 December 2017	IBRI
9	BM/30722/2014	Muscat Municipality Seeb	NLGIC	11 December 2016	30 September 2017	Al Maabela
10	419	Al Dakhalia Municipality Nizwa	NLGIC	9 October 2016	3 September 2018	Nizwa
11	BM/8678/2007	Muscat Municipality Muttrah	NLGIC	16 December 2017	31 March 2018	CBD
12	File no.2	Dhofar Municipality Salalah	NLGIC	1 April 2017	31 March 2018	Salalah
13	1634	North Sharqia Municipality SUR	NLGIC	3 August 2016	9 August 2018	Sur
14	BM/31530/2014	Muscat Municipality Seeb	NLGIC	18 December 2016	30 November 2017	Seeb
15	13076	South Al Batanah, Municipality Barka	NLGIC	11 January 2017	10 January 2018	Barka
16	7186	South Al Batanah, Municipality Al Munsani	NLGIC	14 January 2016	24 December 2017	Al Muladha
17	20010319	Sohar Municipality	NLGIC	2 June 2017	1 June 2018	Sohar

** Head office counter*

5.2.2 UAE

UAE Insurance Authority: Insurance Licence

The UAE Insurance Authority is the relevant authority which regulates and licences insurance related activities in UAE. The Company is required to obtain and maintain Licences from the UAE Insurance Authority to carry on its insurance business.

Activities Licenced	: Life assurance and funds accumulation operations
Licence No	: 77
Issue Date	: 13/05/2007
Expiry Date	: 12/05/2018

The Company intends to seek and obtain renewal of the above licences as and when the fall due for renewal.

UAE Insurance Authority: Branch Licences

NLGIC holds the following licences in relation to premises from where it operates its branches in UAE.

S no	Licence No	Issued by	Date of Issue	Date of Expiry	Relevant Branch
1	77	Insurance Authority	13/05/2007	12/05/2018	Dubai
2	77	Insurance Authority	8/05/2014	7/05/2018	Abu Dhabi

Dubai Department of Economic Development: Commercial Licence

Licence Activities	: Life Insurance
Licence Number	: 598178
Issue Date	: 16/07/2007
Expiry Date	: 15/07/2018
Register No	: 1013428

Dubai Chamber of Commerce - Membership Certificate

Membership No	: 121750
Issue Date	: 17/07/2017
Expiry Date	: 15/07/2018

Dubai Health Authority – Emirate of Dubai

eClaimLink ID	: INS044

Emirates Insurance Association: Membership Certificate

Serial No.	: 48
Issue Date	: 01/01/2017
Expiry Date	: 31/12/2018

Abu Dhabi Ministry of Economy

Registration Number	: 4534
Date of Registration	: 09/12/2014
Expiry Date	: 08/12/2017

Abu Dhabi Department of Economic Development - Commercial Licence

Commercial Activities	: General Insurance, Life Insurance
Licence Number	: CN-1892770
Establishment Date	: 09/12/2014
Issue Date	: 20/12/2016
Expiry Date	: 19/12/2017
Unified ID for ADCCI	: 331025

Health Authority – Emirate of Abu Dhabi

Certificate Number	: A042
Issue Date	: 01/03/2017
Expiry Date	: 28/02/2018

5.3 Approval for the Company to offer 25% of its share capital to the public

Article 61 of the CCL provides that companies who offer their shares for public subscription shall offer a minimum of 40% of the company's issued share capital. The CMA advised the Company in a letter dated 2 March 2017 that the CMA has no-objection to the Company offering 25% of its Issued and Paid-Up Share Capital for public subscription instead of 40% as would otherwise be required under Article 61 of the CCL.

5.4 The Articles

A copy of the Articles is available for perusal at the head office of the Company located at Building No. 115, Plot No. 330, Block No. 146, Way No. 4202, Greater Muttrah, Muscat, Oman, during business hours.

5.5 Resolutions Passed by the Board and the Shareholders

The Board of Directors of NLGIC resolved on 10 July 2017 to convene an EGM on 16 July 2017 to consider and approve matters related to the IPO. The Shareholders passed the following resolutions at the EGM held on 16 July 2017:

1. Approved the change in nominal value of the Shares from one Omani Rial per Share to 100 Baizas per Share.
2. Approved the conversion of the Company from an SAOC to an SAOG through the IPO.
3. Approved and adopted the amended Articles of Association of the Company in conformity with the requirements prescribed by the CMA.
4. Approved the offer to the public of 25% or more of the Paid Up and Issued share capital by the Shareholders at a price to be determined by any two (2) members of the Board with the number of shares to be sold by each Shareholder of the Company to be on pro-rata basis of their shareholding in the Company.
5. Authorised any two (2) members of the Board, acting jointly, to carry out the following matters:
   a. To approve the price at which 25% or more of the Company's issued share capital will be offered to the Public in the IPO;
   b. To approve and sign on behalf of the Board this Company the prospectus and other documents relating to the IPO;
   c. To consider and approve payment of expenses incurred in relation to the IPO from the offer expenses component of the offer price (2 baizas per share) and to approve payment by the Company of any expenses in excess of this amount;
   d. To do all other acts, sign all documents and file and register any documents with any relevant authority and obtain consents and approvals on behalf of the Company and the Shareholders which may be deemed appropriate or necessary in connection with the IPO including listing of the Company's shares on the MSM;
6. Approved the appointment of PriceWaterHouseCoopers LLC as the Reporting Accountants for the IPO.
7. Approved the appointment of United Media Services LLC as the Communication Consultants for the IPO.
8. Approved the appointment of Al Busaidy, Mansoor Jamal & Co as the Legal Adviser to the Company for the IPO.
9. Approved the appointment of Bank Dhofar SAOG as Issue Manager and Ubhar Capital SAOC as the Financial Advisor and Co-Issue Manager for the IPO.
10. Approved to delegate the authority to appoint Collecting Banks for the IPO to the Board in conformity with the requirements prescribed by the CMA.
11. Approved ratifying all actions taken or delegated by the Board in relation to the IPO prior to the date of the EGM.

At a subsequent EGM held on 30 August 2017, the Shareholders agreed to amend item (9) of the resolutions passed in the EGM dated 16 July 2017 and resolved to approve the appointment of Bank Dhofar as the sole Issue Manager.

5.6 Continuing Obligations

In accordance with the CCL and the laws and regulations issued by CMA in this regard, all existing obligations of the Company, prior to its transformation to an SAOG shall continue in the transformed company.

6. SHAREHOLDING DETAILS

6.1 Shareholding as at Incorporation

The Company was incorporated with an initial authorised share capital of RO 3,000,000, divided into 3,000,000 ordinary shares with a nominal value of RO 1 each, and an initial issued and paid up capital of RO 3,000,000, divided into 3,000,000 ordinary shares of RO 1 each. The Issued and Paid Up Share Capital of RO 3,000,000 at incorporation was subscribed for in cash by the Shareholders as follows:

S No.	Shareholder's name	Nationality	Number of Shares held of nominal value of RO. 1 each	% of total	Aggregate nominal value (RO)
1	ONIC Holding	Omani	2,850,000	95%	2,850,000
2	Al Ahlia Portfolio Securities	Omani	90,000	3%	90,000
3	Bank Muscat	Omani	60,000	2%	60,000
	Total		**3,000,000**	**100%**	**3,000,000**

6.2 Subsequent changes to shareholding

The table below details the changes in Issued and Paid Up Share Capital from the date of incorporation:

Year	Particulars	Issued and Paid up Capital	
		No. of Shares @ RO 1 nominal value	Nominal Amount (RO)
1995	**Upon Incorporation**	**3,000,000**	**3,000,000**
1997	Increase in Capital – Rights Issue	750,000	750,000
2005	Increase in Capital – Bonus Issue	250,000	250,000
2006	Increase in Capital – Bonus Issue	1,500,000	1,500,000
2010	Increase in Capital – Bonus Issue	1,500,000	1,500,000
2013	Increase in Capital – Bonus Issue	3,500,000	3,500,000
2016	Increase in Capital – Rights Issue	16,000,000	16,000,000
2016	**As on 31st December 2016**	**26,500,000**	**26,500,000**

During the period 1995 -2014, ONIC Holding continued to hold more than 90% shares of the Company at all times. In August 2015, the Shares held by ONIC Holding were registered in the name of OMINVEST as a result of the merger of ONIC Holding with OMINVEST effective August 2015.

In 2016, at an EGM held on 28 July 2016, which approved increase in the authorised share capital to RO 50 million and a subsequent Board Resolution on 28th July 2016 approving the increase in issued capital, NLGIC issued further 5,000,000 ordinary shares of RO. 1 each by way of a rights issue and the new shares were subscribed by the shareholders of NLGIC in proportion of their shareholding. Following the said rights issue, the total issued share capital of NLGIC increased from RO. 10,500,000 to RO. 15,500,000. Subsequent Board Resolution on 26th October 2016 approving the increase in issued capital, NLGIC issued further 11,000,000 ordinary shares of RO. 1 each by way of a rights issue and the new shares were subscribed by the shareholders of NLGIC in proportion of their shareholding. Following the said rights issue, the total issued share capital of NLGIC increased from RO. 15,500,000 to RO. 26,500,000.

The Shareholders of the Company as on 31st December 2016 were as under:

S No.	Name of the shareholder	Nationality	Number of Shares held of nominal value of RO.1 each	% of total
1	OMINVEST	Omani	25,951,628	97.9307%
2	Bank Muscat	Omani	547,656	2.0666%
3	ONIC SAOC	Omani	696	0.0026%
4	Fractional Shares	Omani	20	0.0001%
	Total		**26,500,000**	**100%**

Pursuant to a resolution passed by the Board of Directors on 21 August 2017, the fractional shares were sold to the existing shareholders in proportion to their shareholding and the proceeds of this sale will be transferred to charity.

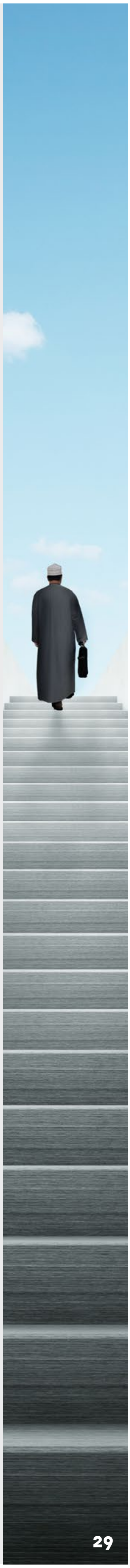
6.3 Current Shareholders of the Company (before transformation to SAOG) as on date of this Prospectus is as under.

S No.	Name	Nationality	Number of Shares held before the transformation (*nominal value Baizas 100 per Share)	% of total
1	OMINVEST	Omani	259,516,476	97.9307%
2	Bank Muscat	Omani	5,476,564	2.0666%
3	ONIC SAOC	Omani	6,960	0.0026%
	Total		**265,000,000**	**100%**

6.4 Shares being sold through the Offer by the Selling Shareholders

S No.	Name	Number of Shares held pre - IPO (*nominal value Baizas 100 per Share)	Number of Shares being sold though the Offer
1	OMINVEST	259,516,476	64,879,119
2	Bank Muscat	5,476,564	1,369,141
3	ONIC SAOC	6,960	1,740
	Total	**265,000,000**	**66,250,000**

**Nominal value of shares was changed from one (1) Omani Rial per share to one hundred (100) baizas per each share vide EGM approval dated 16 July 2017*



6.5 Post Offer Equity Structure

After the IPO, assuming the entire Offer is fully subscribed, the shareholding structure will be as under:

S No.	Name of the shareholder	Nationality	Number of Shares held of nominal value of Baizas 100 each	Aggregate nominal value (RO)	% of post-IPO capital
1	OMINVEST	Omani	194,637,357	19,463,736	73.448%
2	Bank Muscat	Omani	4,107,423	410,742	1.550%
3	ONIC SAOC	Omani	5,220	522	0.002%
	Sub-total		**198,750,000**	**19,875,000**	**75%**
4	Public		66,250,000	6,625,000	25.000%
	Total		**265,000,000**	**26,500,000**	**100%**

6.6 Shareholders' Voting Rights

Following the IPO, the Issued and Paid Up Share Capital will continue to be RO 26,500,000 divided into 265,000,000 Shares with a nominal value of Baizas 100 each. Each Share will carry the right to one vote at a general meeting of the Company. The pre-IPO Shareholders will hold 198,750,000 Shares (assuming full subscription to the Offer) which will have one vote per Share, the same as other Shares offered to the public. The pre-IPO Shareholders will collectively have 75% of the voting rights following the IPO.

6.7 Brief profile of the Promoter Shareholders

OMINVEST

Established in 1983, OMINVEST is one of the long established investment companies in the Middle East and one of the first to be listed both in Oman and the region. Its success is based on solid foundations of consistent performance from its investment portfolio of more than 30 years of its existence. OMINVEST is quoted on the Muscat Securities Market with up to 70% of its shares open to foreign ownership. OMINVEST has more than 2,500 shareholders comprising both institutional and individual investors mainly from Oman and the GCC region. OMINVEST's market capitalization stands at RO 348 million as at 26 July 2017. OMINVEST concluded one of the most efficient & successful mergers with ONIC Holding SAOG (ONICH) in August 2015. OMINVEST's merger with ONICH has made OMINVEST much stronger, well diversified, and one of the largest investment companies in Oman.

OMINVEST's subsidiaries and associates include:

- Oman Arab Bank SAOC
- National Life & General Insurance Company SAOG (under transformation)
- Oman National Investment Corporation SAOC
- Oman Real Estate Investment and Services SAOC
- Al Ahlia Insurance Company SAOG
- Budva Beach Properties doo
- Al Jabal Al Aswad Investment LLC
- Salalah Resorts SAOC
- National Finance Company SAOG
- Oman Orix Leasing Company SAOG
- Ubhar Capital SAOC
- National Finance House, Bahrain
- International General Insurance Holdings Limited
- National Biscuit Industries Ltd. SAOG
- National Detergent Company SAOG

- Oman Chlorine SAOG
- Al Shamal Plastics LLC
- Gulf Acrylic Industries LLC
- Modern Steel Mills LLC
- Takaful Oman SAOG

bank muscat SAOG

With assets worth over USD 28 billion, Bank Muscat is the leading financial services provider in Oman with a strong presence in Corporate Banking, Retail Banking, Investment Banking, Islamic Banking, Treasury, Private Banking and Asset Management. Bank Muscat has the largest network of 149 branches, 645 ATMs & CDMs and more than 18,000 PoS terminals. The bank has a workforce of 3,636 employees as of 30 June 2017. The shares are listed on Muscat Securities Market (with a market cap of USD 2,489 million as of 31 March 2017), London Stock Exchange & Bahrain Stock Exchange. Bank Muscat is the highest rated bank in the country with Moody's rating of Baa1(stable) and S&P rating of BB+.

The international operations consist of a branch each in Riyadh (Kingdom of Saudi Arabia), Kuwait and a Representative Office each in Dubai (UAE) and Singapore. Muscat Capital LLC, a 100% subsidiary of Bank Muscat, is a brokerage and investment banking entity in Saudi Arabia.

7. OMAN ECONOMIC OUTLOOK

7.1 Background

Strategically positioned at the crossroads of Asia and Europe, Oman has historically been a center of trade and commerce. With a population of approximately 4.45 million as on December 2016, spread over a land area of 309,500 square km, Oman is a country with stable political, economic and social systems. The country has created a strong infrastructure, healthcare, communication, international trade network and advanced transportation systems on the backbone of a flourishing oil-based economy. The continued focus of the Government to diversify the economy and gradually reduce its dependence on oil, has witnessed a steady growth of the non-oil sectors. Currently, according to the data published by the *NCSI,* petroleum activities contributed about 27% of the Gross Domestic Product ("GDP") at current market prices in 2016. The Omani Rial is pegged to the U.S. Dollar at a fixed exchange rate of 1 RO = 2.6008 US$.

7.2 Economy

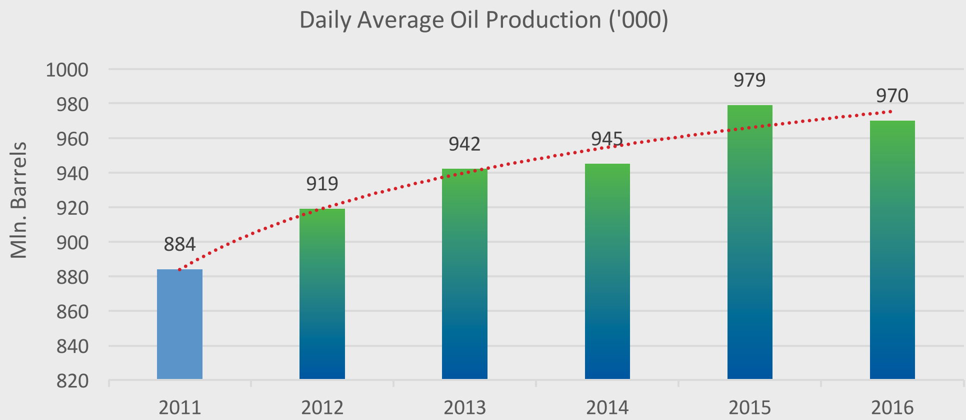
Global growth in 2016 was the weakest since 2008–09, owing to a challenging first half marked initially by turmoil in world financial markets. General improvement got under way around mid-year. As per IMF World Economic Outlook, the global economic landscape started to shift in the second half of 2016. Developments since mid-2016 indicate somewhat greater growth momentum in 2017 in a number of important economies. IMF projects that world growth will pick up from in 2017 and 2018, while at the same time, it sees a wider dispersion of risks that are still tilted to the downside. IMF's central projection is that global growth will rise to a rate of 3.4 % in 2017 and 3.6 % in 2018, from a 2016 rate of 3.1%.

Oil prices remain the key driver of the outlook for MENA oil exporters given their high dependence on hydrocarbon budget revenues and exports. Having hit a 10-year low of less than US $30 a barrel in January 2016, oil prices have staged a partial recovery to about US $50 - US $55 a barrel. As per IMF's Regional Economic Outlook: Middle East and Central Asia Update, oil prices are assumed to average US $43 a barrel in 2016 and US $51 a barrel in 2017. However, considerable uncertainty surrounds the oil price outlook on both the downside and upside, resulting from the global growth risks, sharp swings in the amount of oil supply outages, and ongoing consolidation and efficiency gains in the U.S. shale oil industry. Apart from oil prices, the region's economic growth has been adversely impacted by regional conflicts such as the ongoing wars in countries such as Syria, Iraq and Libya.

The sharp and sustained decline in oil prices since mid-2014 has put significant pressures on the economy of Oman. However, the economy has withstood the pressures without much damage. This has been possible because of the high fiscal buffers, high capital requirements with the commercial banks and low level of government debt. Nevertheless, the prevailing global economic conditions and diminished fiscal space in oil exporting countries including Oman are a cause of some concern. As a results of the twin deficits (budget and current account) since 2015 and the subsequent rating downgrades, Oman has introduced fiscal reforms in order to consolidate its fiscal position in the medium term.

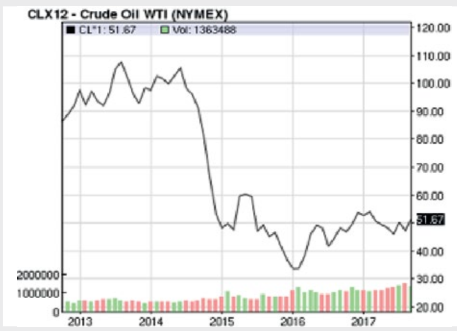
Oman's net Government debt is relatively small and remains manageable although the IMF predicts that this will deteriorate further in the coming years. This may require significant reduction in current spending, an increase in oil prices in the short to medium term, strengthening of the institutions and restructuring of the economy in the long run. The Government has taken some important steps to mitigate the adverse impact of the decline in oil revenue. These include cuts in subsidies, wages and benefits, defence and capital investments. Also, the Government has introduced provisions relating to 'withholding tax' and plans to introduce Value Added Tax. These measures along with the drawing down of reserves and additional borrowings both domestically and in the international market are expected to improve the financial stability of the country.

Oman-Oil production and Oil prices

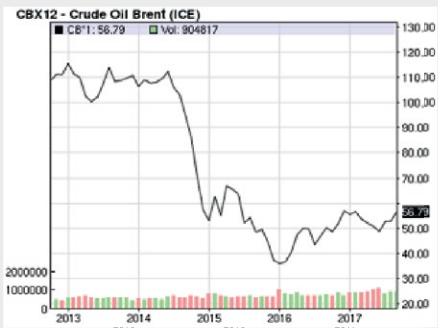


International Crude Oil Prices

WTI (NYMEX) Price $51.67



Brent Crude Oil (ICE)- $56.79



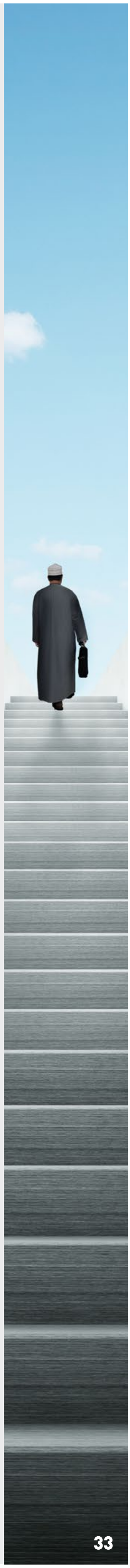
Source: www.nasdaq.com; As on 1st October 2017.

Oman 2016 economic performance

Low level of oil prices during the past couple of years has raised several challenges to the Omani economy which impacted overall economic activity. Preliminary national accounts data for Oman indicate that the nominal GDP declined by 5.1% in 2016 over the previous year. The decline was reflected primarily in the petroleum sector with a fall of 23.7% and a marginal gain of 0.6% in the non-petroleum sector. While manufacturing and wholesale and retail trade were adversely affected, value addition showed positive growth mainly in construction, agriculture and fishing, real estate services and financial services. Average annual inflation based on CPI for the Sultante during January to April 2017 stood at 2.19% mainly due to revision in energy prices, transport costs, education and other user fees. The fiscal gap widened during the year and the Government took several measures to augment non-oil revenues and rationalized Government spending, apart from stepping up external borrowings.

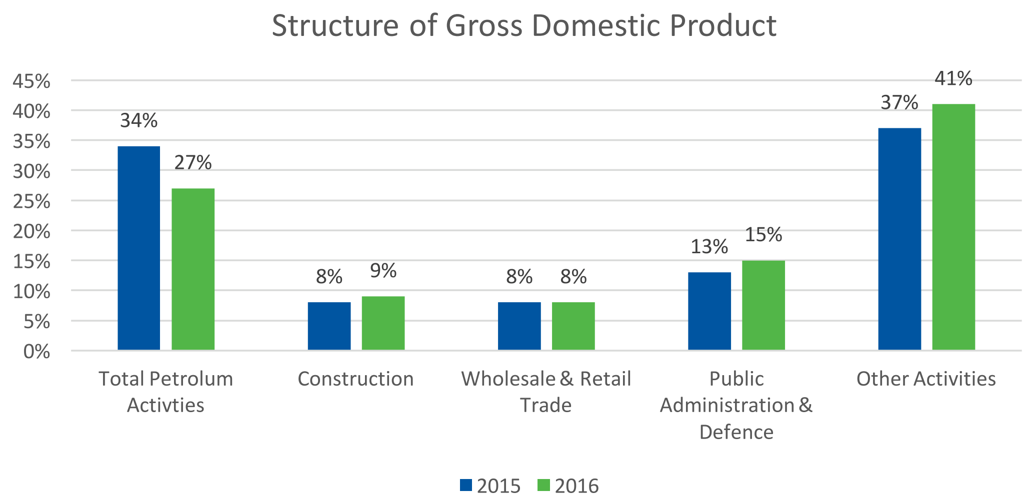
(Source: CBO Monthly Statistical Bulletin, May 2017)

The country's total revenue for 2016 was RO 7.61 billion, while total public expenditure touched RO 12.58 billion of which investment expenditure in 2016 was RO 2.79 billion. Of the total revenue, RO 3.65 billion came from net oil revenue. The average price of Oman Crude declined by 28.9 per cent to $40.1 per barrel in 2016 from $56.5 a barrel in the previous year. This is against an assumed price of $45 per barrel for calculating budget revenue. Oman's budget deficit at the end of 2016 stood at RO 5.5 billion as falling crude oil export revenues affected the fiscal balance. This is much higher than the budget proposal of RO 3.3 billion for 2016.



Oman's crude oil production during 2016 increased by 2.7% to 367.6 million barrels from 358.1 million barrels in 2015. The Omani crude oil price averaged US$ 40.1 per barrel during 2016 as compared to US$ 56.5 during 2015 and US$ 103.2 per barrel during 2014. The daily average production of crude oil increased to 1,004.3 thousand barrels during 2016 from 981.1 thousand barrels in 2015 and 943.5 thousand barrels during 2014. Total petroleum activities as a percentage of GDP stood at about 27% in 2016 and accounted for about 68% of total Government revenues and about 59% of total merchandise exports during 2016.

(Source: NCSI, Monthly Statistical Bulletin-May 2017)



Oman has been taking major measures to strengthen its non-oil sectors, especially the industrial and mining sectors, as part of its economic diversification programmes. The country's national initiative for diversification – Tanfeedh – is also taking several major initiatives to attract both foreign and local private investment to sustain economic growth.

Oman Budget

Oman's 2017 budget has been carefully crafted keeping in view the oil prices and the geo political situation. It is expected that the Government might revisit the budget mid-year keeping in view the oil prices. The budget this year is in stark contrast from the previous year's budget as this year Government has increased fees and royalties, introduced new taxation of goods such as tobacco and alcohol, and changes to fees charged for hiring foreign workers decreased expenses and reduced the subsidy on fuel and electricity. However, the Government is expected to continue the projects which are deemed essential for diversification. On the inflation front, it is likely to start picking on the back of increase in local fuel and utility prices. The exchange rate is expected to remain stable as long as the Government manages its balance of payment through successful sourcing of funding.

Built on an estimated $45 a barrel with 970,000 barrels per day of oil production, the total budgeted revenue is RO 8.7 billion which is 1.16% higher than the budgeted revenue last year and 18.4% higher than the actual estimated revenue of 2016. In terms of breakup, oil constitutes majority of the earnings at 51% followed by revenue from non-oil sources at 29.8% and the last by gas at 19.1%. Gas revenue for the year 2017 has been budgeted higher by 4.4% to RO 1.66 billion compared to RO 1.59 billion in 2016. This is the highest ever budgeted gas revenue and the major thrust will come when the Khazzan Gas Project will start gas delivery this year in last quarter of 2017. Further it is expected that the revenue from gas sources would be even higher when the project shows a full year of operation in 2018. Non-oil budgeted revenues (mainly taxes, fees, investment returns and capital repayments) stand at RO 2.59 billion, almost equal to the 2015 budgeted figures.

Total budgeted expenditure stands at RO 11.7 billion in 2017 which is 1.7% lower than the budgeted spending of last year and 7.5% lower than the actual expenditure of RO 12.65 billion in 2016. The expenditure is divided into current expenditure (72.7%), investment expenditure (22.8%), participation, and other expenses (4.6%). Current expenditure is approximately close to the budgeted revenues at 98%. Fiscal and external breakeven oil price for 2017 estimated by IMF as per their October 2016 report stand at US$ 79.4/barrel and US$ 81.3/barrel, respectively

The Government expects its budget deficit to drop to RO 3 billion in 2017, a decline of 9% and 43.4% from the 2016 budgeted and 2016 actual respectively. The budget deficit is projected at 12% of nominal gross domestic production and 11% of real gross domestic production for 2017. The deficit would be funded through net foreign borrowings of RO 2.1 billion, net local borrowings of RO 0.40 billion and the rest mounting to RO 0.50 billion from reserves. While historically actual expenses have surpassed the budgeted ones over the period 2008-16, the actual deficit for 2017 is expected to be close to the budgeted figure.

(Source: U Capital Research)

Oman credit rating

Oman has a long term credit rating of “BB+” by Standard & Poor’s (S&P) with a negative outlook, “Baa2 -Negative” by Moody’s Investor Services and BBB (stable) by Fitch.

Moody’s have downgraded Oman by a total of three notches during 2016 and once in 2017, reflecting the highly negative impact of the structural shift to lower oil prices on the country’s government finances, balance-of-payments position, and economic performance. Despite oil prices stabilizing at higher levels, Moody’s expect that economic, fiscal and external challenges will persist over the coming 12 to 18 months.

S&P have downgraded Oman’s rating in May 2017 as the ratings agency estimates that Oman’s fiscal and current account deficits were higher in 2016 than it had anticipated, and GDP per capita lower. S&P expects large current account deficits above ten per cent of GDP in 2017 and 2018, before they gradually decline to six per cent of GDP in 2019 and 2020. The negative outlook reflects the potential for Oman’s income level to weaken and for its fiscal and external positions to deteriorate, which could lead to further lowering of the rating.

7.3 Key Economic Indicators

	2012	2013	2014	2015 *	2016 **
GDP at current price (RO billion)	29.49	30.35	31.15	26.85	25.49
Population – mid year (million)	3.62	3.86	3.99	4.16	4.41
Oil production (million barrels)	336	344	344	358	368
Oil and gas sector as % of GDP	52%	51%	47%	33%	27%
Share of Oil Revenues in Total Government Revenue	86%	84%	72%	79%	68%
Annual Inflation (%)	2.9%	1.1%	1.0%	0.1%	1.1%
MSM total market capitalization (RO billion)	11.7	14.2	14.6	15.8	17.3
MSM 30 Share Price Index	5,760.8	6,834.5	6,343.2	5,406.2	5782.7

* Provisional

** Preliminary

Source: NCSI -Monthly Statistical Bulletins

8. OMAN INSURANCE SECTOR OVERVIEW

Oman's insurance industry comprises of 21 insurance companies, including a re-insurer. Two of these entities are Takaful companies, which started operations in 2014. Insurance sector of Oman is dominated by the five insurance companies (4 national and one foreign) as they control roughly 60% of the gross written premiums of the sector. Their contribution in the Life and General insurance segments also stands at 60% each as well. The insurance market in the Sultanate has recorded reasonable growth rates despite the financial measures taken to mitigate the impact of the falling oil prices.

Source: CMA

Out of the 21 insurance companies (other than the reinusrance company), 11 are national companies (including two Takaful companies) and the other 10 are foreign companies. The table below shows the insurance companies that operate in Oman.

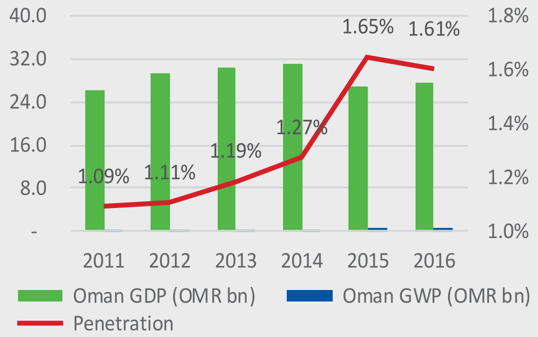
S.No.	Name of company (in alphabetical order) National Companies	S.No.	Name of company (in alphabetical order) Foreign Companies
1	Al Ahlia Insurance	12	AIG MEA Limited
2	Al Madina Takaful	13	Arab Orient Insurance
3	Arabia Falcon Insurance	14	Axa Insurance
4	Dhofar Insurance	15	Iran Insurance
5	*Muscat Insurance	16	Life Insurance Corporation International
6	*Muscat Life Assurance	17	Metlife Alico Insurance
7	National Life & General Insurance	18	Oman Insurance
8	Oman & Qatar Insurance	19	Saudi Arabian Insurance
9	Oman United Insurance	20	The New India Assurance
10	Takaful Oman	21	Zurich Middle East Insurance
11	Vision Insurance		

*The Company understands that Muscat Insurance Company and Muscat Life Assurance Company are in the process of merging with their parent Company, Muscat Insurance Company SAOG (earlier called as National Holding Company SAOG)

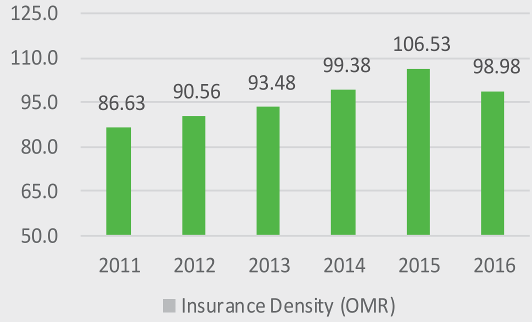
Sector performance

The industry has grown at a CAGR of 9.6% during 2011-16 with its total Gross Written Premium (GWP) reaching the mark of RO 450.3 million (USD 1.17 billion) in 2016. Insurance segments such as engineering, construction, medical, and real estate have experienced good growth. Third-party motor liability as well as the launch of two Takaful companies have increased market awareness and the diversification of insurance products.

Oman Insurance Penetration



Oman Insurance Density

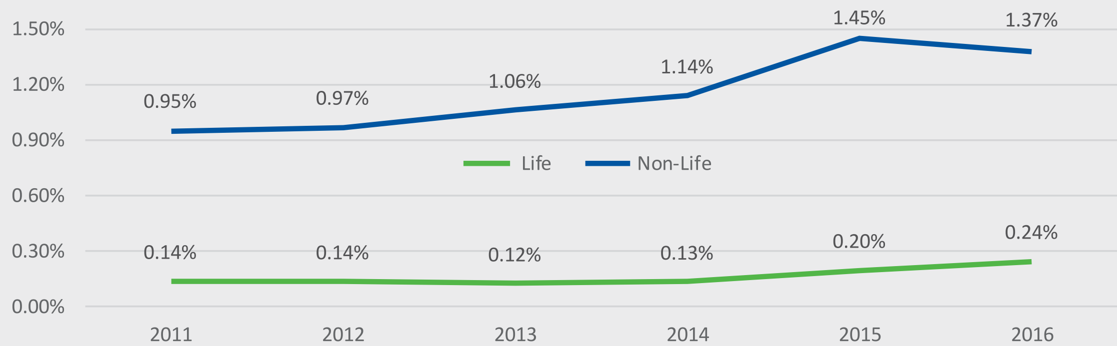


Source: NCSI, CMA & U Capital

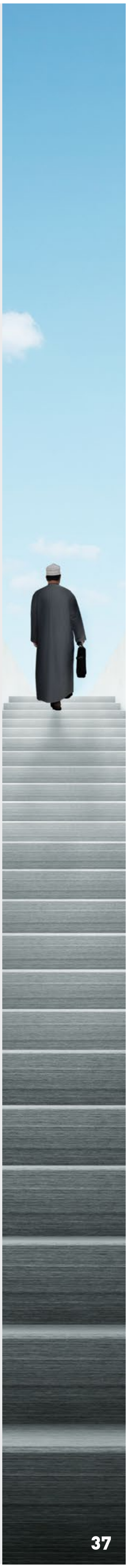
In 2016, insurance penetration (Premium underwritten/ GDP) in Oman was about 1.61% (life insurance penetration was 0.24% and non-life insurance penetration was 1.37%). Similarly, insurance density (premium underwritten/population) was RO 98.9 (USD 258) in Oman.

Life insurance penetration levels remain very low in Oman. However, the rise of the affluent and middle class with more purchasing power, a growing awareness of insurance products and the advent of sharia-compliant life insurance products are expected to bolster the life insurance penetration rates in Oman in the long run. The non-life insurance segment has been growing at a considerable pace when compared with the life insurance segment. The non-life insurance segment has benefited from the strong momentum in construction, infrastructure and growth in motor segment.

Life & Non-Life Insurance Penetration

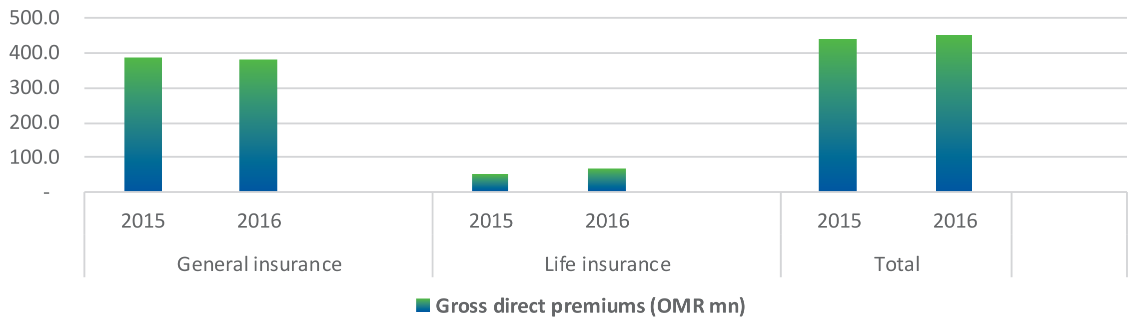


The market for medical insurance is growing in Oman, especially after the expatriate population moved out of Government hospitals to private health centers. This is one of the growth areas for insurance companies. Further, as per news report dated 27 September 2017, health insurance cover will be made compulsory for all private-sector workers by 2018. If this materialises, insurance companies in Oman will reap benefit from the opportunity that opens up. Additionally, this move will also promote healthy competition amongst the medical insurance providers. This initiative is also expected to reduce the healthcare burden of the Government.



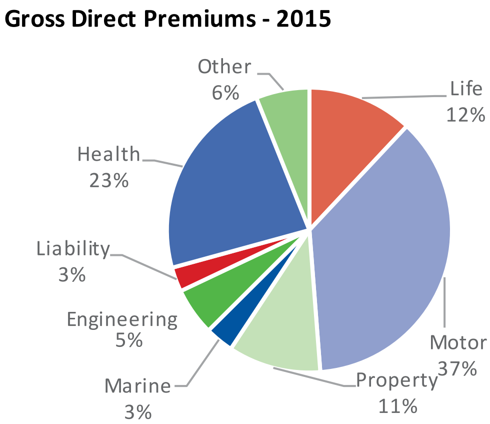
Gross Direct Written Premiums of Insurance Companies

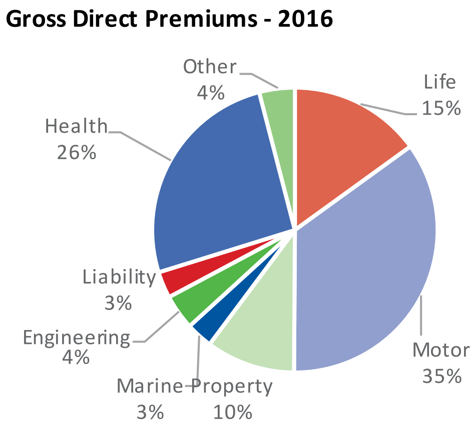
The gross direct written premiums of insurance business increased by 1.85% to reach RO 450.2 million in 2016 compared to RO 442.1 million in 2015. The gross direct premiums of general insurance declined by 1.7% in 2016 to reach RO 382.6 million compared to RO 389 million in 2015. While the gross direct premiums of life insurance increased by 27.7% to reach RO 67.6 million in 2015 compared to RO 53 million in 2015.



Source: CMA

The 1.8% growth seen in 2016 in the gross direct premiums was spurred mainly by the 27.7% increase in Life Insurance and 13.2% increase in Health Insurance as these two sectors constitute 42.5% of the total gross direct premiums.





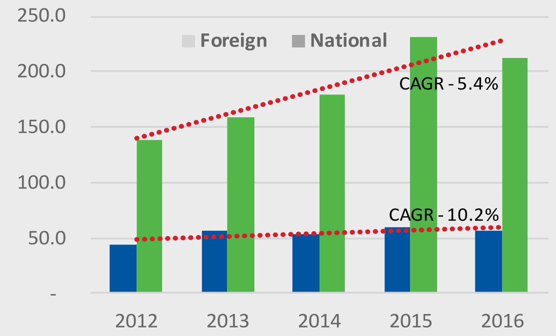
Source: CMA

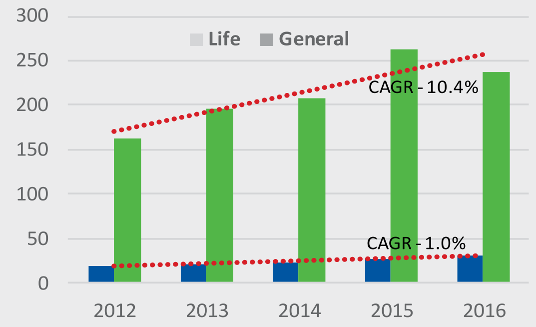
Claims

Paid claims by the insurance companies have continued to grow. Overall paid claims grew at a CAGR of 9% during 2011-16. The life insurance segment and non-life insurance segment claims grew by a CAGR of 1% and 10.4% respectively during 2011-16.

Total paid claims in 2016 have decreases by 8% compared to 2015 to RO 268.32 million in 2016 compared to RO 290.72 million in 2015. Financial data indicates the decrease was due to the fall in total paid claims of general insurance business by 10% to RO 237.67 million compared to RO 263.19 million in 2015. Paid claims for life insurance business have increased by 11% in 2016 from RO 27.53 million to RO 30.65 million.

Total Paid Claims (OMR mn)





Source: CMA

It is noteworthy that motor insurance represents the highest percentage in claims paid by national and foreign insurers in 2016 at 41% and 53% respectively followed by health insurance which witnessed an increase by 30% in 2016.

Retention & Loss Ratio of Insurance Companies

Retention ratio is one of the important aspects in an insurance company and is calculated as the amount of premium an insurance company retains as a proportion of the total gross premium. Retention ratio of insurance companies in 2016 was about 57% compared to 56% in 2015. The retention ratio for national insurance companies in 2016 was about 52% compared to 51% in 2015. Retention ratio for foreign insurance companies is much higher at 70% in 2016, as against 72% in 2015. As for retention ratio by type, retention was highest in the motor business at 83% followed by health and life insurance.

Retention Ratio (%)

	National companies		Foreign companies		Total	
	2015	2016	2015	2016	2015	2016
Life	34.0%	33.6%	68.4%	65.8%	47.4%	53.6%
Motor	84.6%	82.2%	91.7%	84.6%	86.7%	82.8%
Property	4.9%	5.4%	27.0%	41.7%	10.1%	11.3%
Marine	9.5%	10.4%	31.0%	36.0%	17.0%	18.7%
Engineering	9.9%	27.2%	42.7%	41.2%	20.8%	31.4%
Liability	33.0%	29.9%	55.3%	61.8%	39.8%	36.1%
Health	54.3%	54.8%	84.2%	83.5%	57.6%	58.4%

Source: CMA

Loss ratio is also equally important for an insurance company. The loss ratio is the ratio of total losses paid out in claims divided by the total earned premiums. There was a rise in the net losses of national insurance companies in 2016 to about 71% as against 58% in 2015. Loss ratio of foreign insurance companies also increased in 2016 to 64%. Loss ratio is highest for motor insurance and health insurance.

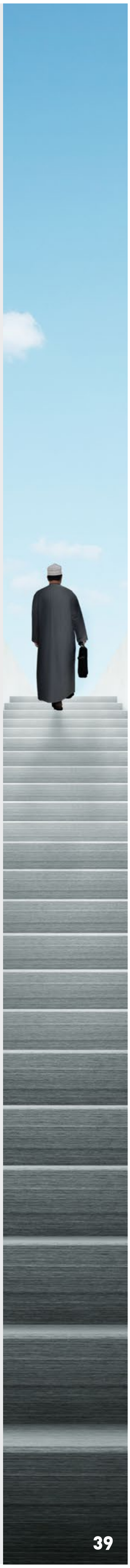
Loss Ratio

	National		Foreign		Total	
	2015	2016	2015	2016	2015	2016
Motor - Comprehensive	69%	67%	63%	76%	67%	69%
Motor - Third Party	79%	102%	123%	74%	86%	97%
Property	11%	35%	15%	55%	12%	39%
Marine	18%	29%	23%	32%	20%	30%
Engineering	27%	40%	29%	44%	28%	41%
Liability	12%	18%	18%	14%	14%	17%
Health	82%	93%	83%	88%	82%	92%

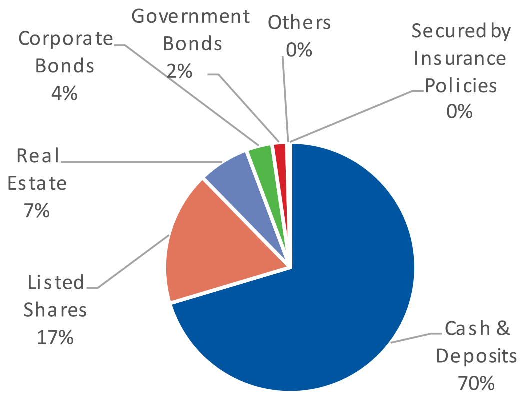
Source: CMA

Investment mix of Insurance Companies

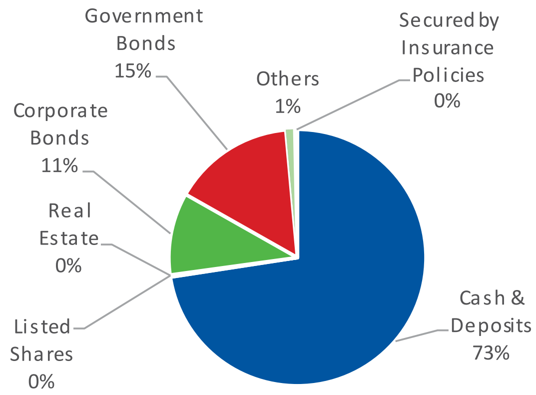
Total investments of insurance companies increased by 12% to RO 564.01 million at the end of 2016 compared to RO 503.30 million at the end of 2015. The total investments of national and foreign companies increased by 9% and 17 % respectively.



Investment Mix of General Insurance Co's - 2016



Investment Mix of Life Insurance Co's - 2016

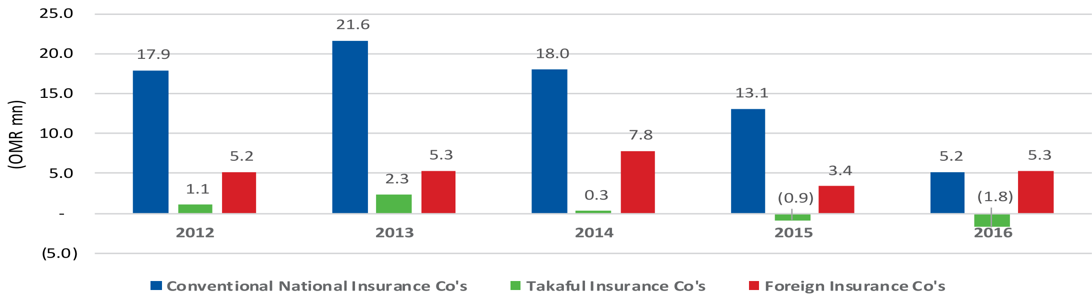


Source: CMA

Income from investments of insurance companies was RO 12.55 million in 2016 compared to RO 10.55 million in 2015 at 19%.

Net Income of the Insurance Sector

The net profit of insurance companies was RO 8.74 million in 2016 compared to RO 15.57 million in 2015.



Source: CMA

Overall national companies (conventional and takaful) witnessed a profit drop of 72% in 2016 to RO 3.4 million compared to RO 12.2 million in 2015. Within the national insurance companies, conventional insurance companies profit dropped by 60.4% while the losses of Takaful insurance companies almost doubled to RO 1.8 million in 2016 compared to RO 0.9 million in 2015. However, foreign companies reported a net income increase of 58% in 2016 to RO 5.3 million compared to RO 3.4 million in 2015.

Omanization in Insurance Sector

The insurance sector's target of Omanization stands at 65%. The number of employees of the insurance sector (insurance companies and brokers) in 2016 was 2543 of which 1695 were Omanis which is 67%.

Takaful Insurance in Oman

Oman takaful Insurance segment was formally launched in 2014, and currently, there are two firms operating in this segment. Gross direct premiums of takaful insurance companies stood at RO 42.06 million, an increase of 8.7% compared to RO 38.7 million in 2015. Takaful insurance represented 9% of the gross direct premiums of the total insurance industry in 2016.

Insurance Regulations

The CMA is the regulator for the insurance sector in Oman since 2004 when the responsibilities of the insurance sector was transferred from the MOCI to the CMA. Since then the CMA has continued to pursue the development of the insurance sector and enhancing its role in serving the national economy of the country. The CMA has issued several laws and regulations, circulars and charters in order to ensure that the framework and legislation governing the Oman insurance industry is in line with global best practices and taking into account the requirements and specificities of the local market. Some of the main areas of development relate to the introduction of takaful insurance, establishment of the first Omani company for re- insurance, amendments to the unified vehicle insurance policy, increased efforts to protect policyholders, development of national cadres working in the sector and upgrading of the systems and procedures of the sector.

The CMA has also initiated steps to strengthen the financial strength of the insurance companies. Royal Decree No. 39/2014 was issued in 2014 promulgating provisions on the minimum limit for paid up capital of national insurance companies and branches of foreign companies operating in Oman to be RO 10 million which would boost the solvency of these companies. The said amendment also provides that all insurance companies must be SAOGs and were granted a three years' grace period to adjust to the paid up capital and conversion provisions.

Growth Drivers of Insurance Industry in Oman

Favorable demographics

Demographics play a vital role in insurance demand generation. Oman population comprises two key segments- a steadily growing population, especially young citizens and a large expatriate base. Both of these are expected to contribute considerably to the demand for life and non-life insurance segments. Further, demand for insurance products is likely to grow with a changing landscape in the form of increasing urbanization, presenting the need to develop products that suit the changing lifestyle and demands.

The country's population growth is also supported by its huge pool of expatriates, who are drawn to country for employment. New regulations in Oman require mandatory medical insurance for expatriates. Over the last couple of years, the medical insurance segment has become a major component of the overall insurance industry.

Growth driven by economic diversification and infrastructure development

Oman's economy continues to grow, supported by the focus on economic diversification and infrastructure development. Despite a sharp decline in oil prices, GDP at current prices in Oman is projected to grow, with subdued inflation. The insurance industry is highly correlated with the economic outlook, creating demand for insurance-related products. Oman is making progress in implementing its strategy to diversify away from the hydrocarbon sector, resulting in increased activity in other sectors such as manufacturing and services. Growth across such sectors is expected to present further opportunities for insurers.

Regulatory developments

Over the last few years, Oman's insurance market has witnessed regulatory changes, with new regulations in areas such as minimum capital requirement, reserve calculations and reporting requirements. These regulatory initiatives are likely to drive growth of the insurance industry.

Takaful Insurance increases its foothold

The recent establishment of insurance firms complying with the Shariah (Islamic law) namely Takaful, offering non-life insurances, has created a new momentum in the market by generating new products. Since 2000, the Islamic insurance sector has been growing at more than 15% per annum. The demand for Islamic insurance products has grown over the past few years, particularly within the GCC, supported by demand for innovative and Shariah-compliant financial solutions. This demand has also resulted in the launching of new Islamic insurance products.

Growing focus on SME development

With Oman reiterating its interest in small and medium enterprises, recognizing their contribution to economic growth and employment generation, the country has developed programs to set up new units and support them. The CBO has mandated all banks operating in Oman to allocate at least five per cent of their total credit to SMEs. The rapidly growing SME sector in Oman presents a key opportunity for the insurers.

Sector performance in first quarter of 2017

The insurance sector companies recorded a growth of 3% in gross direct premium in the first quarter of 2017, reaching RO 134.7 million as against RO 131 million for the same period of last year. This is considered as a reasonable growth rate in the light of the

current economic situation and considering the financial measures undertaken to mitigate the impact of the falling oil prices which had an impact on the projects executed by the Government and activities of the private sector.

The increase in insurance premiums was spurred by a growth in individual life insurance products and health insurance products, which increased by 15%. Individual life insurance topped all insurance products with a 30% growth in the first quarter, supported by the requirement from borrowers for insuring their bank loans. Health insurance also recorded a good rate of growth in the first quarter, up by 26 per cent compared to the same period of 2016, which is an indication of increased awareness of the benefits of health insurance and the endeavors of individuals and institutions to obtain better standards of health care.

There was a fall in the transport and liability insurance, motor comprehensive insurance and life group insurance by 33%, 31%, 11%, 9% and 3%, respectively as these types of insurance products were affected by the general reduction in Government expenditure. On the other hand, engineering insurance products, which is related to projects and the risks of contractors, witnessed a 3% growth in the first quarter of this year, over the previous year.

The retention ratio of the sector was about 57% in the first quarter of 2017. Retention ratio for motor insurance (comprehensive and third party) was the highest at 87.7% for third party and 84.8% for comprehensive insurance.
(This paragraph is sourced from CMA-News dated 4th June 2017)

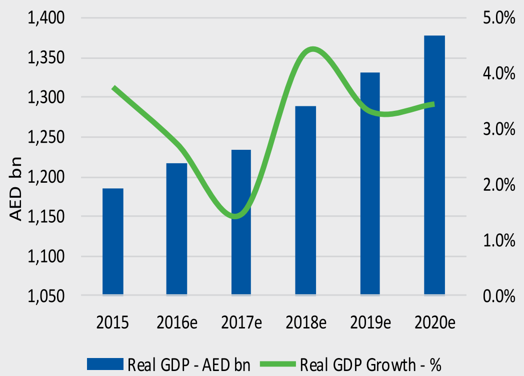
9. UAE ECONOMIC OUTLOOK AND INDUSTRY OVERVIEW

UAE Economic Outlook

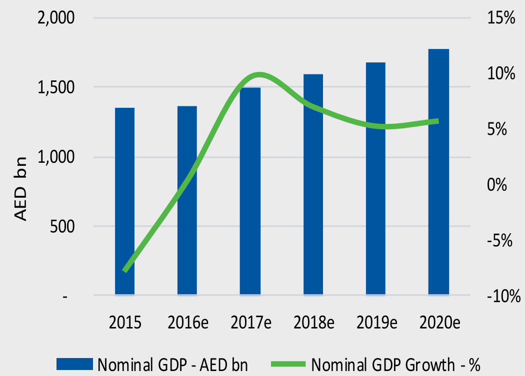
UAE economic performance was subdued during most of 2016. Weaker oil prices and slower oil output growth, the postponement of some public infrastructure projects and a slowdown in global trade caused growth to moderate to 2.7% from 3.8% in 2015.

Economic activity is expected to strengthen gradually in the coming years with firming oil prices and other global indicators, and an easing pace of fiscal consolidation. In 2017, IMF forecast UAE real and nominal GDP to grow by 1.5% and 9.7% respectively. IMF forecasts CAGR growth of 3.2% and 6.9% during 2016-20 for real and nominal GDP respectively. While non-oil growth is projected to rise to 3.3% in 2017 from 2.7% in 2016, reflecting increased domestic public investment and a pickup in global trade. Over the medium term, nonoil growth is expected to remain above 3%, supported by accelerating investment in the run up to the Expo 2020. While IMF expects that the planned VAT introduction in 2018 is not expected to have a significant adverse impact on growth.

UAE Real GDP



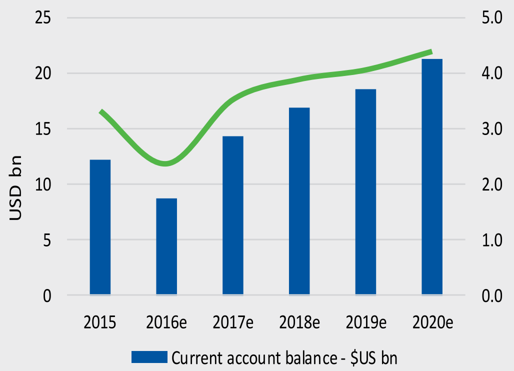
UAE Nominal GDP



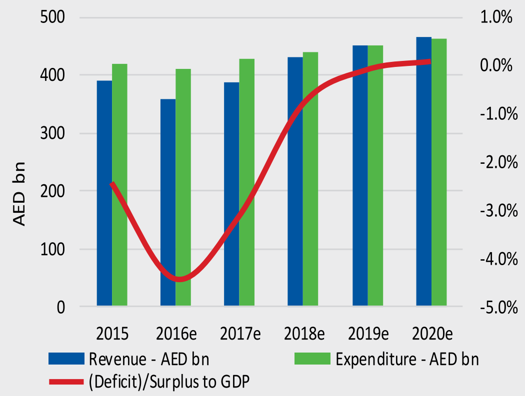
Source: IMF

Despite continued fiscal consolidation, lower oil revenues widened the overall deficit to 4.3% of GDP from 3.4% of GDP in 2015. Likewise, the current account surplus shrank to 2.4% of GDP from 4.7% of GDP in 2015.

UAE Current Account Balance



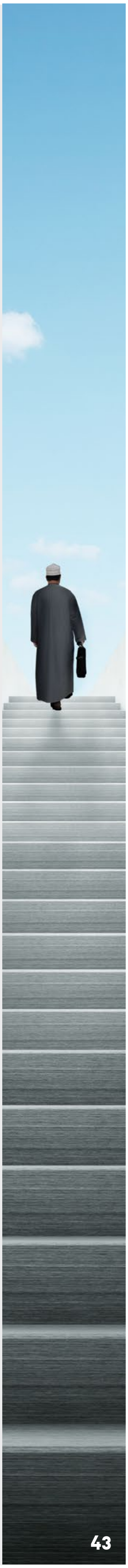
UAE Revenue & Expenditure



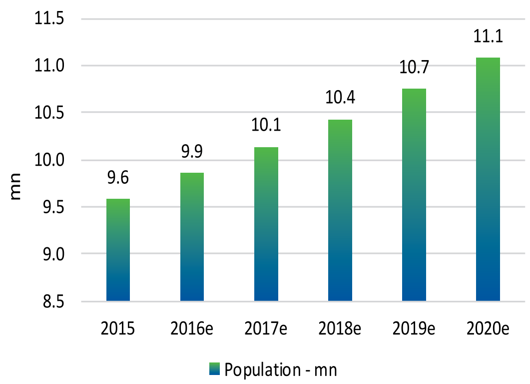
Source: IMF

While non-oil exports remained stable, lower oil exports and still strong imports caused the current account surplus to decline to 2.4% of GDP from 3.3% in 2015. The current account surplus is projected to increase further to 3.8% by 2022, as oil revenues rise with increased oil production, complemented by continued growth of nonoil exports and tourism receipts. The financial account registered larger net outflows, primarily reflecting an increase in banks' foreign assets. Thus, gross international reserves declined to USD85.4bn (5.4 months of imports) but remained adequate for external stability, especially in the context of the Government's large foreign assets held in SWFs.

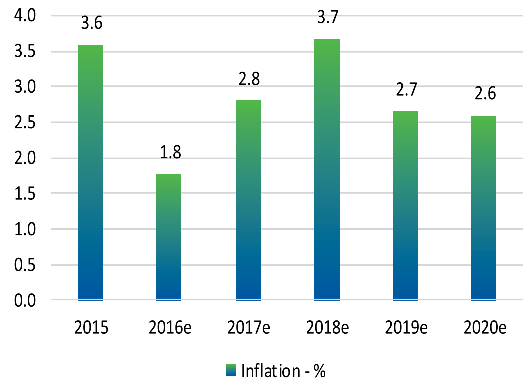
Inflation will rise by 2.8% this year, partly reflecting utility and gasoline price adjustments, and higher imported inflation. Next year inflation is projected to reach 3.67% on the one-off impact from the VAT introduction but is projected to stabilize at around 2.9% over the medium term. Rent inflation is expected to remain low against the backdrop of an expected increase in housing stock and still subdued demand.



Population

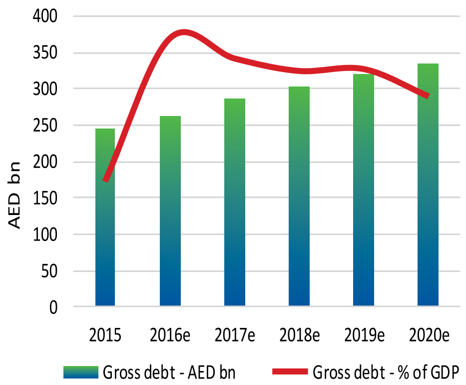


Inflation



Source: IMF

UAE Gross Debt



Source: IMF

Total government and government related entities (GRE) debt declined by 5 pp of GDP to 24.7% of GDP, including Abu Dhabi's Eurobond issue (USD 5bn in May 2016) and Sharjah's sukuk issue (USD 500mn in January 2016). Dubai's GRE debt decreased by 10 pp of GDP to 60 percent of Dubai's GDP, and Abu Dhabi's GREs also continued to deleverage. While overall UAE government debt stood at AED263.1bn ~19.3% of GDP. Government debt in the coming years is expected to rise however it is expected to decline as a percentage to GDP to 18.8% by 2020.

Outlook and Risks

Growth is expected to recover in the coming years as the pace of fiscal consolidation eases; domestic investment rises, including for Expo 2020; and global trade rebounds. However, uncertainty about oil prices, financial conditions, policies of major economies, and regional conflicts are some risk associated with UAE. Further declines in oil prices, owing to a faster-than-expected recovery of the US shale production and/or reduced compliance with the recent agreement on oil production cuts or because of increase in production in war torn countries like Libya and Nigeria, could reduce fiscal revenues. The risk of an inward global shift in policies, including towards protectionism, with lower global growth due to reduced trade, migration, and cross-border investment flows could slow nonoil growth in the UAE, especially given Dubai's role as a major trade, financial, and logistics center. A faster rise in U.S. interest rates or higher financial market volatility could increase borrowing costs for banks and GREs and could potentially affect liquidity in the domestic banking system. This risk would rise if contingent liabilities were to increase. If planned megaprojects are not financed prudently, risks for GREs, banks, and sovereigns would rise.

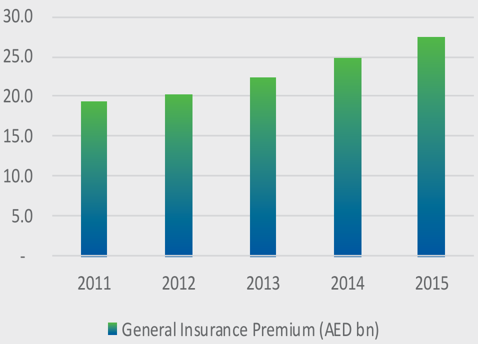
UAE Insurance Market Outlook

The UAE insurance sector is governed by Federal Law No. (6) of 2007 concerning Establishment of the Insurance Authority & Organization of its Operations, which came into effect on 28/08/2007. There are a total of 61 insurance companies, 19 insurance agents, 143 insurance brokers, 16 insurance consultants, 40 Loss adjusters and damage estimators, 35 actuaries and 23 Health Insurance TPA entities registered in the records at the UAE IA as of the end of 2015.

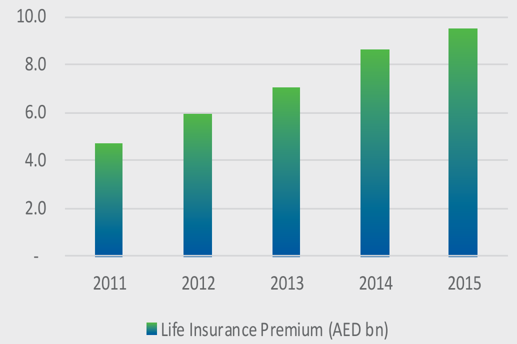
Gross Written Premiums in the UAE climbed to AED44bn (USD12bn) in 2016, according to preliminary data from the UAE Insurance Authority. This represented an increase of 19% from AED37bn in 2015 which in turn reflected growth of 10.8% over 2014. The industry registered a CAGR of 13% during 2011-16. The growth was achieved despite the UAE insurance industry being affected by a slowdown in economic growth in the region following the drop in oil prices since mid-2014.

As per data reported by Milliman, amongst the total insurance companies, listed company's gross written premiums grew by 10.2% during 2016, up from an increase of 7.6% in 2015. Total 28 listed companies' gross written premium stood at AED18.8bn in 2016 compared to AED17.1bn in 2014. The underwriting profit increased significantly in 2016 to AED1.1bn compared to AED543mn in 2015, an increase of 119% in 2016 compared to a decline of 27% in 2015. On a net profit basis, the industry showed even more improvement, achieving a net profit of AED898mn in 2016, compared to a net loss of AED136mn in 2015, an increase of 759% in 2016 compared to a decrease of 116% in 2015.

eneral Insurance Premium



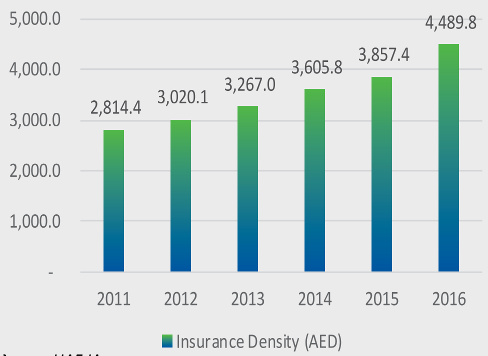
Life Insurance Premium



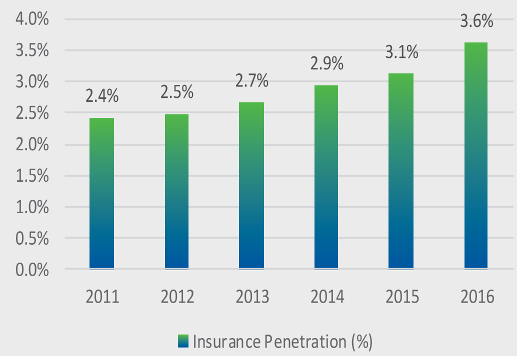
urce: UAE IA

With gross written premiums of AED44bn and GDP at AED1.2tn, the insurance penetration of UAE comes out to be 3.6% in 2016 compared to 3.1% in 2015. On the other insurance density in UAE grew at a CAGR of 9.8% during 2011-16 to AED4,490 (USD1,223) as of 2016.

nsurance Density (AED)



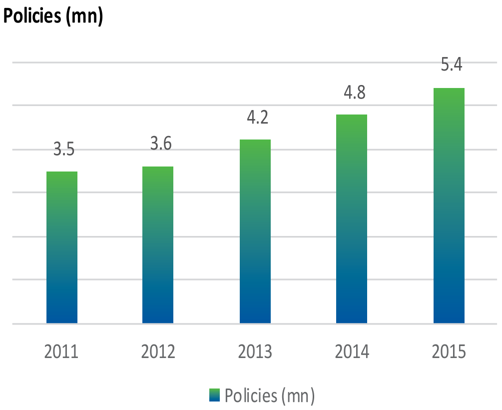
Insurance Penetration (%)

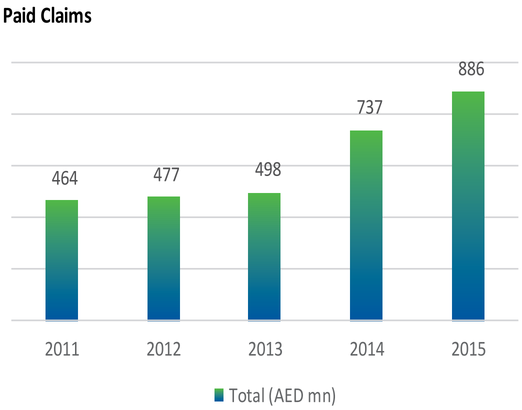


ource: UAE IA

Policies issued by the insurance companies have continued to grow. Overall policies grew at a CAGR of 11.7% during 2011-15. While during 2015, policies registered a growth of 13.4% to 5.4mn compared to 4.8mn in 2014. The number of complaints received by the IA from policyholders and beneficiaries of the insurance and related professions were 3,900 of which 3,783 complaints were solved, or a percentage of 97%.

Paid claims by the insurance companies have continued to grow. Overall paid claims grew at a CAGR of 17.5% during 2011-15. Paid claims by national and foreign companies grew by a CAGR of 20.8% and 14.5% respectively during 2011-15. Total paid claims in 2015 increased by 20% compared to 2014 to AED 886mn in 2015 compared to AED 737mn in 2015.

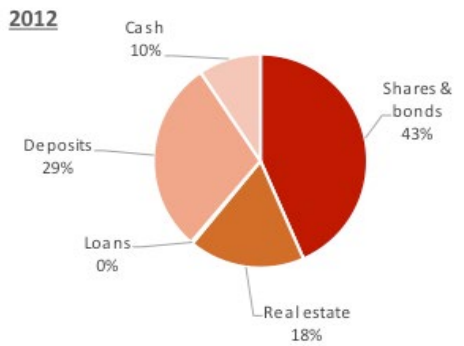


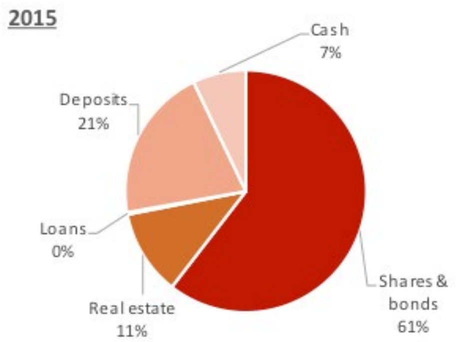


Source: UAE IA

UAE companies invested assets grew at a CAGR of 13.1% during 2011-15. In 2015, the invested assets grew to AED45.9bn from AED42.8bn in 2014. Investment in the shares and bond segment grew the most by 10.1% followed by investment in banks deposits at 9.0%. In terms of composition, shares and bond segment share of pie has increased the most over the years. In 2012, shares and bond segment were 43% of total invested assets while in 2015 they stand at 61%. Real estate on the other hand witnessed a drop. Its share in 2015 stands at 11% compared to 18% in 2012. Share of deposits and cash also declined in 2015 when compared to 2012.

Analysis of Invested Assets





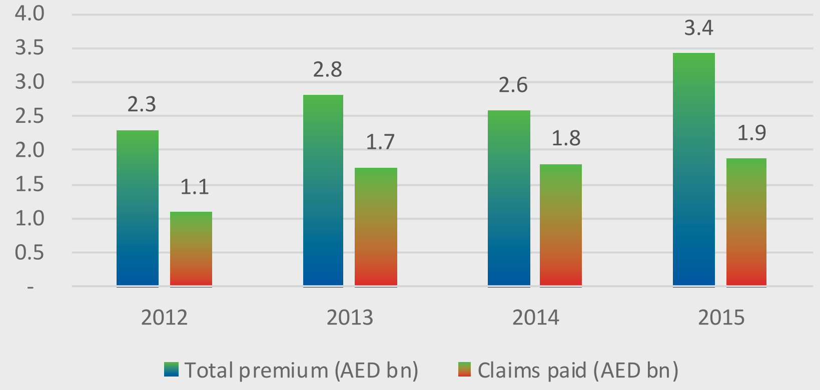
Source: UAE IA

Takaful Insurance in UAE

UAE is one of the Takaful industry pioneers worldwide and that it is number one internationally in terms of the initiatives made to codify the Islamic financial transactions, including Takaful insurance. Such indicators reflect the opportunities which the Takaful industry has in the UAE market and the considerable growth opportunities available to the Takaful companies operating in such market.

The Takaful indicators during the period 2008-2015 demonstrate the rising number of Takaful insurance companies licensed by the UAE at the rate of 57%, amounting to 11 companies in 2015. The written premiums of such companies rose at the rate of 33% up to nearly AED 2.71bn. H.E. Ebrahim Obaid Al Zaabi, Director General of the Insurance Authority (IA), confirmed the growth of the total investments in the Takaful insurance market in the UAE during 2015 a rate of 135%, recording AED3.87bn. He also indicated a growth in the total assets in the market at a rate of 88%, recording AED7.14 bn. The capital of ordinary shares of companies operating in the Islamic Takaful insurance sector increased at the rate of 106%, amounting to AED 2.54bn, while the total equity rights increased at the rate of 31% to amount to AED 1.99bn

Takaful Companies



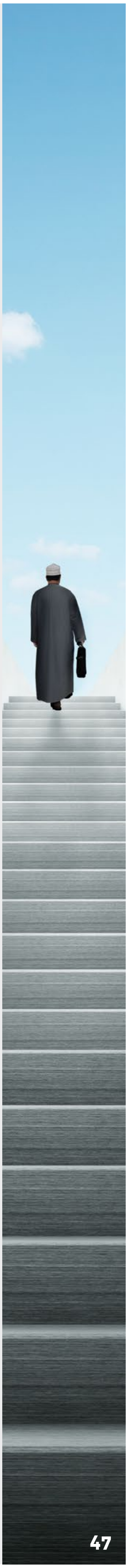
Source: UAE IA

Emiratization in the Insurance Sector

Emiratization in the insurance sector is a strategic objective of the IA and one of its priorities. Total number of employees in the technical departments in the insurance companies operating in the State by the end of 2015 amounted to 2,900 employees, including 340 UAE nationals constituting 11.7% of the total number of employees.

Outlook

UAE insurance market's long term growth prospects remain positive. A spike in the number of construction and infrastructure projects, expected ahead of major events such as the World Expo 2020 in Dubai, the World Cup 2022 in Qatar and the major infrastructure advancements as part of Saudi Arabia's Vision 2030, are set to stimulate the industry in the long-term. Apart from above, law requiring compulsory health insurance for all Dubai residents, which was implemented in 2015 and would continue for full implementation until next three years is expected to be a key driver for the industry. Many new regulations related to the Bancassurance business and actuarial services are in the pipeline as well. Bancassurance is severely under penetrated market and is still in its early stages in the Gulf Arab region, with a market penetration rate of between 1-2%, compared to between 8-15% in other mature markets, according to report by Alpen Capital.



10. DESCRIPTION OF THE COMPANY AND BUSINESS OVERVIEW

10.1 About the Company

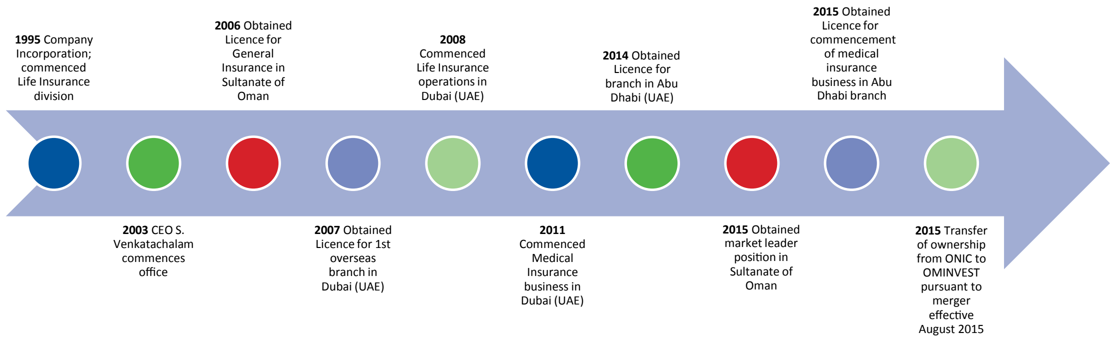
NLGIC is engaged in the business of life and general insurance business within the Sultanate of Oman and UAE. The headquarters of the Company is in Muscat, Oman.

The Company was established vide administrative order number 2/95 on 4 January 1995, as an SAOC as a subsidiary of ONIC Holding, pursuant to a scheme of transfer under Article 39 of Insurance Law. The life insurance portfolio of Oman National Insurance Company SAOG has transferred to National Life Insurance Company SAOC.

Subsequent to the merger of ONIC Holding with OMINVEST on merger effective from 19th August, 2015, the Company became a subsidiary of OMINVEST. As at the date of this Prospectus, the Issued and Paid-Up Share Capital is RO 26,500,000 divided into 265,000,000 Shares of RO 0.100 each, 97.93% of which is held by OMINVEST.

Since incorporation, the Company started underwriting insurance business by providing various types of insurance business. In 2006, the Company received a licence from CMA to conduct general insurance business and was renamed as National Life & General Insurance Company SAOC. NLGIC currently has 17 branches (16 branches and 1 head office counter) in Oman and has also expanded its operations in the region by obtaining licence for operating insurance business in Dubai and Abu Dhabi when it opened branches in 2007 and 2014/2015 respectively. The Company also proposes to open a branch in Kuwait for which it is in discussion with the concerned regulator.

The timeline given below outlines some of the key events of the company since its inception.



Company's Vision

The Company's vision to build shareholder value by continuing the tradition of trust as the most preferred insurer in the markets we operate. To blaze the trail of excellent business practices of international standards to serve NLGIC's customers and to achieve valued customer satisfaction and society benefit

Company's Mission

The Company's mission is to provide innovative insurance solutions with personalized service exceeding the customer's expectations. The Company is committed to bringing quality products to market while providing the best services to NLGIC's customers.

Values

As a progressive organization, the Company is consistently growing with the support of its valued customers. The Company aims to continue to retain its core values, which have been the foundation of it success and are as follows:

- Trust: NLGIC adopts policies and procedures to ensure highest standards of corporate governance and to create trust in our business partners and customers
- Innovate: NLGIC pursues new initiatives and challenge ourselves to create opportunities
- Integrity: NLGIC fulfills its promises and deliver on a clear set of expectations, maintaining our integrity at all times
- Excellence: NLGIC practices business efficiently and effectively to achieve high standards of excellence
- Collaborate: NLGIC encourages openness, mutual trust and teamwork throughout the organization

Awards

NLGIC provides best in class products and services and has received numerous awards and accolades in this regard, some of which are listed below:

- BIZZ AWARDS, World Confederation of Business, 2016
- Wealth and Finance International 's 2015 Finance Awards –Best Life Insurance Company, Oman
- Best Life Insurance company, Global insurance awards ,World Finance 2015
- MEA Business Awards, 2015
- Best Life Insurance company, Global Insurance awards, World Finance 2014
- Best Life Insurance company, Insurance awards, World Finance 2013
- Bizz Awards, World Confederation of Business, 2013

10.1.1 Operations

The Company commenced its operations with life and health business in Oman and diversified into general insurance business in 2006. NLGIC further expanded its operations to UAE market by opening a branch each in Dubai (2007) and Abu Dhabi (2015) to transact life and health insurance business, in accordance with the licence issued by United Arab Emirates Insurance Authority

During 2016, the Company invested in a fully owned subsidiary "NLGIC Support Services Private Limited' in Chennai, India. The captive unit is mainly set up for claims processing and is expected to result in reduced costs, greater efficiency with regards to company resources and business processes. The Indian subsidiary is currently engaged in processing of medical claims for Oman operations and supporting IT, Finance and underwriting operations. Going forward, with the growing medical business in Dubai and Abu Dhabi, the claims processing of UAE operations will also be done in house through the captive unit in India. This will enable NLGIC to save costs as compared to using the services of an external TPA and also provide enhanced control on claims.

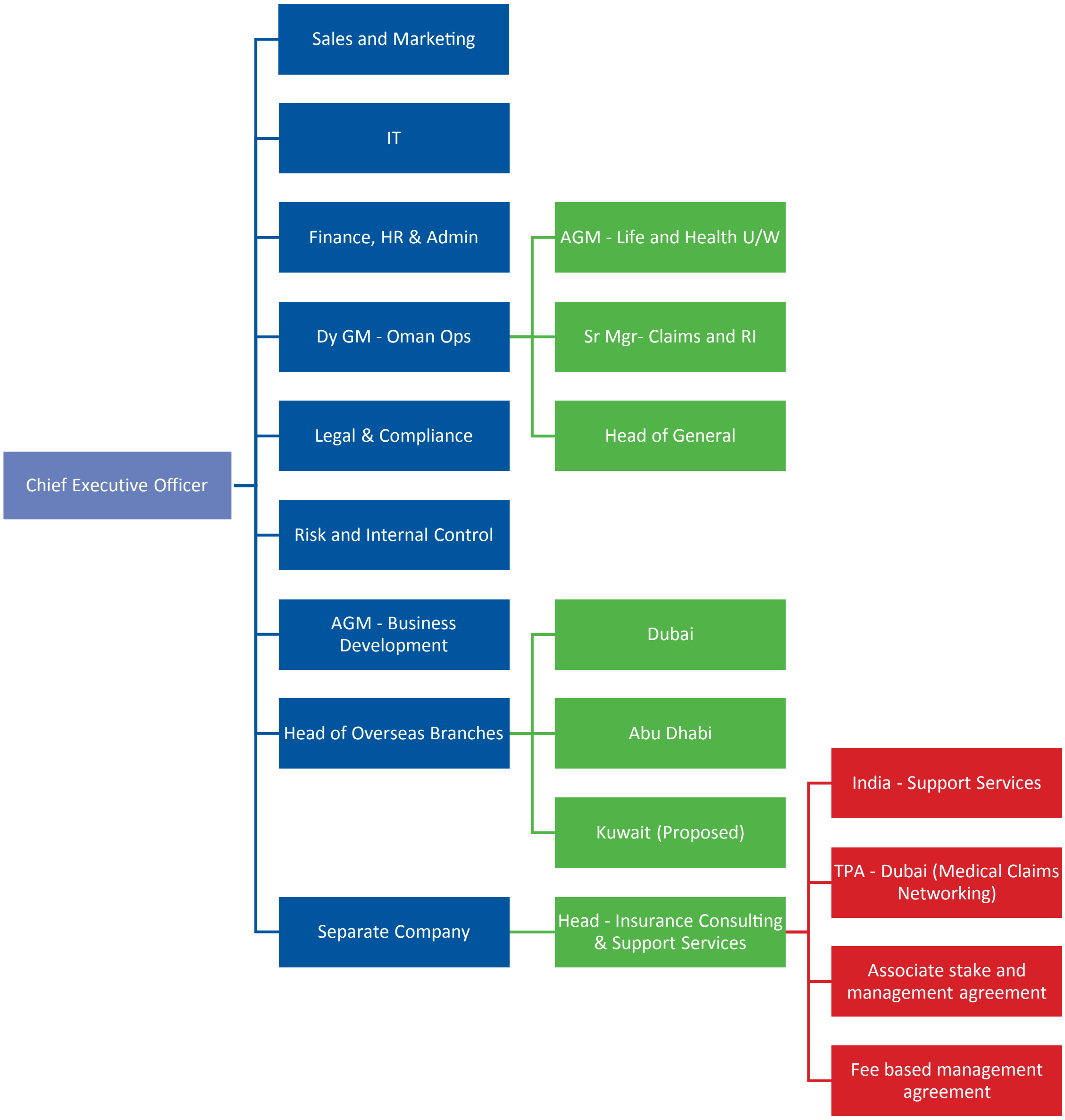
The Company further proposes to commence operations in Kuwait. Kuwait is one of the fastest growing insurance markets in the GCC region and is expected to offer great opportunities in motor and medical segment which are NLGIC's core focus areas. The move is in alignment with Board approved strategy of being a major GCC player. The law in Kuwait allows for 100% foreign owned branches and do not have stringent capital requirements for a branch setup.

NLGIC is in the process of acquiring a controlling interest in a UAE based third party administration services (TPA) provider licenced by the UAE Insurance Authority. The Company expects the said acquisition to be completed before the listing of the IPO.

The TPA will act as a claims administration provider for NLGIC's UAE operations. Benefits of acquiring the TPA will include:
- Direct access to a wide network of hospitals – backward integration
- Reduce our dependence on TPAs
- Change in the nature of claims processing costs – From variable to semi-variable resulting in cost savings in the longer run
- Better understanding of the UAE claims by getting closer to the customer and the providers

10.1.2 Organization Structure

The current organization structure was approved by the Board on 23 February 2017. The top management has extensive managerial and operational expertise and is supported by a team of talented, qualified and motivated employees. Detailed profiles of executive management team is included in chapter 19.



10.1.3 Products and Services

NLGIC offers broad range of life and general insurance products to individuals, associations and businesses. Being the largest Omani insurance company and the market leader in medical insurance segment, the Company offers a comprehensive range of innovative insurance products that are competitively priced. Some of the key products introduced in Oman during the last few years are Comprehensive Personal Plan (CPP), (Personal Accident Plan) PAP, Damanati, Credit life and Individual medical product (Sahatuna).

A brief description of some of the key products offered by the Company are given below:

Business Line	Description
Individual life policies	Individual Life policies are either (i) with Profit policies or (ii) without profit policies. i. With Profit Policies are policies which insure events associated with human life over long period of time. Each policy has defined benefit amount payable which is guaranteed and apart from this policyholders are entitled to reversionary and terminal bonuses declared by the company based on the profitability of individual life portfolio. ii. Without Profit Policies are term assurance policies where the benefits are payable only in the event of death of insured during the policy period. These policies include policies where insured amount is constant throughout the term of the policy or policies having decreasing term assurance where the sum assured reduces at pre-decided rate every year.
Group Life Policies	These are short term life insurance contracts underwritten on a group basis, the lives covered usually being employees of a common employer. These contracts protect the Company's customers (the employer) from the consequences of events (such as death or disability) that would affect on the ability of the customer or his/her dependents to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policyholder. There are no maturity or surrender benefits
Group Medical Policies	These are short term medical insurance contracts underwritten on a group basis, the lives covered usually being employees of a common employer. These contracts protect the company's customers (the employer) from losses resulting from medical treatment of employees as a result of ill-health or accident, covering both hospitalization and out-patient expenses. The bulk of hospital claims are disbursed directly by the company to healthcare providers. There are no maturity or surrender benefits
Group credit life policies	These are life insurance contracts underwritten on a group basis and issued to financial institutions to protect their outstanding loan portfolios. These contracts protect the company's customers (financial institutions) from the consequences of events (such as death or disability) that would affect on the ability of the customer's borrowers to repay outstanding loans These contracts are issued on two bases • For the duration of loans with the insurance premium being received as a single premium. Further premiums are received if and when loans are topped up. • Short term contracts covering the risk for a year at a time, with premiums being determined and paid monthly on outstanding balances
Individual Medical	These are short term medical insurance contracts underwritten on individual basis. These contracts protect the policyholder's losses resulting from medical treatment as a result of ill-health or accident, covering both hospitalization and outpatient expenses.
Individual Credit Life	These are life insurance contracts underwritten on individual basis and issued to individuals to protect their outstanding loan portfolios. These contracts protect the financial institutions from the consequences of events such as death or disability of individual that would affect the ability of the customer's borrowers to repay outstanding loans. These contracts are issued usually on Long term basis.
General Insurance	General Insurance mainly classified as (1) Motor Insurance and (2) Non-Motor Insurance Motor Insurance have two sub-classes 1 Motor Comprehensive (death liability, bodily injury of driver and passenger, medical expenses etc.) 2 Motor Third Party Liability (Third party- Vehicle damage, property damage, death, bodily injury, animals) 3 Non Motor Insurance: Mainly includes Property, Engineering, Liability, Marine, Travel Insurance etc.

10.1.4 Underwriting business

Underwriting Philosophy

One of NLGIC's highest priorities is to ensure that customers are treated fairly in relation to underwriting, pricing and customer service. We price competitively, but adequately, and leverage underwriting tools to effectively analyze and price risk. NLGIC's underwriting and pricing process is explained below

Underwriting Process

Underwriting is the process of examining, accepting or rejecting insurance risks and classifying those selected, in order to charge the appropriate premium for each. The purpose of underwriting is to spread the risk among a pool of insured in a manner that is equitable for the insured and profitable for the insurer.

The underwriting process followed by NLGIC is based on the following objectives:

- The scheme is adequately priced and is in line with the underwriting policy and reinsurance arrangement of the company.
- All material information required for the underwriting is obtained.
- Exercise controls in areas of greater exposure through additional exclusions, deductible/co-pay and other restrictions (such as age band, territory etc.) in cover.
- Ensure the schemes and the portfolio operates in a profitable manner.

In order to achieve the above objectives, NLGIC's underwriters apply stringent policies in the processes followed in the areas of;

- Evaluating loss exposure
- Determining underwriting alternatives
- Determining the appropriate premiums
- Implementing the underwriting decisions
- Recording the policy and related accounting/statistical reporting
- Monitoring loss performance.

Pricing Process

The first stage is to derive a premium rate table for a particular policy type for the particular risk being covered or market or region. This is usually arrived by considering NLGIC's past experience. Past experience would reflect the insurers own business mix, policy conditions, underwriting standards and claims control practices. The past experience allows a burning cost/rate to be arrived. In case the past experience is not available with NLGIC, it relies on the claims statistics/reports provided by respective clients or those published by the regulators or rates offered by the reinsurers which is derived from their experience.

The second stage is to apply these rates to the benefit of the scheme and then to make adjustments including but not limited to

- Location
- Nationalities
- Sex
- Occupation
- Volume
- Risk factors
- Loadings for profit, expenses and commission.

Claims Philosophy

The primary goal of the claims team at NLGIC is to exceed the customer expectations in all aspects of their claims experience. The Company ensures each claim is processed, explain what is covered and not and payout the claims it owes promptly.

NLGIC ensures that all claims are handled with utmost good faith. Treating customers fairly is the foundation of NLGIC's claim handling process. It is NLGIC's goal to make the claims process as simple and straightforward as possible.

Claims loss payouts and their related expenses are the most significant costs to insurance organizations and subsequently have the largest impact on underwriting profits. NLGIC, with the large pool of knowledgeable, highly skilled staff to provide effective customer service and support, coupled with the most sophisticated automation in claims handling, ensures the ultimate customer satisfaction and increased productivity and underwriting profits.

Since major part of NLGIC's business is in health insurance and in Motor insurance, most of NLGIC's claims settlement happens to the hospitals and /workshops. NLGIC has developed stringent policies in terms of networking of these providers (Hospitals/workshop), Fraud detection/Management, and appointment of loss adjusters/surveyors.

Reinsurance Strategy

The reinsurance management strategy of NLGIC envisages to have the best reinsurance arrangements for each line of business with the ultimate objective of protecting the organisation's bottom line/ profitability from any major single claim or a group of claims or any Catastrophe. The reinsurance arrangements is placed according to the reinsurance management strategy adopted by the Board. The document states the reinsurance arrangement strategy of NLGIC (including its overseas operations) for all Life, Health, Personal Lines and General Insurance business. The same is defined keeping in mind the following parameters;

- Tolerance for risk;
- Identify the level of cessions/retentions appropriate
- What type of reinsurance arrangements are most appropriate to limit risks
- The diversification and creditworthiness of reinsurance counterparties
- How liquidity is managed to cover any timing mismatch between the payment of claims and the receipt of reinsurance recoveries;
- Set concentration limits for credit risk exposure to reinsurance counterparties and appropriate systems for monitoring these exposures;
- Provide for identification and management of aggregations of risk;
- Provide for identification and management of upper bounds of programs
- Allow for analysis of trends within the business and stress scenario testing in relation to the adequacy of the reinsurance arrangements over the previous 12 months; and
- Set out any assumptions made about the likely continuation of the availability of similar cover in future years.

As per Reinsurance Management Strategy, the Company will enter into reinsurance arrangements only with reinsurers who have a minimum rating of BBB from Standard & Poor's or B+ from A.M. Best. Following are some of the major reinsurers dealt with by NLGIC.

S.No	Reinsurer	A.M. Best Rating	Date of Rating
1.	Swiss Re	A+ (Superior)	16 December 2016
2.	GenRe	A++(Superior)	21 December 2016
3.	PartnerRe	A (Excellent)	13 May 2016
4.	GIC Re	A - (Excellent)	11 April 2016

For the period ended 30 June 2017, the total reinsured premium was RO 26.4 million contributing to 38.5% of the GWP. Around 95% of the reinsured premium was from the above stated reinsurers.

10.1.5 Reinsurance Policy

NLGIC's reinsurance policy with respect to its various business lines are provided below:

Life Insurance Business:

In case of Life insurance business comprising of Individual Life, Retail, Group Life and Group Credit Life business, NLGIC has entered into quota share and surplus treaties and FAC Obligatory arrangements depending on each line of business. All risks which are outside the purview of the above arrangements are placed facultatively after getting quotes from leading reinsurers. NLGIC also has a Catastrophe XOL arrangement to cover all Life Insurance business.

Medical Insurance Business:

In case of Medical insurance business comprising of Individual Medical and Group Medical business, NLGIC have entered into Quota share Treaties.

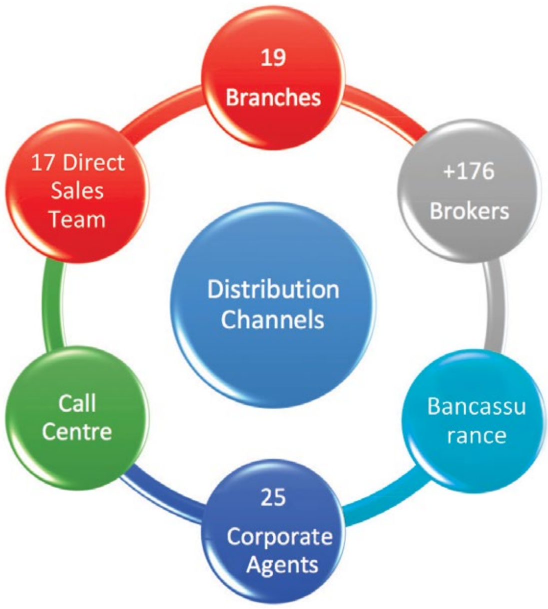
General Insurance Business:

a)Motor Business: The business is fully retained by NLGIC and there are no quota share arrangements. The Net is protected through a Motor & Casualty XOL arrangement.

b)Non-Motor Business: The Non Motor business is protected through various Quota share and Surplus share treaties. The Net is protected through Casualty XOL and Whole Account XOL arrangement.

10.1.6 Marketing Arrangements

NLGIC has a strong and well established distribution network. There are close to 200 plus combined touch points facilitating policy sales servicing in Oman and UAE.



- **Branch Network:** The Company has a wide reach across Oman through its 17 branches (16 Branches + 1 Head Office counter). NLGIC has also opened a branch each in Dubai and Abu Dhabi to cater to the UAE market.

- **Direct Sales Team:** The Company currently has a team of 7 direct sales person in Oman, 7 in Dubai and 3 in Abu Dhabi to attend to various customer requirements.

- **Brokers:** The Company also offers the insurance products through more than 36 Brokers in Oman (with 87 sales touch points), 100+ brokers in Dubai and 40+ brokers in Abu Dhabi, affiliated with the Company.

- **Corporate Agency:** The Company has agreements with 25 agents, who are duly licenced by CMA, to exclusively deal in NLGIC insurance products.

- **Bancassurance:** The Company has tie-up with Oman Arab Bank (OAB) for the distribution of its products. There are 16 OAB Branches managed by NLGIC staff for providing insurance service to bank's customers. In addition, insurance requirements of OAB customers are referred to and is managed by NLGIC through hub & spoke model in 56 OAB branches. OAB markets and distributes the following products: Motor Insurance, CPP, PAP, Home Content, Sahatuna (Individual Medical), Travel and Critical Illness products.

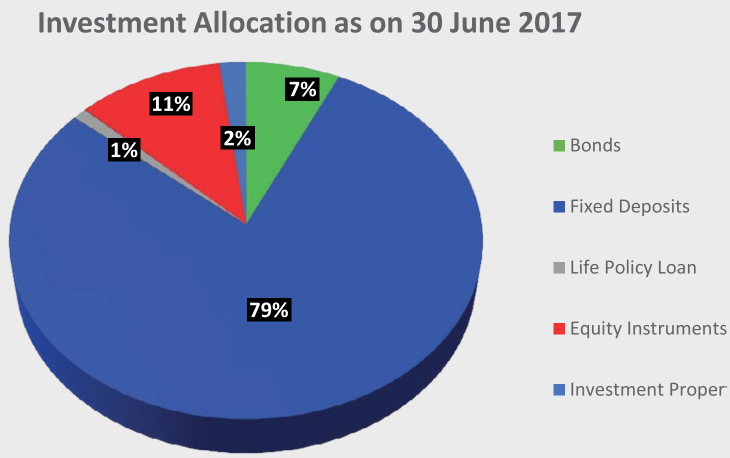
- **Call Centre:** The company operates a dedicated Call centre which focuses primarily on handling customer enquiries and following up with existing individual clients for renewal of existing insurance policies

10.1.7 Investment Portfolio

NLGIC adopts an investment strategy that meets the stakeholder's expectations. The strategy focuses on investing in high quality businesses, maintaining adequate liquidity at all times, limiting leverage and exposure to derivatives and structured products. The investments made by the company confirms with the investment limits / law prescribed by CMA. The investment portfolio is diversified across companies, sector, geographies and duration. In accordance with the investment strategy, the Company can deploy funds in the following types of investments:

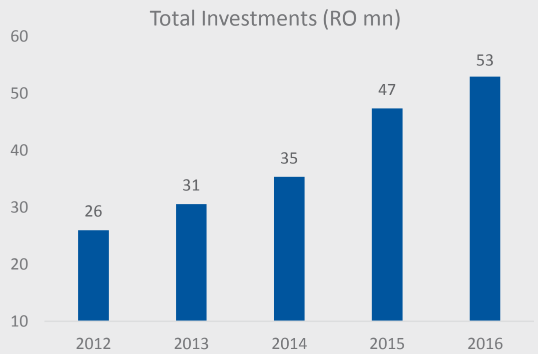
1. **Quoted/Public Equity Investments:** These investments in liquid publicly listed companies are held for medium/long term with the purpose of generating income through dividends and capital gains
2. **Unquoted/Private Equity Investments:** Medium/long term investments in private companies with or without a controlling stake.
3. **Fixed income Investments:** Deposits, bonds, government/corporate fixed coupon instruments etc are held for lower risk, stable returns over the medium/long term.
4. **Real Estate Investments:** Investment in land, buildings and real estate products

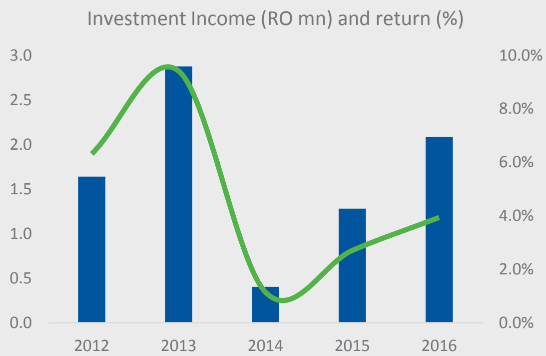
The current Investment allocation of the Company as on 30th June 2017 is as under:



Currently, a major portion of the investment portfolio (around 79%) is invested in highly liquid assets such as fixed deposits placed with highly rated regional banks. Further, 11% of the investment portfolio is invested in Equity Instruments (primarily listed Equities and Mutual Funds) mainly within Oman and UAE markets and 7% in Bonds (95% of which is into bonds issued by Government and remaining in highly rated Corporate Bonds).

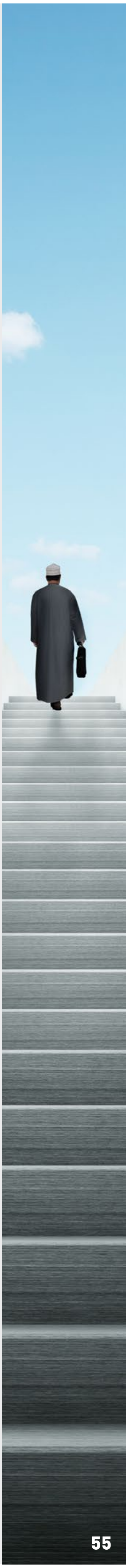
The total investment book size has more than doubled from RO 26 million in December 2012 to RO 62 million as on 30 June 2017. The details of Investment size and returns over the period 2012-2016 is provided below:





10.1.8 Rating

In April 2017, A.M. Best affirmed the financial strength rating of B++ (Good) and the issuer credit rating of “bbb” to NLGIC. The outlook for each rating remains stable. According to the rating agency, the ratings reflect its evolving business profile, track record of good operating performance and strong risk-adjusted capitalization. In 2016, NLGIC successfully completed an RO 16 million rights issue, fully subscribed by all shareholders. According to the rating agency, this rights Issue has bolstered the company’s capital position and A.M. Best expects the increased capital base to support prospective growth and increasing levels of underwriting activity and higher premium retention. NLGIC also benefits from excellent liquidity and good financial support from its ultimate parent. The company’s concentrated underwriting portfolio which is focused towards health insurance business is viewed as the key risk parameter.



10.1.9 Manuals and Procedures

The Company has in place various operational/ procedure manuals which contain guidelines and instructions to be followed by various business units/ departments in order to achieve the organizational goals set by Company. These manuals are useful in communicating policy and procedures to the employees and can be used as a benchmark for monitoring quality and efficiency of operations. The manuals/policies are reviewed/updated at regular intervals given the dynamic nature of the business and the company ensures maximum compliance and adherence to it. Some of the key manuals maintained by NLGIC are Operating manuals for the various lines of business such as Group Life Insurance, Group Credit Life, Motor, Non Motor, manual for overseas branches and other business manuals such as customer service manual, accounting policies and procedures, corporate code of conduct and ethics, disclosure policy document, related party manual, anti-money laundering and terrorism finance procedure manuals, etc.

10.1.10 Information Technology (IT) and Financial Systems

IT Systems

Information Technology (IT) plays a vital role in NLGIC business functions and operations. Given below are some of the key applications currently being used by various businesses and functions of the Company.

S no	Application	Description	Business / Function
1	IMS	Insurance Management System	Life
2	IMS Online	IMS Online	Life
3	RxOnNet	Medical Insurance System	Medical
4	SmartIMS	Medical Insurance System	Medical
5	TOSHFA	Medical Insurance System	Medical
6	GIMS	General Insurance Management System	General/Life retail
7	EzyNsure	General Insurance System	General
8	Capital	Financial Accounting System	Finance
9	HRMS	Human Resource Management System	HR
10	TAS	Biometric Attendance System	HR
11	Ameyo	Call Center System	Call Center

The IT strategy is aligned to the future business strategy of the company and is focused on the following areas:

- ✓ Mobility and Online Channels: The Company is planning to launch Mobile App and Retail Portals for reaching out to more customers.
- ✓ Application Modernization: Older applications need modernization by migration to newer technologies to take advantage of enhanced performance, security, vendor support, productivity and customer service.
- ✓ Technology Upgrades: Technology upgrades provide enhanced performance, security, productivity, business processes and capacity to handle high volume of transactions.
- ✓ Analytics: Analytics platforms provide features for gaining business insights from high volume of business data which enables better decision making for helping business growth.
- ✓ Automation: Automation helps the business to transform manual transactions to automated business processes thereby increasing data accuracy, control and productivity.
- ✓ Information Security: Information Security is an important function by which the organizational information assets are protected from unauthorized access and threats.
- ✓ Infrastructure Services: Infrastructure services includes provision of IT systems in supporting the business growth and equipping the business by assessing and providing required IT systems capacity.

Disaster Recovery Plan

The Disaster Recovery Plan (DRP) of NLGIC captures information that describes its ability to withstand a disaster as well as document the processes that must be followed to achieve disaster recovery to restore the IT functionality based on the disaster recovery management policy defined in the IT Policy.

In the event of a disaster, the priority of NLGIC is to prevent the loss of life. Before any other measures are undertaken, NLGIC will ensure that all employees and any other individuals on the organization's premises are safe and secure. After all the individuals, have been brought to safety, the next goal of NLGIC will be to enact the steps outlines in this DRP to bring all of the organization's groups and departments back to business-as-usual as quickly as possible. This includes:

- Preventing the loss of the organization's resources such as data, hardware, software and physical IT assets
- Minimizing downtime related to IT systems
- Keeping the business running in the event of disaster

The Disaster Recovery Team is responsible for assessing the damage specific to any IT infrastructure, co-ordinate with the Disaster Recovery Service Vendor Team, and Initiate the failover and recovery process. The Disaster Recovery Lead is responsible for making all decisions related to the disaster recovery efforts. Primary role will be to guide the recovery process and all other individuals involved in the disaster recovery process will report to this person in the event that a disaster occurs at NLGIC, regardless of their department and existing managers.

10.1.11 Company Property Details

The company owns a nine storeyed commercial building with gross built up area of 4,377 square meters on a freehold land of 450 square meters, located at Greater Muttrah Area, Sultanate of Oman.

10.1.12 Employees

NLGIC has an experienced management team supported by a team of talented, qualified and motivated employees. The total number of employees as on 30 June 2017 was 317, of which 241 are based in Oman and 76 are based in the UAE. The Omanization ratio is 65.56%, higher than the 65% stipulated by the Ministry of Manpower. The company is working towards increasing the number of Omanis in the organization and is also focusing on imparting training and development programmes aimed at enhancing the careers of its employees. The Emiratisation ratio as on 30 June 2017 was 10.67% against the prescribed percentage of 15%. The current Emiratisation Ratio, as on date of this Prospectus is 15%. Given below is the breakup of employees as on June 30, 2017.

Total Employees and Omanization						
Country	**Permanent Staff**					
	Company Head	**Executive Management**	**Senior Management**	**Middle Management**	**Staff**	**Total Permanent Staff**
Oman	1	3	18	54	165	241
Dubai - UAE			3	13	43	59
Abu Dhabi - UAE			2	2	13	17
Total	**1**	**3**	**23**	**69**	**221**	**317**
Note	1-Data as on 30th June, 2017 2-No Trade Unions are present 3- As on 30th June, 2017, Omanization % is 65.56%					

10.1.13 Tax Status

The Company's tax assessments up to tax year 2012 have been completed by the Oman tax authorities. During 2017, the tax authorities have commenced tax assessment for the years 2013 to 2015. The Management believes that tax assessed, if any, in respect of the unassessed tax years would not be material to the financial position of the Group as at 30 June 2017.

10.1.14 Claims Litigations and Disputes

The Company is party to legal proceedings which arise in the ordinary course of insurance business and it believes that the outcome of outstanding legal proceedings, individually and in the aggregate, will not have a material adverse effect on its consolidated financial position. As per the management the total number of cases in which the Company is involved as of the date of this prospectus is 81 out of which 11 relate to medical claims, 66 relate to motor claims and 4 relate to other claims. As per the management's estimates, the aggregate financial impact of the outstanding legal proceedings is approximately RO 1.5 million and financial impact net of reinsurance is approximately RO 0.7 million. NLGIC believes that it has set aside enough reserves required to settle any liability from the ongoing litigations.

10.1.15 Internal Audit

The Company has a robust Internal Audit Framework. Annual Internal audit plan is reviewed and approved by the Audit Committee. Audit Committee also oversee the Internal Audit function including the review and approval of Internal Audit Reports and review of the follow up process of remedial actions.

The Company proposes to appoint a full-time employee as the internal auditor who will be assisted by an external third party, as required. The Company has filed an application to the CMA for the approval of the internal auditor. The internal auditor shall report functionally to the Audit Committee and administratively to the chief executive officer.

10.1.16 Board Secretary and Compliance Officer

***Board Secretary – Mr. Ravi Iyer**
Mr. Ravi joined NLGIC in January 2014 as a Financial Controller. He is Associate member of The Institute of Cost Accountants of India, the Institute of Company Secretaries of India and the Chartered Institute of Management Accountants, UK. He has over 19 years of experience in the field of Finance of which 12 years of experience is specific to the Insurance Industry. He has worked as the Company Secretary of Prudential back office in India. His insurance industry experience includes insurance organizations such as Prudential and NLGIC.

**The Company intends to have a Board Secretary that complies with applicable CMA, Insurance Law, the Code of Corporate Governance and CCL requirements, within 2 months of the date of listing of the Company on the MSM.*

Compliance Officer – Mr. Abdullah Nasser Saif Al Hunainy
Mr. Abdullah Nasser Saif Al Hunainy joined the Company in October 1997 and is currently designated as the compliance offcer of NLGIC. Mr Abdullah has completed his Diploma in Banking. He has 26 years of experience of which 19 Years is specific to the insurance sector. He has also been earlier associated with the British Bank for seven years.

10.1.17 Code of Corporate Governance for insurance companies

The CMA has specified a "Code of Corporate Governance for insurance companies" in Oman. Public joint stock insurance companies listed on MSM are required to also comply with the provisions of the "Code for Corporate Governance for MSM listed companies", where the same do not contradict the provisions of Code for insurance companies.

Broadly, the Code for insurance companies covers aspects such as:
1. Composition of the Board and its sub committees;
2. Functions of the Board including:
    a. Approval of the annual corporate business plan, the annual risk assessment and management strategy, underwriting and pricing policy, reinsurance management strategy and investment management policy;
    b. Establishing the management structure and responsibilities;
    c. Establishing standards of customer services and fair dealings;
    d. Approving Information Technology systems;
    e. Overseeing policy and strategy implementation and operational performance;
    f. Establishing systems for internal controls, internal audit and code of corporate ethics;
3. Roles and responsibilities of the senior management;

4. Related party transactions; and
5. Report on Corporate Governance.

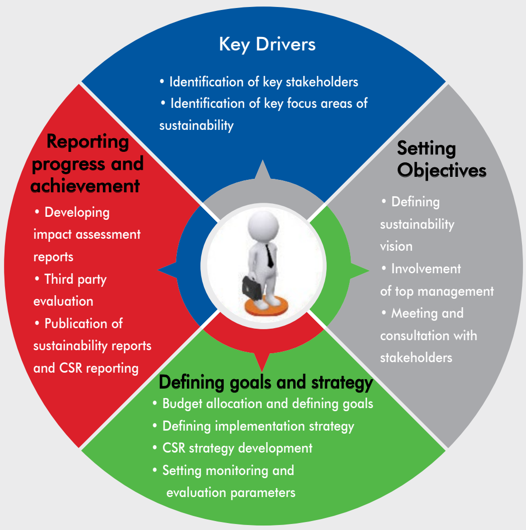
The Board of Directors and the Management are keen on adherence to the provisions of the code, thus ensuring compliance, transparency, and disclosure.

The Board and the Management firmly believe in reviewing and assessing the Company's objectives and plans from time to time to ensure these are in line with the strategic corporate business plan.

The Company's report on Corporate Governance for the year ended 2016 states that the Board and executive management of the Company have reviewed the Company's overall risk profile from time to time to ensure that this is effective and appropriate risk control systems are in place. Further, they have reassessed the Company's underwriting policy, reinsurance management strategy and strategic investment policy and verified adherence to these. The Board and its executive management place utmost importance in ensuring the effectiveness of internal controls. The Board has accordingly reviewed and has ensured the efficacy of the above controls, in order to ensure the integrity and reliability of financial records. In particular, the Board has verified that the internal limits of operational, financial and administrative authorities have been adhered to by the management. The Board has received and reviewed the reports of Audit Committee and External Auditors and senior management's comments on these reports and where necessary action has been taken. The Board has verified that the management and staff have complied with the insurer's corporate code of conduct and ethics.

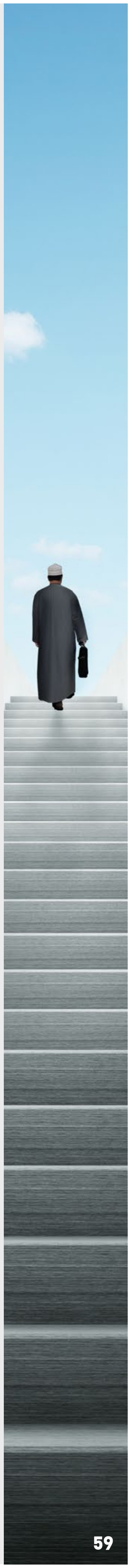
10.1.18 Corporate Social Responsibility (CSR)

The Company believes in earning the goodwill of the society in which it operates and has various corporate social responsibility programs in place. NLGIC has adopted the following corporate social responsibility model



Some of the CSR initiatives undertaken/planned by the company are listed below:

Iftaar Saem : This scheme provides Ramadan ration / clothing to underprivileged families during the holy month of Ramadan
Student Care : School meals / uniform / School bags and stationery for 100 students are provided for one year (Through Dar al att'a). Sponsorship for education, transportation, sponsorship of medical equipment (wheel chair etc.) in collaboration with Rashid center for disabled.
Women Empowerment: Part sponsorship of Dar Al att'a 16 month programme for women empowerment through training / developing for entrepreneurial skills
Aid to differently abled : Sponsoring for hearing aid equipment (Through Dar al att'a)

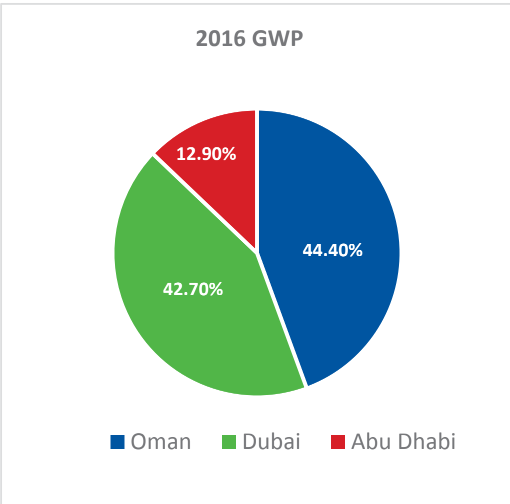


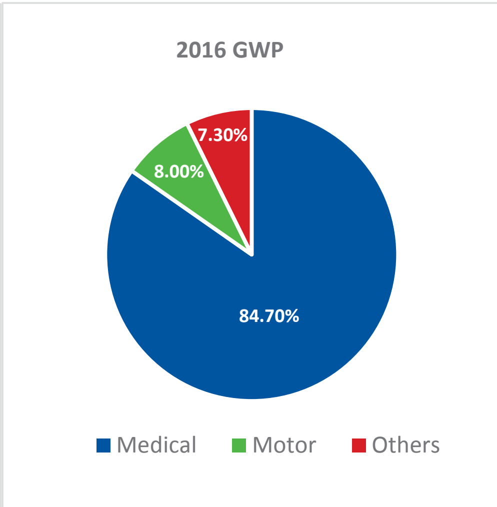
10.2 Performance and Key Achievements

RO million

Particulars	2012	2013	2014	2015	2016
Gross written Premium	43.9	56.0	67.3	90.6	101.2
Net Premium earned	17.0	19.0	27.4	45.9	57.4
Net Underwriting Results (NUR)	5.2	7.0	8.9	10.6	10.6
Investment Income - Net	1.6	2.9	0.4	1.3	2.1
Profit after Tax	3.2	4.4	3.7	4.4	4.7
Earnings per share (Nominal value of RO 1/- per share)	0.457	0.415	0.357	0.415	0.371
Total Assets	61.6	74.4	84.2	101.6	135.3
Share Capital	7.0	10.5	10.5	10.5	26.5
Total Equity	15.8	19.8	22.8	26.1	44.4
Net Assets per share	2.258	1.889	2.168	2.489	1.675

Gross written premium (GWP) of NLGIC recorded a CAGR of 23.25% during the period 2012-16 and reached RO 101.2 million during 2016. The increase in GWP was driven by growth in both life insurance and general insurance segment. NUR recorded a CAGR of 19.2% during 2012-2016. During 2015 and 2016, UAE operations share in the GWP was 54% and 56% respectively and the positive trend has continued in the first half of 2017. The share of Oman, Dubai and Abu Dhabi branches in the GWP and the break-up of Life and General Insurance business during 2016 is provided below:





Profit after tax (PAT) was higher by 7.8 % at RO 4.7 million in 2016 compared to RO 4.4 million during 2015. Profits have mostly shown growth during the period 2012-2016, except in the year 2014 when there was a fall in profits by approx. 14% as compared to 2013 profits. The decline in profits during 2014 as due to a decline in the investment income earned during that year.

Earnings per Share (EPS) for 2016 at RO 0.371, is lower when compared to the EPS of RO 0.415 during 2015. The decline in EPS was due to the capital infusion of RO 16 million during the year 2016. The book value per share (BVPS) also declined to RO 1.675 in 2016 compared to RO 2.489 in 2015, due to the higher capital base.

10.3 NLGIC's Future plans

NLGIC business strategy has been focused upon creating new markets through launch of innovative products and expanding distribution sales points. The future growth strategy of NLGIC is focused on the following three areas:

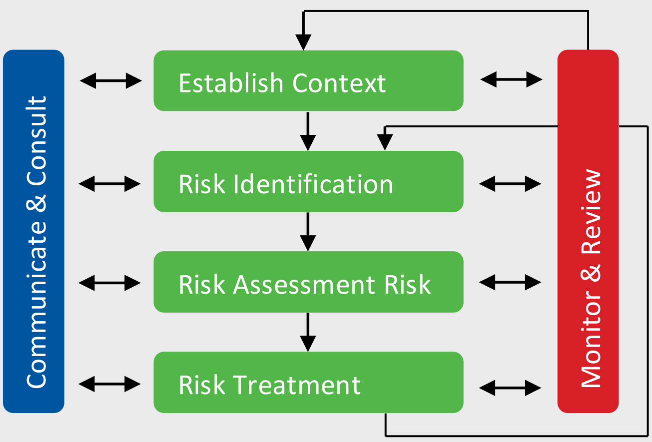
1) Business Growth in Existing Markets
   i. Increase market share in Oman motor insurance segment
   ii. Increase market share in Credit Life for the bank & leasing company loans
   iii. Mass selling of retail products through bancassurance
   iv. Getting a Participating insurer Licence in UAE
2) Cost Reduction Initiatives
   i. Backward integration into medical networks through purchase of a TPA
3) New Markets
   i. Enter new GCC markets through Branch and/or Associate model
   ii. GCC & Non- GCC markets to access through Facultative inward reinsurance (subject to regulatory approvals)

10.4 Risk Management

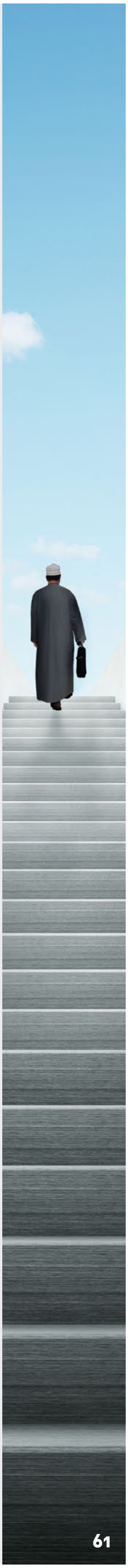
NLGIC considers risk management to be fundamental to good management practices and an important aspect of governance and is thus committed to developing and marinating internal controls to manage risk. NLGIC has a strategy for building an organizational culture where active and effective risk management is an integral part of all business activities and core management capability and responsibility. The company's strategy of risk treatment includes one or more combination of the following:

1) Accept
2) Reduce
3) Avoid
4) Transfer
5) Mitigate

The model of risk management accepted by NLGIC is in line with its operations and is detailed in the following diagram



The Board of Directors are responsible for establishing, reviewing and approving the risk management policy and take the ultimate responsibility for all risk management activities at NLGIC. CEO is responsible for giving overall direction to the risk management activity. The risk officer is responsible for coordinating the risk management process, driving the risk initiative and facilitating in very step in the risk management process will all relevant personnel of NLGIC.



11. RISK FACTORS AND MITIGANTS

Prospective investors should carefully consider the risks described below in addition to all other information presented in this Prospectus, including the financial statements set out in this Prospectus, before deciding to purchase any of the Offer Shares.

Forecasts are projections made by the Company based on best estimates and actual results might vary. Prospective investors should note the risks and mitigating factors mentioned below reflect the Company's opinion based on its current knowledge and the information currently available to it. Additional risks and uncertainties not presently known to the Company or which the Company currently believes to be immaterial may also have a material adverse effect on the Company's financial condition or business success. The actual risks and the impact of such risks could be materially different from that mentioned herein and could have a material adverse effect on the Company's business, results of operations, financial condition and prospects and cause the market price of the Shares to fall significantly and the prospective investors to lose all or part of their investment. Unless otherwise stated in the risk factors set out below, the Company is unable to specify or quantify the financial or other risks mentioned therein.

11.1 Economic Growth and Oil Price

The Company's performance and prospects are directly linked to economic growth and outlook. Oman's economic growth is significantly influenced by the price of oil and the buoyant oil price over the past years led to sustained growth of the economy. This has helped most sectors and businesses in Oman, including the insurance sector. However, the sharp decline in the oil price during the last two years poses a significant risk for the economy and in particular to the insurance sector and the Company. Further, geo political and security risks in the region also affect economic growth and could have a material adverse effect on the market of the Shares.

The Company has witnessed sustained growth in the past. The Company is currently focusing on Health Insurance, which has been recently made mandatory in UAE market and on Motor insurance which is mandatory in the regional markets. The wide product mix and regional diversification, to some extent, mitigates the local economic risks.

11.2 Demand

The performance of the Company is directly linked to the level of economic activity in Oman and the resulting demand for insurance services. A fall in demand for insurance services due to economic downtrend or any other factor adversely affecting the economy could affect the performance of the Company.

Major portion of the Company's insurance premium portfolio is from Health and Motor insurance, which are compulsory in nature. Further, the Company continues to diversify its revenue streams, geographically, to other regional markets. As on 30 June 2017, more than 50% of the GWP is from the UAE market. The Company is in the process of opening a branch in Kuwait.

11.3 Insurance Risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims.

The Company manages the insurance risk through the careful selection and implementation of its underwriting strategy guidelines together with the adequate reinsurance arrangements and proactive claims handling. The objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

*The concentration of insurance risk exposure is mitigated by the implementation of the underwriting strategy of the Company, which attempts to ensure that the risks underwritten are well diversified across a large portfolio in terms of type, level of insured benefits, and amount of risk, industry and geography. Underwriting limits are in place to enforce risk selection criteria. The Company has diversified its operations geographically by opening branch offices in Dubai and Abu Dhabi and is proposing to further open branches in other regional markets. Further, the growth in Motor Insurance portfolio shall also reduce the concentration dependence on Medica*l.

11.4 Business Risk

The insurance business is subject to various risks that have a significant impact on the performance of the Company. Some of these risks include underwriting risk, operations risk, risk of frauds or errors, liquidity risk, interest rate risk, foreign exchange risk, failure of internal systems or equipment and data loss or manipulation. Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

Any unexpected or sustained adverse developments in these areas could adversely impact the performance and stability of the Company. Although the Company implements risk controls and loss mitigation strategies, it is not possible to eliminate entirely any of these or other operational risks.

The Company manages the Investment Risk by investing in highly secured and liquid investments with minimal market price risk. Operational Risk due to human errors and other risks are minimized and controlled by using system driven specifications and rates involving very little or no manual interventions. The Company has in place a Disaster Recovery plan and site for mitigating any system failure risk. Other risks such as loss of data are managed by regular monitoring and assessing the threats and also by restricting the information access to third parties.

11.5 Product Related Risk

The Company offers a range of insurance products and the premiums payable for each product are decided by reference to estimates and forecasts. Any negative deviation of actual results from the estimates (such as higher than envisaged claims) could have a material adverse effect on the Company's business and operating results.

The pricing of most of the Company's products is carried out by external actuaries, which is also a pre requisite for product approval by the regulators. For other products where pricing is not possible, the reinsurer rates are taken as the basis, in addition to previous claims experience and other factors. The performances at portfolio and scheme level are regularly monitored by the Company to initiate various claim control mechanisms and also any revision in premium at the time of renewal. In UAE, there is regulatory requirement for actuarial review of group medical pricing and underwriting results on a half yearly basis by an external actuary

11.6 Adequacy of Provisions and Reserves

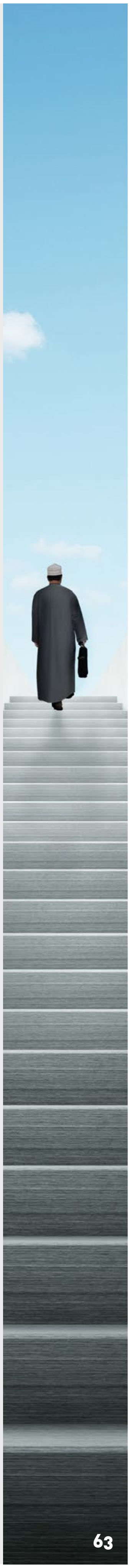
The Company maintains provisions for claims, both reported as well as yet to be reported. The Company also uses a portion of its annual profit to build up its insurance reserves to cover potential future claims and liabilities.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the reporting date. The management uses the initial value of the claim provided by the surveyor for the expected ultimate cost of claims reported at the reporting date. The primary technique adopted by management in estimating the cost of notified and IBNR claims, is that of using past claim settlement trends to predict future claims settlement trends. At each reporting date, prior year claims estimates are reassessed for adequacy and changes are made to the provision.

The determination of the liabilities under long-term insurance contracts (mathematical reserve) is dependent on estimates made by the management through appointing an independent actuary. Estimates are made as to the expected number of deaths for each of the years in which the Company is exposed to risk. The Company bases these estimates on standard industry and national mortality tables that reflect recent historical mortality experience, adjusted where appropriate to reflect the Company's own experience.

Under certain contracts, the Company has offered guaranteed benefits options upon surrender or maturity of the long term contract. In determining the value of these options, estimates have been made as to the percentage of contract holders that will exercise them. Changes in investment conditions could result in significantly more contract holders exercising their options than has been assumed.

The Insurance Law stipulates the minimum amount of reserves that the Company is required to maintain which are based on the level of insurance business undertaken by the Company and estimates of the likely amount of claims. The actual claims or liabilities may turn out to be much higher than the provisions and, in such case, the Company's financial position and ability to pay dividends will be adversely affected. Further, non-adherence by the Company with the reserve requirements will restrict the Company's ability to take up additional business and may also lead to regulatory actions and penalties.



The Company's insurance reserves are reviewed and certified by external actuaries, in accordance with the local regulations. Further, adequacy is tested on claims incurred but not reported for major portfolio.

11.7 Reinsurance Arrangements

The Company has reinsurance arrangements with a number of reinsurers. This enables the Company to secure some protection against losses, to expand its underwriting capacity and to give some stability to its underwriting results. A significant portion of the reinsurance is effected under treaty, facultative and excess-of-loss reinsurance contracts. As at 31st December 2016, the reinsurers' share of insurance contract liabilities of the Company was RO 43 million out of the total gross insurance liabilities of RO 68 million.

However, the effectiveness of these arrangements depends on the acceptance and settlement of claims made on the reinsurers by the Company. While reinsurance is used to manage insurance risk, this does not discharge the Company's liability as primary insurer. Hence, the Company could be exposed to disputes on and defects in its contracts with its reinsurers, challenges to claims asserted against reinsurer and a possibility of default by its reinsurers which could have a material adverse effect on the Company's performance and profitability.

Further, the Company is also exposed to credit risk relating to its reinsurers. To minimize its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers and monitors concentration of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

The reinsurance strategy followed by the Company also impacts its ability to write additional insurance policies as well as its net premium income. Further, the availability of reinsurance and its size and cost are subject to prevailing market terms, which are beyond the control of the Company. Any change in the terms, including from those envisaged for the financial projections, will have an impact on the Company's performance and results.

The Company has a policy of dealing with reinsurers having a minimum rating of "BBB" from Standard & Poor's or "B+ Good" from A.M. Best or equivalent agency of international repute, except regional reinsurers. The additional businesses falling out of Reinsurance treaties are on case to case basis reinsured on facultative with the reinsurers having good rating.

11.8 Investment Risk

As with many insurance companies, a significant portion of the income and profits of the Company is derived from its investment portfolio, and therefore the Company's financial performance could be substantially affected by any decline in the performance of its investment portfolio. Such performance could be affected by a number of factors including economic conditions, market prices, interest rates, liquidity conditions, market sentiments as well as the effectiveness of the investment management. Further, the investment portfolio has to comply with the Insurance Law that place restrictions on the nature and pattern of investments and which can impact the return on investments. Usually a decline in stock market prices and/or an increase in interest rates adversely affects the investment return and profitability of insurance companies.

Around 79% of the Company's current portfolio, as on 30th June 2017, is placed as fixed deposits or held as balances with highly rated regional Banks. Further 7% is invested into government bonds and highly rated corporate bonds. The Company generally invests in highly secured and liquid investments with minimal market price risk.

11.9 Claims and Disputes

The Company may face disputes with its customers regarding insurance claims which could include legal actions both by and against the Company. Some of these claims may result in the Company having to pay higher than envisaged compensation. This could impact the Company's operating results and profits.

The Company has in place strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and prompt pursuing of claims in order to reduce its exposure to unpredictable future development that can negatively impact the Company.

11.10 Reputational Risk

Any negative publicity or reduction in consumer confidence in the insurance industry generally or loss of confidence in the Company, could result in a loss of existing clients and business and might result in the inability to retain qualified employees, which would have a material adverse effect on the Company's business, financial conditions and prospects.

The Company mitigates the risk through planned and systematic interaction, with the media and the regulatory authorities, for any dissemination of Company related information

11.11 Catastrophic Risk

Insurance activity is subject to the risk of substantial claims following catastrophic events. Therefore, any such event could lead to significant losses for insurance companies which will impact their performance and the market price of its Shares.

The Company manages this risk through a suitable reinsurance strategy that seeks to limit the extent of loss in the event of a catastrophe. Any major catastrophe resulting in losses in excess of the limits under reinsurance arrangements will materially affect the company's financial performance.

11.12 Operations in UAE and Kuwait

The Company has considerable business especially related to Medical in UAE and planning to commence operations in Kuwait during 2017, and the Company is targeting considerable revenues from these operations. The projections for 2017 includes projections for Kuwait operations for 6 months (July-December 2017). However, there is a delay in getting the licenses from the Kuwait regulators and it is expected that the Company will get the license in the next couple of months. The Company does not expect any material impact on the overall results. However, the sharp decline in the oil price during the last two years poses a significant risk for the economies of these two countries and the region and in particular to the insurance sector and the Company. Further, geo political and security risks in the region also affect economic growth and could have a material adverse effect on the market of the Shares. Introduction of new products by the Company is one of the mitigating steps undertaken to overcome the competition

11.13 Market Size and Competition

The insurance market in Oman is highly competitive with about 21 insurance companies operating in a fairly small market which exposes the Company to the risk that its revenues may not grow or be sustained at the projected levels. Further, this could also lead to greater price competition between the insurance companies which could adversely impact the profitability of the Company. If the Company is unable to compete effectively, its business growth and financial performance may be affected, together with the market price of the Shares.

The Company mitigates the risk through its geographical expansion into other regional markets, thereby spreading country specific exposures and also through introduction of new customized insurance product and improvement in services.

11.14 Market Leadership

The Company is among the larger companies in the Oman insurance sector, especially in the group medical where it enjoys majority of the market share due to its network and operational efficiencies. However as the competition is increasing and other larger and smaller companies are expanding their operations, the Company may face stiff competition from established players as well as from other smaller companies that are pursuing growth opportunities.

11.15 Loss of Business

The insurance policies issued by the Company are generally for a one-year period and are renewable annually. If the Company's customers do not renew their insurance policies, and shift their business to another company, this will adversely affect the Company's revenues and market share.

The insurance market is mostly tariff driven and the Company retains the existing customers by offering products at market competitive rates and better services. The risk is further managed by offering customized new products and through direct contacts with customers through multiple sales touch points.

11.16 Customer Concentration

The Company relies upon the continued business and renewal insurance policies with its large customers. Therefore, if one or more of these customers shifts its business to another insurance company or finds itself in financial difficulties, this could have an adverse impact on the financial performance of the Company.

The Company currently holds very few schemes with large customers. The material impact of such business shift risk is studied and accordingly mitigated with other new businesses having lesser customers

11.17 Receivables

Receivables being the critical aspect of any business, the Company is exposed to the risk of any delays or defaults by Brokers, Agents, Reinsurance Companies and Customers and this could adversely affect the Company's operations and results

The Company has significant balances (around RO 42.3mn as of 30 June 2017) due from customers, brokers, agents and reinsurance companies. Of this, RO 29.3mn was receivable from policy holders, agents and brokers while RO1.2mn is related to reinsurance receivables and RO.0.99mn is receivable from related party. The Company is exposed to the risk of delays or defaults in collection of these receivables which could adversely affect the Company's operations and results. Overall, the Company has provided for RO 0.90mn as allowance for doubtful receivables in its books as on 30 June 2017. The receivable ageing as on 30 June 2017 is as under:

Particulars	Outstanding as on 30 June 2017 (RO' million)	Ageing Analysis (in RO million)			
		Up to 90 days	91-180 days	181-365 days	>365 days
Total Premium receivable	43.2	20.6	14.5	6.9	1.1
Less: Allowance for impaired debt	0.9	-	-	-	0.9
Net Premium receivable	42.3	20.6	14.5	6.9	0.2

The Company has not made any provision towards the balance amounts as the management is of the view that the amounts are considered recoverable

The Company uses various control mechanisms such as reconciliations, obtaining balance confirmations from customers and regular follow-ups with customers to ensure that any overdue amounts are collected.

11.18 Manpower

The Company is dependent on its experienced Board, Management and personnel for its performance. If the Company is not able to recruit additional qualified personnel as per its requirements or replace those who leave the Company, it could have a material adverse effect on the Company's operations, performance and financial condition, including the market price of the Shares. Further, the Company needs to engage Omani employees to maintain its Omanization targets. If the Company is not able to identify and recruit suitable Omani personnel, it could face action from the Ministry of Manpower.

The Company follows an efficient recruitment process for senior positions to ensure there is no significant dependency is placed on any one person. The Company has a succession plan in place for critical positions. Further, Omanisation ratio is regularly monitored and the same is maintained above required limits by planning and monitoring the new recruitments.

11.19 Exchange Rate Movement

Any adverse movement in exchange rates could affect the financial performance of the Company and the market price of the Shares. The Company is exposed to foreign currency exchange rate risk as some of its investments and reinsurance receivables are in US Dollar. In case the RO is unpegged from the US Dollar, this could expose the Company to additional risks.

11.20 Increase in taxes or introduction of new taxes

Any increase in the corporate tax rate or imposition of new taxes or levies (such as Value Added Tax, Withholding Tax, which is reported to be introduced in the near future) could have an adverse impact on the Company's business and performance. The impact of these taxes are not factored in the financial projections.

The Company would have to absorb any direct taxes, while the indirect taxes would have to be assessed, based on market competitiveness, whether the same can be passed on to the customers.

11.21 Use of Estimates, Accounting Policy and International IFRS

The preparation of the Company's financial statements requires the Management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, provisions and change in fair values for the relevant period. Such estimates are necessarily based on assumptions about several factors involving varying, and possibly significant, degrees of judgement and uncertainty and actual results may differ from the Management's estimates resulting in future changes in estimated liabilities. Some such assumptions and estimates include impairment of financial assets and receivables, claim numbers, expected ultimate cost of claims reported, claims incurred but not reported, claim handling costs, claim inflation factors actuarial estimates of future benefit payments and premiums based on mortality, longevity and interest rates. Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future.

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2018 or later periods:

a) IFRS 4 - applying IFRS 9 financial instruments with IFRS 4 insurance contracts
b) IFRS 15 - revenue from contracts with customers
c) IFRS 16 - leases
d) IFRS 2 - classification and measurement of share-based payment transactions
e) IFRS 17 - insurance contracts

The Company's management has not yet completed the assessment to evaluate the impact of application of above changes and accordingly the same has not been factored in the projections for the periods in which they become effective.

11.22 Risks Relating to Fraud

The Company is at risk from customers who misrepresent or fail to provide full disclosure in relation to the risk against which they are seeking cover before such cover is purchased, and from customers who fabricate claims and/or inflate the value of their claims. The Company, in common with other general insurance companies, is also at risk from its employees failing to follow procedures designed to prevent fraudulent activity, as well as from its agents' fraudulent activity, such as falsifying policies or failing to remit premiums collected from customers on the Company's behalf. A failure to combat the risks of fraud effectively could adversely affect the profits of the Company as claims incidence and average claim payouts could increase. Further, such costs may have to be passed on to customers in the form of higher premium levels, which could result in a decrease in policy sales.

The occurrence of any of these events could have a material adverse effect on the Company's business, reputation, financial condition, results of operations and cash flows. . The Company has fidelity insurance to partly cover this risk.

The Company's audit and Investigation team plays a major role in managing the risk relating to fraud. Any moral hazard of customers perpetrating fraud on the Company is an uninsurable business risk which is dealt by the Company's legal team in accordance with applicable laws.

11.23 Unable to safeguard confidential client related information

Insurance companies are privy to confidential client information. Any breach/leak or instances of client information being compromised could adversely impact the business as well as the reputation of the company in addition to facing potential lawsuits.

The Company manages the risk by restricting information access from system through external devices. The information shared with intermediaries and others connected with the business has an inherent risk of client information being compromised.

11.24 IT and Data Disaster

The Company relies on IT systems for critical elements of its business process, including, for example, entry and retrieval of individual risk details, premium claims and reinsurance processing, monitoring aggregate exposures and financial and regulatory reporting.

The failure of IT systems could interrupt the Company's operations or materially impact its ability to conduct business. Material flaws or damage to the system, particularly if sustained or repeated, could result in the loss of existing or potential business relationships, compromise the Company's ability to pay claims in a timely manner and/or give rise to regulatory implications, which could result in a material adverse effect on the Company's reputation, financial condition and results of operations.

Certain of the Company's IT operational activities or functions are outsourced to third parties but remain critical to the Company's business. The Company is reliant in part on the continued performance, accuracy, compliance and security of all these service providers. If the contractual arrangements with any third party providers are terminated, the Company may not find an alternative outsource provider or supplier for the services, on a timely basis, on equivalent terms or without significant expense or at all. Any of the foregoing could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company has a DR site wherein the data is replicated on a regular basis to mitigate any risk arising out of disaster incidence.

11.25 Force Majeure

Any force majeure event such as acts of war, armed conflicts, blockades, acts of rebellion, riots, civil commotions, strikes, sabotage, terrorist acts, lightning, fires, floods, earthquakes, tsunamis, floods, storms, cyclones, typhoons, tornados or other natural calamities or acts of God could affect the Company's operations and financial position.

The Company manages the risk partially through the Catastrophe cover which it has in place for force majeure events.

11.26 Regulatory Requirements

The insurance sector is subject to a number of regulatory requirements and scrutiny. Changes in regulations such as the requirement for increased capital could impact shareholders' returns. Further, non-compliance with regulations could lead to penal action from the regulator which could adversely affect the Company's business and profits. Such action could also impact the Company's market standing and reputation.

Any regulatory actions such as restrictions on insurance premium level or the terms of risk coverage may have an adverse impact on the Company's performance and prospects. Any adverse policy action or changes in regulations by the Government or its agencies, could affect the Company's business, profitability and financial position. Regulations that specifically apply to the Company's business include corporate existence and power and authority to conduct its business. The Company is subject to a varied and complex body of Applicable Laws that both public officials and private parties may seek to enforce.

The Company conducts its business operations pursuant to several licences and permits, including insurance licence for carrying on its business. Such Licences and permits may be suspended, terminated or revoked if the Company does not comply with their respective requirements. The Company's business could also be adversely affected by changes in Applicable Law or in its interpretation. The imposition of fines or penalties, or the revocation or suspension of licence, or permits, could have an adverse effect on the business and financial condition of the Company, including the market price of the Shares.

The Company manages the risk by having in place a dedicated Compliance Officer in Oman, Dubai and Abu Dhabi, to update and comply with applicable regulatory requirements.

11.27 Corporate Governance

As an SAOG, the Company is subject to significant corporate governance requirements. Any default in compliance could lead to regulatory action and / or penalties. Further, these requirements may require substantial time from the Management out of the day-to-day business operations.

The Company has in place a compliance policy and procedure which ensures compliance with regulatory requirements

11.28 Risk Factors Relating to the Offer Shares

<u>No trading history:</u> The Offer Shares will be listed on the MSM as per the timetable given in this Prospectus. There is no prior history of trading in the Shares.

<u>Share price fluctuation:</u> After listing of the Offer Shares on the MSM, the price of the Offer Shares may fluctuate for various reasons and may go below the Offer Price.

<u>Liquidity:</u> There are no guarantees that an active market will exist in the Offer Shares subsequent to the listing on the MSM. To that extent Applicants face the risk of holding Offer Shares that may not be actively traded.

<u>Future increase of equity capital:</u> The Company may in the future increase its equity capital through further issues of shares. Such capital increases could impact the price of the Offer Shares on the MSM.

<u>Market fluctuations:</u> Market fluctuations and other factors may adversely affect the trading price of the Offer Shares regardless of the actual operating performance of the Company. All equity investments carry market risks to varying degrees. The value of any security can fall as well as rise depending on market conditions.

<u>Dividend policy:</u> Dividend payments are not guaranteed and the Board may decide, in its absolute discretion, at any time and for any reason, not to pay dividends. Any payment of future dividends will be made taking into account the sufficiency of distributable reserves and liquidity in order to ensure the Company's operational needs and/or business growth are not limited by the unavailability of funds, as well as the Company's known contingencies and compliance with any funding facility covenants as well as CMA approvals.

Further, any dividend policy, to the extent implemented, will significantly restrict the Company's cash reserves and may adversely affect its ability to fund business requirements. As a result, the Company may be required to borrow additional money or raise capital by issuing equity securities, which may not be possible on attractive terms or at all.

<u>Article 2 of the Insurance Law:</u> As per the Insurance Law as amended, the Company is required to achieve a minimum paid-up capital of RO 10 million and complete its transformation to an SAOG entity and have its shares listed on the MSM by 17th August 2017. While the Company has already increased its paid-up capital to RO 10 million, the Company has not been able to complete its transformation to an SAOG and have its Shares listed on the MSM by the deadline. In the event the CMA or other relevant agencies impose any penalty or regulatory action against the Company for the delay, this is may have an adverse impact on the Company.

11.29 Proposed capital Increase by way of issue of shares to Company's employees

NLGIC's Board is recommending that, as part of a long-term performance plan for the Company's key staff, and subject to obtaining necessary regulatory approvals and the approval of the shareholders by way of a resolution to be passed in an extra-ordinary general meeting (EGM), a capital increase of up to 3.5% of the paid up capital will be allocated to the Company's employees. The pricing, eligibility, terms and conditions for the allocation, trading and relinquishing of such shares, the rights of the entitled employees during the period of their service and at the time of their termination will be approved by the shareholders at such EGM.

The above structure/proposal has not been factored in the financial projections set out in this Prospectus. As the terms of the issue of such additional capital is yet to be decided, it is not currently possible to estimate the impact such a capital increase will have on the market price of the shares as and when the above plan is approved and put into effect. However, the proposed issue of shares to employees is aimed at further incentivizing the eligible employees to work towards achieving the Company's growth plans and thereby share the resulting increase in shareholders' wealth. It is also expected to help retain and strengthen such employee's commitment to the Company and benefit from its long term growth. Accordingly, the proposed structure/ proposal is expected to have a positive impact on the Company's overall performance and prospects.

11.30 Qualifications of Accounts for UAE operations

The Company's accounts for UAE operations in 2015 were qualified due to absence of records relating to claims and equivalent amount of reinsurance share of claims under insurance policies with gross written premiums of AED 22,216,434 which had no impact on the profit or equity of the company. Subsequently the accounting procedure for these polices was modified and there was no qualification in 2016.

12. SOURCE OF FINANCING

12.1 Term Loans

As on 30th June 2017, the Company had short term loans worth RO 1.0 million outstanding in its books. The rate of interest for the short term loan was 3% per annum.

12.2 Other Facilities

The Company has a bank guarantee facility from a local bank (Bank Muscat) for an amount of RO 250,000. The Company has no other credit facilities outstanding as of 30th June 2017

12.3 Status of Facilities

As of 30th June 2017, the details of the Company's loan facilities outstanding are as follows:

Facility	Outstanding amount (RO)
Bank borrowings	--
Term Loan (Short term)	1,000,000
Performance Bonds	---
Guarantees	368,522*

*Includes cash margin of RO 228,703

As per statutory requirements certain assets are under lien to CMA and UAE Insurance Authority (UAE IA). Further, as at 30 June 2017, the Company has an overdraft facility of RO 1,900,000 with Ahli Bank SAOG for which the Company has provided negative pledge confirmation over its current assets and an undertaking not to create any encumbrance on its assets to any other lenders.

12.4 Sources of Financing

	RO		
Category	**As on 30 Jun 2017 (Consolidated)**	**As on 30 Jun 2016**	**As on 31 Dec 2016 (Consolidated)**
Liabilities			
Insurance funds (Gross outstanding claims & Gross actuarial / mathematical and unexpired risk reserve)	89,448,452	78,227,166	67,832,640
Reinsurance contract payables	4,748,342	4,431,880	1,492,095
Other liabilities	8,425,558	14,427,904	21,548,703
Total Liabilities	**102,622,352**	**97,086,950**	**90,873,438**
Equity capital	26,500,000	10,500,000	26,500,000
Legal reserve	4,440,389	3,500,000	3,970,038
Contingency reserve	7,122,357	5,853,018	6,366,767
Revaluation Reserve	447,420	447,420	447,420
Fair Value reserve	(875,793)	(916,800)	(567,896)
Foreign exchange fluctuation reserve	5,505		
Retained earnings	8,060,787	5,109,060	7,661,653
Total equity	**45,700,665**	**24,492,698**	**44,377,982**
Total equity and liabilities	**148,323,017**	**121,579,648**	**135,251,420**
Total liabilities/ Shareholders' equity	**2.25**	**3.96**	**2.05**

As the Company will not receive the IPO proceeds, the Company's financial position is not expected to be impacted by the IPO. Further, the Company already has achieved the minimum capital requirement of RO 10 million.

Certified Historical Financials - 2013 to 2016

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC

HISTORIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2013 TO 31 DECEMBER 2016

Principal place of business:

P.O. Box 798
Postal Code 117
Wadi Kabir
Sultanate of Oman

Registered address:

P.O. Box 798
Postal Code 117
Wadi Kabir
Sultanate of Oman

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC

HISTORIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2013 TO 31 DECEMBER 2016

Contents	**Pages**

The Board of Directors
National life & General Insurance Co SAOC
P.O Box 798, 117
Wadi Kabir, Sultanate of Oman

1 August 2017

Dear Sirs,

Report of factual findings in connection with the historical financial statements

This report is produced in accordance with the terms of our agreement dated 21 June 2017.

The directors of National Life & General Insurance Co SAOC (the company) have compiled the historical financial statements for the years ended 31 December 2013 to 31 December 2016 (4 years) from the Company's respective years' audited financial statements and remain solely responsible for these and for the creation and maintained of all accounting and other records supporting their contents.

We have performed the procedures agreed with you and listed below in relation to the historical financial statements of the company. Our work was performed in accordance with the International Standard of Related Services (ISRS) 4400 'Engagements to perform agreed-upon procedures regarding financial information'. The procedures were performed solely to assist the company's directors in compiling the historical financial statements and its inclusion in the Initial Public Offering (IPO) prospectus to meet the requirements of the Capital Market Authority. We performed the following procedures:

- Agreed the summarised historical statement balances included in the IPO Prospectus to the audited financial statements of the company for the years ended 31 December 2013 to 31 December 2016 (4 years).
- Checked arithmetical accuracy of the summarised historical financial statements of the Company for the years ended 31 December 2013 to 31 December 2016 (4 years).

Based on the above procedures we found:

- The summarized historic statement balances agree with the audited financial statements of the Company for the years ended 31 December 2013 to 31 December 2016.
- The summarized historical financial statements are arithmetically accurate.

Our procedures, as stated in our agreement, did not constitute either an audit or review made in accordance with International Standards on Auditing or International Standards on Review Engagements, the objective of which would be the expression of assurance on the contents of the historical financial statements. We do not express such assurance on the summarised historical financial statements of the Company's compliance with the regulation of the CMA or the Muscat Securities Market (MSM). Had we performed additional procedures or had we performed an audit or review of the historical summarised financial statements in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that we would have reported to you. This report relates only to the historical financial statements and does not extend to any financial statements of the company taken as a whole.

This report is solely for your use in connection with the purpose specified above and as set out in our agreement. No part of this report is to be copied or distributed to any other party except as permitted under the terms of our agreement. We do not accept any liability or responsibility to any third party.

PricewaterhouseCoopers LLC

Muscat, Sultanate of Oman

PricewaterhouseCoopers LLC, Hatat House A, Suites 204-211, Wadi Adai, P.O. Box 3075, Ruwi, Post Code 112, Muscat, Sultanate of Oman, T: +968 2 455 9110, F: +968 2 456 4408, www.pwc.com/me

Chartered Accountants Licence No. APC/17/2016, Management Consultants Licence No. OPC/11/2016 Commercial Register No. 1230865

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC

HISTORIC STATEMENT OF FINANCIAL POSITION
As at 31 December

	Notes	**2016** **RO**	2015 *Restated* *(Refer note 37)* RO	2014 RO	2013 RO
ASSETS					
Cash and bank balances	4	**16,610,164**	1,235,457	1,346,365	342,807
Bank deposits	5	**45,950,179**	36,758,248	23,555,183	19,391,490
Investments at fair value through profit or loss	6(a)	**2,740,264**	6,795,178	8,518,527	8,009,533
Premiums and insurance balance receivables	7	**34,607,022**	27,215,452	23,412,636	18,003,558
Reinsurers' share of outstanding claims	19	**8,765,270**	8,357,288	7,339,773	7,883,950
Reinsurers' share of actuarial / mathematical and unexpired risk reserve	20	**17,919,901**	13,832,322	13,891,906	14,739,811
Other receivables and prepayments	8	**2,769,783**	2,580,933	2,027,598	2,373,752
Investments carried at amortised cost	6(b)	**500,935**	646,110	648,671	479,870
Investments carried at fair value through other comprehensive income	6(c)	**2,139,520**	1,387,983	634,509	707,701
Loans to policyholders	9	**401,196**	460,082	685,708	654,315
Investment properties	11	**1,200,000**	1,300,000	1,300,000	1,300,000
Property and equipment	12	**1,392,790**	750,536	570,059	322,346
Deferred tax asset	30	**107,906**	110,554	75,164	58,645
Goodwill	13	**146,490**	146,490	146,490	146,490
Total assets		**135,251,420**	101,576,633	84,152,589	74,414,268
EQUITY AND LIABILITIES					
EQUITY					
Capital and reserves					
Share capital	14	**26,500,000**	10,500,000	10,500,000	10,500,000
Legal reserve	15	**3,970,038**	3,500,000	3,110,312	2,735,846
Contingency reserve	16	**6,366,767**	5,226,542	4,213,162	3,367,000
Revaluation reserve	17	**447,420**	447,420	447,420	447,420
Fair value reserve		**(567,896)**	(724,404)	(503,067)	(438,658)
Retained earnings		**7,661,653**	7,184,632	4,997,076	3,223,045
Total equity		**44,377,982**	26,134,190	22,764,903	19,834,653
LIABILITIES					
Gross outstanding claims	19	**20,580,323**	17,801,045	14,864,352	13,582,196
Gross actuarial / mathematical and unexpired risk reserve	20	**47,252,317**	41,999,490	33,739,696	30,078,469
Due to reinsurers	21	**1,492,095**	783,044	3,415,316	2,191,495
Other liabilities	22	**17,094,029**	13,792,272	8,817,474	8,224,618
Short term loan	4	**3,900,000**	500,000	-	-
Income tax payable	30	**554,674**	566,592	550,848	502,837
Total liabilities		**90,873,438**	75,442,443	61,387,686	54,579,615
Total equity and liabilities		**135,251,420**	101,576,633	84,152,589	74,414,268
Net assets per share	24	**1.675**	2.489	2.168	1.889

The historical financial statements were authorised for issue in accordance with a resolution of the board of directors on 30 July 2017.

Director

Chief Executive Officer

The attached notes from 1 to 37 form part of these historic financial statements.
The Accountant's report – page 1.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC

HISTORIC STATEMENT OF COMPREHENSIVE INCOME
For the year ended

	Notes	2016 RO	2015 *Restated* *(Refer note 37)* RO	2014 RO	2013 RO
Gross written premium	25(a)	**101,206,430**	90,564,138	67,330,035	56,004,930
Gross premium, earned	25(a)	**95,953,603**	82,041,160	63,668,808	50,673,938
Premium ceded to reinsurers, earned	25(a)	**(38,566,400)**	(36,164,367)	(36,262,813)	(31,709,536)
Net insurance premium revenue		**57,387,203**	45,876,793	27,405,995	18,964,402
Commission income on premium ceded to reinsurers	25(b)	**8,451,751**	7,916,042	6,784,847	6,207,280
Income from policy fees		**1,679,880**	1,495,847	1,145,291	708,861
Gross claims expense	19	**(83,880,542)**	(67,168,658)	(44,955,345)	(37,874,424)
Reinsurers' share of claims	19,25(b)	**35,414,951**	30,013,382	24,854,198	24,606,208
Commission expense		**(8,469,409)**	(7,558,132)	(6,327,744)	(5,642,525)
Net underwriting result		**10,583,834**	10,575,274	8,907,242	6,969,802
Investment income – net	27	**2,084,855**	1,281,272	404,523	2,876,697
Other operating income / (loss)	28	**152,042**	(17,534)	2,025	80,393
Third party administration fees		**(1,633,940)**	(1,845,626)	(1,184,295)	(736,407)
General and administrative expenses	29	**(5,829,933)**	(5,063,258)	(3,838,880)	(3,487,420)
Finance cost		**(105,200)**	(11,895)	-	-
Goodwill impairment		**-**	-	-	(1,000,000)
Profit before income tax		**5,251,658**	4,918,233	4,290,615	4,703,065
Income tax	30	**(551,271)**	(557,829)	(545,956)	(341,854)
Profit for the year		**4,700,387**	4,360,404	3,744,659	4,361,211
Other comprehensive income / expense					
(Items that will not be reclassified to profit or loss)					
Change in value of investments carried at fair value through other comprehensive income		**159,405**	(241,117)	(64,409)	(83,608)
Total comprehensive income		**4,859,792**	4,119,287	3,680,250	4,277,603
Earnings per share - basic and diluted	31	**0.371**	0.415	0.357	0.415

Items in the statement of other comprehensive income above are disclosed net of tax. The tax relating to each component of other comprehensive income is disclosed in note 30.

The attached notes from 1 to 37 form part of these historic financial statements.

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NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC
HISTORIC STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital RO	Legal reserve RO	Contingency reserve RO	Revaluation reserve RO	Fair value reserve RO	Retained earnings RO	Total equity RO
At 1 January 2016		**10,500,000**	**3,500,000**	**5,226,542**	**447,420**	**(724,404)**	**7,184,632**	**26,134,190**
Profit for the year		-	-	-	-	-	**4,700,387**	**4,700,387**
Change in value of investments carried at fair value through other comprehensive income		-	-	-	-	**159,405**	**-**	**159,405**
Total comprehensive income for the year		-	-	-	-	**159,405**	**4,700,387**	**4,859,792**
Transfer on sale of investments at fair value through other comprehensive income		-	-	-	-	**(2,897)**	**2,897**	**-**
Increase of share capital through rights issue	14	**16,000,000**	-	-	-	-	**-**	**16,000,000**
Transfer to legal reserve	15	-	**470,038**	-	-	-	**(470,038)**	**-**
Transfer to contingency reserve	16	-	-	**1,140,225**	-	-	**(1,140,225)**	**-**
Dividends paid	18	-	-	-	-	-	**(2,616,000)**	**(2,616,000)**
At 31 December 2016		**26,500,000**	**3,970,038**	**6,366,767**	**447,420**	**(567,896)**	**7,661,653**	**44,377,982**
At 1 January 2015		10,500,000	3,110,312	4,213,162	447,420	(503,067)	4,997,076	22,764,903
Profit for the year		-	-	-	-	-	4,360,404	4,360,404
Change in value of investments carried at fair value through other comprehensive income		-	-	-	-	(241,117)	-	(241,117)
Total comprehensive income for the year						(241,117)	4,360,404	4,119,287
Transfer on sale of fair value through other comprehensive investments		-	-	-	-	19,780	(19,780)	-
Transfer to legal reserve	15	-	389,688	-	-	-	(389,688)	-
Transfer to contingency reserve	16	-	-	1,013,380	-	-	(1,013,380)	-
Dividends paid	18	-	-	-	-	-	(750,000)	(750,000)
At 31 December 2015		10,500,000	3,500,000	5,226,542	447,420	(724,404)	7,184,632	26,134,190

The attached notes from 1 to 37 form part of these historic financial statements.

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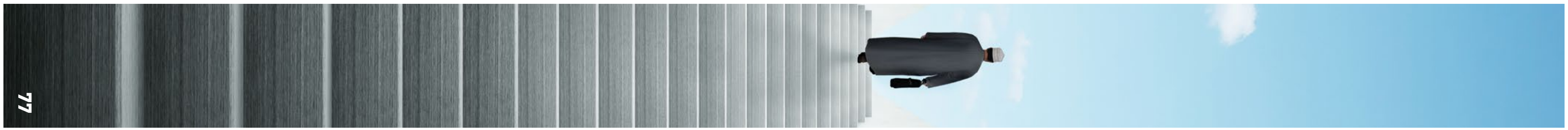

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC

HISTORIC STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Note	Share capital RO	Legal reserve RO	Contingency reserve RO	Revaluation reserve RO	Fair value reserve RO	Retained earnings RO	Total RO
At 1 January 2014		10,500,000	2,735,846	3,367,000	447,420	(438,658)	3,223,045	19,834,653
Comprehensive income:								
Profit for the year		-	-	-	-	-	3,744,659	3,744,659
Other comprehensive income:								
Change in value of investments carried at fair value through other comprehensive income		-	-	-	-	(64,409)	-	(64,409)
Total comprehensive income for the year		-	-	-	-	(64,409)	3,744,659	3,680,250
Transactions with owners:								
Transfer to legal reserve	15	-	374,466	-	-	-	(374,466)	-
Transfer to contingency reserve	16	-	-	846,162	-	-	(846,162)	-
Dividends paid	18	-	-	-	-	-	(750,000)	(750,000)
At 31 December 2014		10,500,000	3,110,312	4,213,162	447,420	(503,067)	4,997,076	22,764,903
At 1 January 2013		7,000,000	2,299,725	2,635,915	447,420	(379,033)	3,803,023	15,807,050
Comprehensive income:								
Profit for the year		-	-	-	-	-	4,361,211	4,361,211
Other comprehensive income:								
Change in value of investments carried at fair value through other comprehensive income		-	-	-	-	(83,608)	-	(83,608)
Transfer on redemption of FVOCI investments		-	-	-	-	23,983	(23,983)	-
Total comprehensive income for the year		-	-	-	-	(59,625)	4,337,228	4,277,603
Transactions with owners:								
Issue of bonus shares		3,500,000	-	-	-	-	(3,500,000)	-
Transfer to legal reserve	15	-	436,121	-	-	-	(436,121)	-
Transfer to contingency reserve	16	-	-	731,085	-	-	(731,085)	-
Dividends paid	18	-	-	-	-	-	(250,000)	(250,000)
At 31 December 2013		10,500,000	2,735,846	3,367,000	447,420	(438,658)	3,223,045	19,834,653

The attached notes from 1 to 37 form part of these historic financial statements.

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NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC

HISTORIC STATEMENT OF CASH FLOWS
For the year ended

	Note	**2016** RO	2015 *(Refer note 37)* RO	2014 RO	2013 RO
Operating activities					
Profit before taxation		**5,251,658**	4,918,233	4,290,615	4,703,065
Adjustments for:					
Unrealised loss on investments at fair value through profit or loss (net)	27	**37,464**	169,733	409,992	(1,260,261)
Realised gain on investments at fair value through profit or loss (net)	27	**(187,247)**	(2,049)	485,270	(304,317)
Amortisation of investments carried at amortised cost	6(b)	**1,945**	5,418	3,606	2,033
Allowance for impaired debts	27,29	**134,289**	171,824	284,982	210,145
Change in fair value of investment properties	27	**100,000**	-	-	-
Accrual for end of service benefits	22(a), 29	**99,253**	98,891	77,757	65,065
Interest income	27	**(1,623,529)**	(1,069,717)	(941,154)	(883,309)
Finance cost		**105,200**	11,895		
Dividend income	27	**(370,017)**	(329,558)	(410,051)	(351,261)
Rental income	27	**(64,840)**	(90,141)	(137,305)	(126,405)
Depreciation	12	**410,194**	257,220	139,242	167,615
Goodwill impairment	13	**-**	-	-	1,000,000
Profit on disposal of property and equipment	28	**(31,897)**	(94)	(8,549)	(22,380)
		3,862,473	4,141,655	4,194,405	3,199,990
Changes in working capital:					
Premium and insurance balances receivable		**(6,326,426)**	(3,944,698)	(5,558,680)	(7,505,690)
Other receivables and prepayments		**141,219**	(367,674)	223,782	61,586
Reinsurers' share of outstanding claims		**(407,982)**	(358,113)	544,177	(646,776)
Reinsurers' share of actuarial / mathematical and unexpired risk reserve		**(4,087,579)**	(1,570,655)	847,905	(3,597,236)
Insurance fund		**8,032,105**	11,459,670	4,943,383	6,702,775
Due to reinsurers		**(461,188)**	(2,632,272)	1,223,821	1,520,736
Other liabilities		**3,214,548**	5,661,924	527,785	2,336,214
		3,967,170	12,389,837	6,946,578	2,071,599
End of service benefits paid	22(a)	**(12,044)**	(7,815)	(12,686)	(13,781)
Income tax paid	30	**(563,961)**	(547,293)	(505,681)	(358,466)
Net cash generated from operating activities		**3,391,165**	11,834,729	6,428,211	1,699,352

The attached notes from 1 to 37 form part of these historic financial statements.

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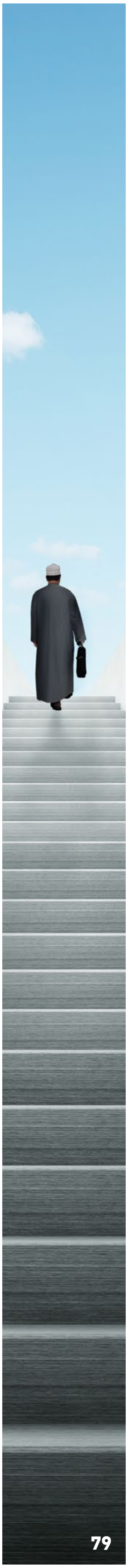

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC

HISTORIC STATEMENT OF CASH FLOWS (CONTINUED)
For the year ended

	Note	**2016** **RO**	2015 *Restated* *(Refer note 37)* RO	2014 RO	2013 RO
Investing activities					
Placement in bank deposits (net)		**(9,191,931)**	(13,203,065)	(4,163,693)	(4,364,323)
Purchase of property and equipment	12	**(1,147,972)**	(437,703)	(386,959)	(200,375)
Purchase of investment securities		**(3,792,294)**	(1,821,964)	(4,602,494)	(1,410,058)
Proceeds from disposal of investment securities		**7,551,509**	2,349,999	3,025,831	2,600,294
Proceeds from disposal of property and equipment		**127,421**	100	8,553	27,089
Interest received		**1,264,266**	783,566	928,146	718,792
Dividends received	27	**370,017**	329,558	410,051	351,323
Income from investment property received	27	**64,840**	90,141	137,305	126,405
Net movement in loans to policyholders		**58,886**	225,626	(31,393)	41,509
Net cash used in investing activities		**(4,695,258)**	(11,683,742)	(4,674,653)	(2,109,344)
Financing activities					
Finance cost paid		**(105,200)**	(11,895)	-	-
Dividend paid	18	**(2,616,000)**	(750,000)	(750,000)	(250,000)
Short term loans		**3,400,000**	500,000	-	-
Share capital issued during the year	14	**16,000,000**	-	-	-
Net cash used in financing activities		**16,678,800**	(261,895)	(4,674,653)	(2,109,344)
Net changes in cash and cash equivalents		**15,374,707**	(110,908)	1,003,558	(659,992)
Cash and cash equivalents at the beginning of the year	4	**1,235,457**	1,346,365	342,807	1,002,799
Cash and cash equivalents at the end of the year	4	**16,610,164**	1,235,457	1,346,365	342,807

The attached notes from 1 to 37 form part of these historic financial statements.

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NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

1 Legal status and principal activities

National Life and General Insurance Company SAOC (the Company) is a closely held joint stock company incorporated in the Sultanate of Oman in 1995 and is engaged in the business of life and general insurance within the Sultanate of Oman and United Arab Emirates (UAE). It commenced its operations with life and health business in Oman and diversified into general insurance business after obtaining general insurance license in 2006. The Company has expanded its operations in UAE with a branch in Dubai to transact life insurance business as per the license dated 13 May 2007 issued by United Arab Emirates Insurance Authority. During 2014, the Company obtained a license dated 8 May 2014 to have a branch in Abu Dhabi issued by United Arab Emirates Insurance Authority and commenced operations in Abu Dhabi during 2015 onwards.

The Company was a subsidiary of Oman National Investment Corporation Holding Company SAOG (ONICH), a public joint stock company incorporated in the Sultanate of Oman upto effective merger date of 19 August 2015. Subsequent to merger of ONICH with Oman International Development and Investment Company SAOG (OMINVEST), the Company is a subsidiary of OMINVEST, a public joint stock company incorporated in the Sultanate of Oman.

The Company intends to go for an initial public offering, which is expected during the year 2017.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these historic financial statements are set out below.

2.1 Basis of preparation

These financial statements are prepared for the purpose of the inclusion in public offering document and have been derived from the audited financial statements of the Company for the years ended 31 December 2013 to 31 December 2016 (hereinafter collectively referred to as "the historic financial statements").

These historic financial statements have been prepared on the historical cost convention modified by revaluation of land, investment properties, investments carried at fair value through other comprehensive income and financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

During 2016, the Company invested in a fully owned subsidiary "NLGIC Support Services Private Limited' in India due to which the financial statements for the year ended 31 December 2016, presented in these historic financial statements, include the consolidated financial statements of the Company and its subsidiary. The separate financial statements of the Company for the year ended 31 December 2016 have been not presented in these historic financial statements. The separate financial statements for the years ended 31 December 2015, 2014 and 2013 have been presented in these historic financial statements. The basis of consolidation relating to the historic financial statements for the year ended 31 December 2016 is set out in note 2.4.

2.2 Statement of compliance

The historic financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the Commercial Companies Law of 1974, as amended, and the disclosure requirements of the Capital Market Authority.

The Company presents its historic statement of financial position broadly in the order of liquidity, as this presentation is more appropriate to the Company's operations.

2.3 Changes in accounting policy and disclosures

New standards and interpretations not yet effective
Certain new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2016, with the Company not opting for early adoption. These have, therefore, not been applied in preparing these consolidated financial statements.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)

2.3 Changes in accounting policy and disclosures (continued)

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Company has early adopted phase 1 of IFRS 9 in 2012 and plans to adopt other aspects of IFRS 9 on the required effective date. Overall, the Company expects no significant impact on its consolidated statement of financial position and equity except for the effect of applying the impairment requirements of IFRS 9.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

In September 2016, the IASB issued amendments to IFRS 4 to address issues arising from the different effective dates of IFRS 9 and the upcoming new insurance contracts standard (IFRS 17).

The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 for annual periods beginning before 1 January 2021 at the latest. An entity may apply the temporary exemption from IFRS 9 if: (i) it has not previously applied any version of IFRS 9 before and (ii) its activities are predominantly connected with insurance on its annual reporting date that immediately precedes 1 April 2016. The overlay approach allows an entity applying IFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied IAS 39 to these designated financial assets.

An entity can apply the temporary exemption from IFRS 9 for annual periods beginning on or after 1 January 2018. An entity may start applying the overlay approach when it applies IFRS 9 for the first time. During 2016, the Company performed an assessment of the amendments and reached the conclusion that its activities are predominantly connected with insurance as at 31 December 2016.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Company expects to apply IFRS 15 on a retrospective basis. Given insurance contracts are scoped out of IFRS 15, the Company expects the main impact of the new standard to be on the accounting for income from administrative and investment management services. The Company does not expect the impact to be significant.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)

2.3 Changes in accounting policy and disclosures (continued)

New and amended standards and interpretations effective after 1 January 2016 (continued)

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. In 2017, the Company plans to assess the potential effect of IFRS 16 on its consolidated financial statements.

IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2
The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

2.4 Basis of Consolidation

Basis of consolidation

The consolidated financial statements comprise those of the Company and each of its subsidiaries as at 31 December each year. Subsidiaries are all entities (including special purpose entities) over which the Company exercise control. Control is achieved when the Company.

- has power over the investee.
- is exposed, or has rights, to variable returns from is involvement with the investee; and
- has the ability to use its power to affect the Investee's returns

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the particle ability to relevant facts and circumstance in assessing whether or not the Company 's voting rights in an investee are to give it power including:

- The size of the Company 's holding of the voting rights relative to the size and dispersion of holding of the other vote holders;
- Potential voting rights held by the company, o other holders or other parties;
- Rights arising from other contractual arrangements;
- Any facts and circumstances that indicates that the company has, or does not have, the current ability to direct the relevant activities at the time the decision need to be made, including voting patterns at pervious shareholders meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)

2.4 Basis of Consolidation (continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary is attributed to the owner of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases. The financial statement of subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

When necessary, adjustments are made to the financial statement of subsidiaries to bring their accounting policies into line with the Company's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The carrying amount of the Company's interest and non-controlling interest are adjusted to reflect the changes in their relative interest in subsidiaries. Any difference between the amount by which the non-controlling interest are adjusted and the fair value of the consideration paid or received directly is equity and attributed to the owners of the Company .

Non-controlling interests in subsidiaries are identified separately from Company's equity therein. The interests of non-controlling interest's shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the esquire's identifiable net assets. The choice of measurement basis is made on an acquisition-by- acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity and impairment of intangible assets. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Company loses control over a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between:

- The aggregate of the fair value of consideration received and the fair value of any retained interest; and
- The carrying amount of assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to subsidiary are accounted for as if the Company has directly disposed of the assets and liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS). The fair value any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition of an investment as associate or joint venture.

2.5 Foreign currency

(a) Functional and presentation currency

The financial statements are presented in Rial Omani, which is the Company's functional and presentation currency. The functional currencies of the Company's operations are as follows:

- Sultanate of Oman: Rial Omani
- United Arab Emirates: UAE Dirham
- India : Indian Rupees

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)

2.5 Foreign currency (continued)

(b) Transactions and balances (continued)

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in statement of comprehensive income as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as fair value through other comprehensive income are included in other comprehensive income.

As at the reporting date, the assets and liabilities of the foreign subsidiary entity is translated into the functional currency of the consolidated financial statements (the Rial Omani) at the rate of exchange ruling at the reporting date and its profit or loss is translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a foreign currency translation reserve in other comprehensive income. On disposal of foreign operations, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the statement of comprehensive income.

2.6 Insurance contracts

(a) Classification

The Company issues contracts that transfer insurance risk and classifies contracts as insurance contracts when these transfer significant insurance risk. Such contracts may also transfer financial risk.

The Company classifies investment contracts as those contracts that transfer financial risk with no significant insurance risk.

The Company issues certain insurance contracts which contain a Discretionary Participation Feature (DPF). This feature entitles the holder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

- that are likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the Company; and
- that are contractually based on the surplus generated on a specified pool of contracts.

There are no local statutory regulations which set out the bases for the determination of the amounts on which the additional discretionary benefits are based, the amounts payable being determined by the Company's board of directors on an annual basis.

(b) Recognition and measurement

Life and medical insurance contracts are classified into five main categories which are described below. In addition, the Company writes short term individual medical and personal accident policies.

(i) Individual life policies

These consist of the following types of policies:

a) With profits conventional policies (i.e., policies with a discretionary participation feature) which insure events associated with human life (for example, death or survival) over a long duration. Premiums are recognised as revenue when they are received. Provisional premiums are recognised at year end for premium receivables of policies which have not lapsed. Benefits are recorded as an expense when they are incurred. Each policy has a defined benefit amount payable which is guaranteed. Apart from this reversionary and terminal bonuses are declared by the Company from time to time based on the profitability of the individual life portfolio. Reversionary bonuses convert into guaranteed benefits once declared and a certain minimum level of bonus is guaranteed for certain policies.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)

2.6 Insurance contracts (continued)

(b) Recognition and measurement (continued)

(i) Individual life policies (continued)

The actuarial / mathematical reserve for such policies is determined on a net premium basis by determining the present value of benefits less the present value of future net premiums, a theoretical net premium being calculated using conservative assumptions for mortality and discounting and an adjustment to recognise acquisition costs. For paid up policies, a provision for expenses required to maintain policies is also made. The Company also performs a liability adequacy test to ensure that the reserve set aside is not less than the liability determined as the sum of the expected discounted value of the benefit payments, commissions payable and the future administration expenses that are directly related to the contract, less the expected discounted value of premiums that are receivable (making realistic assumptions as to mortality, persistency and maintenance expenses and using a discount rate inherent in the pricing of fixed income securities held by the Company).

Term assurance where the benefits are payable only in the event of death of the insured. These include policies where the insured amount is constant throughout the term of the policy and decreasing term assurance policies where the sum assured reduces at a predecided rate every year. The premium is paid either over the term of the policy or as a single premium. Premiums are recognised as revenue when they are received. Provisional premiums are recognised at year end for premiums receivables of policies which have not lapsed. These are without profit policies.

For single premium policies, the actuarial / mathematical reserve is determined as the discounted value of expected future claims as well as expenses which are expected to be incurred in administering the policies. For regular premium policies, the actuarial / mathematical reserve is determined on a net premium basis along the same lines as conventional with profits policies.

(ii) Individual credit life policies

These are life insurance contracts underwritten on single premium and on an individual basis and issued to protect financial institution for their outstanding loan from the customer. These contracts protect the financial institutions from the consequences of events (such as death or disability) that would affect on the ability of the customer to repay his outstanding loan. These are without profit policies.

These contracts are issued for the duration of loans with the insurance premium being received as a single premium. Further amounts are received if and when loans are topped up. Similarly, refunds are allowed in case of pre-closure or change in terms of the loan.

Single premiums are recognised as revenue when due. An actuarial / mathematical reserve net of reinsurance has been kept for each contract using reinsurance rate.

Claims are charged to statement of comprehensive income as incurred, based on the estimated liability for compensation owed to policy holders. Claims reported are recognised at the time when these are reported.

(iii) Group life policies

These are short term life insurance contracts underwritten on a group basis, the lives covered usually being employees of a common employer. These contracts protect the Company's customers (the employer) from the consequences of events (such as death or disability) that would effect on the ability of the employee or his/her dependents to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the customer. There are no maturity or surrender benefits.

For all these contracts, premiums are recognised as revenue when the policy or endorsement is issued, but are deemed to be earned proportionally over the period of coverage. The portion of premium written on in-force contracts that relates to unexpired risks at the reporting date is reported as the unexpired risk reserve. Premiums are disclosed before deduction of commission and excluding taxes levied on premiums.

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)

2.6 Insurance contracts (continued)

(b) Recognition and measurement (Continued)

(iii) Group life policies (continued)

Claims are charged to statement of comprehensive income as incurred based on the estimated liability for compensation owed to policyholders. Claims reported are recognised at the time when these are reported. A separate provision for incurred but not reported claims is made based on the Company's experience relating to claims reporting patterns in the past.

As indicated above, an unexpired risk reserve is set up at the valuation date for premiums which are deemed to be earned in future periods. The Company also tests whether the liability so set up is adequate to meet expected future claims.

(iv) Group medical policies

These are short term medical insurance contracts underwritten on a group basis, the lives covered usually being employees of a common employer. These contracts protect the Company's customers (the employer) from losses resulting from medical treatment of employees as a result of ill-health or accident, covering both hospitalisation and out-patient expenses. The bulk of hospital claims are disbursed directly by the Company to healthcare providers. There are no maturity or surrender benefits for these policies.

For all these contracts, premiums are recognised as revenue when the policy or endorsement is issued, but are deemed to be earned proportionally over the period of coverage. The portion of premium written on in-force contracts that relates to unexpired risks at the reporting date is reported as the unexpired risk reserve. Premiums are shown before deduction of commission and excluding taxes levied on premiums.

Claims are charged to statement of comprehensive income as incurred, based on the estimated liability for compensation owed to policy holders. Claims reported are recognised at the time when these are reported. A separate provision for incurred but not reported claims is made based on the Company's experience relating to claims reporting patterns in the past.

As indicated above an unexpired risk reserve is set up at the valuation date for premiums which will deem to be earned in future periods. The Company also tests whether the liability so set up is adequate to meet expected future claims.

(v) Group credit life policies

These are life insurance contracts underwritten on a group basis and issued to financial institutions to protect their outstanding loan portfolios. These contracts protect the Company's customers (financial institutions) from the consequences of events (such as death or disability) that would effect on the ability of the customer's borrowers to repay outstanding loans. These are without profit policies.

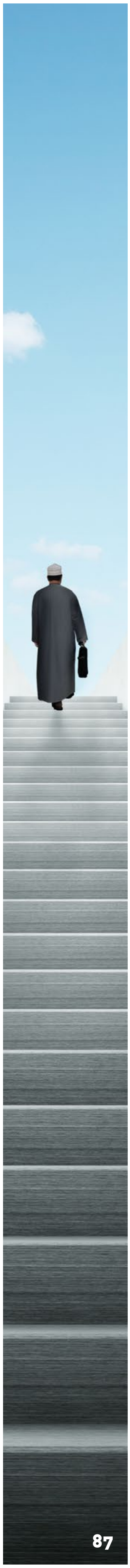
These contracts are issued on two basis:

- For the duration of loans with the insurance premium being received as a single premium. Further premiums are received if and when loans are topped up.
- Short term contracts covering the risk for a year at a time, with premiums being determined and paid monthly on outstanding balances.

Single premiums are recognised as revenue when due. An actuarial / mathematical reserve net of reinsurance has been kept for each contract using reinsurance rate.

Monthly premiums are recognised upon declaration by financial institutions of the amount payable. As such, premiums are usually recognised once they have been fully earned and no unearned premium reserve is determined to be necessary. The Company does, however, at the end of the year, evaluate the profitability of the portfolio to determine if any premium deficiency reserve is required.

Claims are charged to statement of comprehensive income as incurred based on the estimated liability for compensation owed to policy holders. Claims reported are recognised at the time when these are reported. A separate provision for incurred but not reported claims is made based on the Company's experience relating to claims reporting patterns in the past.



NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)

2.6 Insurance contracts (continued)

(b) Recognition and measurement (Continued)

Liability adequacy test

The Company carries out a liability adequacy test to ensure the adequacy of contract liabilities as set out in the financial statements. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. The results of the tests indicate that the liability recognised is adequate.

General insurance contracts

For general insurance contracts, premiums are taken into income over the terms of the policies. Unexpired risk reserve represent the portion of premiums written relating to the unexpired period of coverage. The change in the provision for unearned premiums is recognised in the statement of comprehensive income in order that revenue is recognised over the period of risk.

Unexpired risk reserve is calculated based on higher of 1/24 method or the amount calculated at 45% of the net retained premiums for the year for all classes of business as required by the Insurance Companies Law of Oman. Acquisition costs and reinsurance commissions are recognised as expenses or income over the period of the policy by deferring it using 1/24 method.

Estimates have to be made for both the expected ultimate costs of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the reporting date. Claims consist of amounts payable to contract holders and third parties and related loss adjustment expenses, net of salvage and other recoveries and are charged to statement of comprehensive income as incurred.

Gross outstanding claims comprise the gross estimated cost of claims incurred but not settled at the reporting date, whether reported or not. Provisions for reported claims not paid as at the reporting date are made on the basis of individual case estimates. In addition, a provision based on the Company's prior experience is maintained for the cost of settling claims incurred but not reported at the reporting date.

Any difference between the provisions at the reporting date and settlements and provisions in the following year is included in the accounting year in which the change in provision or settlement is made.

Allowances in claims liability

Some insurance contracts permit the Company to collect excess, depreciation, or sell a (usually damaged) vehicle or a property required in settling a claim (i.e. salvage). The Company may also have the right to pursue third parties for payment of some or all costs (i.e. subrogation).

Estimates of excess, depreciation, salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvaged vehicles or property acquired are recognised in outstanding claims when the liability is accrued. The allowance for salvage is the amount that can reasonably be recovered from the disposal of the vehicle or property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognised in other assets. The allowance is the assessment of the amount that can reasonably be recovered from the action against the liable third party.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)

2.6 Insurance contracts (continued)

(b) Recognition and measurement (Continued)

Reinsurance contracts held

In order to protect itself against adverse experience, the Company has entered into contracts with reinsurers under which it is compensated for losses on one or more contracts issued by the Company. Insurance contracts entered into by the Company under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily reinsurance premiums payable for reinsurance contracts and are recognised as an expense when due.

The Company assesses its reinsurance assets for impairment on an annual basis.

2.7 Premiums and insurance balances receivable

Premiums and insurance balances receivable are initially recognised at fair value and subsequently are stated at amortised cost using the effective interest method less impairment losses, if any. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

2.8 Loans to policy holders

Loans to policy holders are stated at cost, less any amounts written off and allowance for impairment, if any.

2.9 Financial assets

2.9.1 Classification

The Company classifies its financial assets in the following measurement categories: those measured at fair value and those measured at amortised cost. This classification depends on whether the financial asset is a debt or equity investment.

Debt investments

(a) Financial assets at amortised cost

A debt investment is classified as 'amortised cost' only if both of the following criteria are met:

- the objective of the Company's business model is to hold the asset to collect the contractual cash flows; and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding; and
- the nature of any derivatives embedded in the debt investment are considered in determining whether the cash flows of the investment are solely payment of principal and interest on the principal outstanding and are not accounted for separately.

(b) Financial assets at fair value

If either of the two criteria above are not met, the debt instrument is classified as 'fair value'.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)

2.9 Financial assets (continued)

2.9.1 Classification (continued)

Equity investments

All equity investments are measured at fair value. Equity investments that are held for trading are measured at fair value through profit or loss. For all other equity investments, the Company can make an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income rather than profit or loss.

2.9.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value though profit or loss are expensed in the statement of comprehensive income.

The Group subsequently measures all equity investments at fair value. Where the Company has elected to present unrealised and realised fair value gains and losses on equity investments in other comprehensive income, there is no subsequent recycling of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in the statement of comprehensive income as long as they represent a return on investment.

2.10 Investment property

Investment property is measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the statement of financial position date. Gains or losses arising from changes in the fair values of investment properties are recognised in the statement of comprehensive income.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of comprehensive income in the year of retirement or disposal.

The Company carries out revaluation of its investment property every year.

2.11 Deferred acquisition costs and commission income

(a) Deferred acquisition costs (DAC)

Direct and indirect costs incurred during the financial period arising from the writing of long term life insurance contracts, are deferred to the extent that these costs are recoverable out of future premiums.

Subsequent to initial recognition, these costs are amortised on a straight line basis based on the term of expected future premiums, currently estimated as four years.

Direct and indirect costs incurred for writing short term life and medical insurance contracts are deferred and this is built into the 'unexpired risk reserve' shown in the statement of financial position.

Acquisition costs for writing of general insurance contracts are deferred to the extent that these costs are recoverable out of future premiums. Subsequent to initial recognition, these costs are amortised over the period of the policy (generally one year) using 1/24 method and are built into the 'unexpired risk reserve' shown in the statement of financial position.

2 Summary of significant accounting policies (continued)

2.11 Deferred acquisition costs and commission income

(a) Deferred acquisition costs (DAC)

Amortisation is recorded in the statement of comprehensive income. Changes in the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period and is treated as a change in an accounting estimate.

(b) Deferred reinsurance commission incomes (DCI)

Commission incomes attributable to the unexpired reinsurance ceded premiums for short time life and medical are deferred and it is built into "reinsurers' share of unexpired risk reserve" in the statement of financial position.

Commission incomes attributable to the unexpired reinsurance ceded premiums for general insurance are deferred to the extent that these are recoverable out of future ceded premiums. Subsequent to initial recognition, these incomes are amortised over the period of the policy (generally one year) using 1/24 method and are built into "reinsurers' share of unexpired risk reserve" in the statement of financial position.

2.12 Property and equipment

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. Land is not depreciated and stated at revalued amount.

Depreciation is charged to the statement of comprehensive income on a straight line basis over the estimated useful lives of the assets as follows:

	Years
Motor vehicles	4
Furniture and equipment	4 to 5
Computer equipment	4

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in statement of comprehensive income as the expense is incurred.

Any fixed assets costing less than RO 100 are charged to statement of comprehensive income in the year of purchase.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount it is written down immediately to its recoverable amount.

Gains and losses on disposals of property and equipment are determined by reference to their carrying amounts, are recognised within 'other operating (loss) / income' and are taken into account in determining operating results for the year.

2.13 Impairment

(i) Financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset or group of assets may be impaired. If such evidence exists, any impairment loss is recognised in the statement of comprehensive income.

Impairment is determined as follows:

- for assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset; and
- for assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

2 Summary of significant accounting policies (continued)

2.13 Impairment (continued)

(ii) Non-financial assets

At each reporting date, the Company assesses if there is any indication of impairment of non-financial assets. If an indication exists, the Company estimates the recoverable amount of the asset and recognises an impairment loss in the statement of comprehensive income. The Company also assesses if there is any indication that an impairment loss recognised in prior years no longer exists or has reduced. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.14 Offsetting

Financial assets and financial liabilities are only offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and the Company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.15 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with a maturity of three months or less from the date of placement net of outstanding bank overdrafts.

2.16 Provisions

A provision is recognised in the statement of financial position when the Company has a present (legal or constructive) obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of provision can be estimated reliably.

2.17 End of service benefits

End of service benefits are accrued in accordance with the terms of employment of the Company 's employees at the reporting date, having regard to the requirements of the Oman Labour Law 2003 and its amendments and U.A.E. Labour Law - Federal Law No. (8) of 1980 and its amendments and the requirements of IAS-19 'Employee benefits'.

Contributions to a defined contribution retirement plan and occupational hazard insurance for Omani employees in accordance with the Omani Social Insurances Law of 1991 are recognised as an expense in the statement of comprehensive income as incurred.

2.18 Other liabilities

Other liabilities are initially measured at fair value and subsequently carried at amortised cost using the effective interest method. Liabilities are recognised for amounts to be paid for goods or services received, whether or not billed to the Company. Other liabilities are derecognised when the obligation under the liability is discharged, cancelled or expired.

2.19 Income recognition

(a) Life business

Premiums are taken into income over the terms of the policies to which they relate. Unearned premiums represent the proportion of premiums written relating to periods of insurance subsequent to the reporting date. For short term policies, premiums are pro-rated by reference to the unexpired term of cover. An appropriate actuarial reserve is determined by the appointed independent actuary following their annual investigation of the life fund and is calculated initially on a statutory basis to comply with the reporting requirements under the Insurance Companies Law of 1979.

In addition, provision is made where necessary for any further loss expected to arise on unexpired risks after taking into account future investment income on related insurance funds, to cover anticipated liabilities arising from existing contracts.

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

2 Summary of significant accounting policies (continued)

2.19 Income recognition (continued)

(b) General business

Premiums are taken into income over the terms of the policies. Unearned premiums represent the portion of premiums written relating to the unexpired period of coverage.

(c) Insurance policy fees

Insurance and investment contract policyholders are charged for policy administration services, surrenders and other contract fees. These fees are recognised as revenue at the time policies are written or at the time the fees are charged, which is generally at the time when the policies are written.

(d) Investment income

Interest income is recognised using the effective interest method. Dividend income is recognised when the right to receive dividend is established. For listed securities, this is the date the security is listed as ex dividend.

2.20 Directors' remuneration

The Directors' remuneration is governed as set out by the Commercial Companies Law and the rules prescribed by the Capital Market Authority and are charged to as expense in statement of comprehensive income.

2.21 Taxation

Income tax is calculated as per the income tax regulations applicable in the Sultanate of Oman. The foreign operations are incorporated in a United Arab Emirates, which is a tax free jurisdiction.
Income tax on the results for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly to equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the statement of financial position date. Deferred income tax assets and liabilities are offset as there is a legally enforceable right to offset these in Oman.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3 Critical accounting judgment and key sources of estimation uncertainty

In the process of applying the Company's accounting policies, which are described in note 2, management has made judgements that have the most significant effect on the amounts recognised in the financial statements and applied certain assumptions, and other key sources of estimation uncertainty at the reporting date as discussed below:

Key sources of estimation uncertainty

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(a) The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is a key estimate made in measuring liabilities under insurance contracts and especially under group medical, group life and group credit life contracts.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

3 Critical accounting judgment and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

(a) The ultimate liability arising from claims made under insurance contracts (continued)

There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims.

For individual life, Individual Credit Life and Group Credit Life incurred but not reported (IBNR) claims have been calculated as two months expected or estimated claims.

For IBNR of group life and group medical claims, the claim projection methods used are Development factor method for reported losses, Development factor method for paid losses, Initial Expected Burning Cost or Initial Expected Loss Ratio method and Bornhuetter-Ferguson methods for paid or reported losses. After reviewing calendar-year and accident-year diagnostics, actual versus expected calendar year development, qualitative information and the general characteristics of each class of business, actuarial methods have been selected to project ultimate loss by accident or report year. Loss development factors have been selected using historical loss and claim development experience which form the basis for loss payment and reporting and claims development patterns used to project future emergence of losses for the development projection methods. Initial and ultimate sected losses are based on the results of the projection methods by claim cohort month, and are based on judgement reflecting the range of estimates produced by the methods and the strengths and weaknesses of each method. The projections are applied to losses evaluated as of 31 December 2016. Gross unpaid amounts are obtained by reducing the selected ultimate losses by the gross amounts paid as at 31 December 2016. Net unpaid claims estimates and after deducting the ceded IBNR estimates which are derived based on a review of ceded case ratios and paid claims ratios.

For general insurance claims, the chain ladder method has been used to determine the pattern of reporting claims which has then been modified to determine IBNR reserves.

Unallocated Loss Adjustment Expenses has been added to the IBNR reserves for Group Life and Group Medical business. For UAE medical portfolio, an assumption of 0.25% has been applied for the ULAE reserve while for Oman medical porfolio, an assumption of 0.5% has been applied.

Additional unexpired risk reserve (AURR) calculation is based on projected ultimate loss ratio estimate of the current year which is projected onto the next year. The required reserve for the unexpired business is estimated by multiplying this loss ratio by the premium that is expected to be earned in that next year.

(b) Estimate of future benefit payments and premiums arising from long-term insurance contracts, and related deferred acquisition costs and other intangible assets

The determination of the liabilities under long-term insurance contracts (which basically consist of individual life policies and group credit life policies issued for the whole loan period on a single premium basis) is dependent on a number of estimates made by the Company with respect to:

- Mortality and disability
- Investment returns / discount rate
- Expenses
- Surrender

Mortality and disability

The mortality rates are derived from mortality table Permanent Assurances, combined – AMC00 and AMF00 ltimate table for males and females respectively. 146% of the AMC00 & AMF00 table has been used as best estimate mortality for the insured population in Oman. A margin of prudence of 25% over the best estimate derived has been applied based on a mortality experience study of the portfolio on an amount and life basis.

For long term group and individual credit life contracts, reinsurance risk premium rates are used for both mortality and disability.

Were the numbers of deaths in future years to differ by 10% from management's estimate, the liability would increase by RO 74,892 (0.92%) or decrease by RO 74,779 (0.92%) [2015 – increase by RO 88,747 (0.99%) or decrease by RO 80,058 (0.89%)] [2014 – increase by RO 98,577 (1.06%) or decrease by RO 108,469 (1.17%)] [2013 – increase by RO 84,048 (0.87%) or decrease by RO 83,962 (0.87%)]

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

3 Critical accounting judgment and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

Investment returns / discount rate

Under the net premium valuation method used by the Company for valuing most policies in the individual life portfolio, the valuation rate of interest serves as both the estimate of investment income and the discount rate. The valuation interest rate used for conventional guaranteed business should reflect a conservative long-term interest rate. This rate is used to discount the future benefits and future premiums to arrive at the liability figure. A valuation interest rate of 4.5% per annum for non-profit polices and 4% per annum for with-profit polices was used for the purpose of the valuation of the basic reserves for individual life portfolio. The same valuation discount rate has been used for valuing bonuses as well.

The Company's estimate of return on fixed income securities matching the duration of the Company's liability under such policies is around 4.2% p.a. However, valuation rate of interest has been considered based on returns on the assets held at the valuation date plus the assumed reinvestment returns on reinvested free cash less default allowance, investment expenses, tax, prudence margins and discretionary regular bonus loadings where appropriate.

An earning in excess of the interest rate are usually a source of surplus for with profits policyholders.

Uncertainty relating to interest rate assumptions lies in the investment of net future cash flows; reinvestment risk of coupon payments received on fixed income contracts; and the uncertainty surrounding both returns from and the value of equity investments.

Were the interest rate assumptions to vary by 50 basis point from management's estimate for 2015, the gross liability would increase by RO 119,968 (1.9%) or decrease by RO 115,360 (1.8%) [2015 – increase by 180,938 (2.2%) or decrease by RO 146,509 (1.8%)] [2014 - increase by RO 128,997 (1.5%) or decrease by RO 120,454 (1.4%) [2013 – increase by RO 129,154 (1.33%)) or decrease by RO 122,665 (1.27%)]

Expenses

An implicit assumption relating to expenses is made for the statutory valuation in that there is a margin between the net premiums determined as a part of the net premium valuation and the gross premiums charged by the Company. As a part of the process the margin is kept at a minimum of 10% of the gross premium. A separate provision for RO 30 per policy per annum is made for single premium (excluding NBO Housing) and paid up policies for which no future premiums are expected, for NBO Housing portfolio an implicit expense margin of RO 10 is assumed.

For short term life products indirect expenses have been deferred at 4 to 5% (2014 and 2013 - 5 to 10%) of the gross premiums. For group medical product, indirect expenses have been deferred at 6% (for group medical-Oman) and 6.5% (for group medical-UAE) (2014 and 2013: 6% and 6.5%) of the gross premiums for costs relating to the unexpired risk period by the management based on expense analysis done for the year 2016.

(b) Estimate of future benefit payments and premiums arising from long-term insurance contracts, and related deferred acquisition costs and other intangible assets (continued)

Surrender

The mathematical reserve for the single premium loan protection contracts in the individual credit life portfolio and the group credit life portfolio is calculated as the 75% of the unexpired risk reserve and 25% of the current surrender value. This assumes that 25% of the business lapses and increases the reserves to allow for refunds exceeding the unexpired risk.

(c) Impairment of premiums and insurance balances receivable

An estimate of the collectible amount of premiums and insurance balances receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant are assessed collectively and an allowance applied according to the length of time past due, based on historical recovery rates.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

4 Cash and bank balances

	2016 RO	2015 RO	2014 RO	2013 RO
Balances with banks	**16,599,022**	1,225,607	1,336,592	336,253
Cash in hand	**11,142**	9,850	9,773	6,554
Cash and cash equivalents	**16,610,164**	1,235,457	1,346,365	342,807
Short term loan	**(3,900,000)**	(500,000)	-	-

Included in balances with banks are balances of RO 13,727,836 (2015 - RO 395,618; 2014 – RO 332,331; 2013 - RO 68,739) with commercial banks in Oman, India and GCC Countries, which are denominated in US Dollars, Indian Rupees and various GCC currencies, and do not carry interest.

Short-term loan:

As at 31 December 2016, short term loans totaling to RO 3,900,000 for a maximum period of 120 days were outstanding (2015 – RO 500,000). The finance cost for availing short-term loans was at floating market rate of interest. Rate of interest for the short term loan outstanding as at 31 December 2016 was in the range of 3.5% to 4.10% per annum (2015 – 2.75% per annum).

5 Bank deposits

	2016 RO	2015 RO	2014 RO	2013 RO
Deposits (i)	**32,407,859**	28,215,928	17,555,183	11,891,490
Subordinated deposits (ii)	**13,542,320**	8,542,320	6,000,000	7,500,000
	45,950,179	36,758,248	23,555,183	19,391,490

(i) Deposits are held with leasing companies and commercial banks in the Sultanate of Oman and United Arab Emirates, denominated in Rial Omani of RO 27,729,357 (2015 – RO 23,817,000; 2014 - RO 16,063,655; 2013 - RO 11,458,655) and denominated in UAE Dirhams of RO 4,678,502 (2015 – RO 4,398,928; 2014 - RO 1,491,527; 2013 - RO 432,835) and carry effective annual interest rates ranging between 1.25% to 5% per annum (2015 - 0.71% to 4.10% per annum; 2014: 0.38% to 4.10% per annum; 2013 - 0.95% to 5.5% per annum).

(ii) Subordinated deposits are held with commercial banks in the Sultanate of Oman and Bahrain, denominated in Rial Omani of RO 11,000,000 (2015 –RO 6,000,000; 2014 - RO 6,000,000; 2013 - RO 7,500,000) and denominated in US Dollars of RO 2,542,320 (2015 – 2,542,320; 2014 & 2013 Nil) and carry annual interest rates ranging between 4.5% to 7.88% per annum (2015 - 4.5% to 7.88% per annum; 2014 – 4.5% to 5.76% per annum; 2013 – 4.5% to 7.25% per annum).

(iii) The maturities of deposits at the reporting date are as follows:

	Deposits			
	2016 RO	2015 RO	2014 RO	2013 RO
Over three months but less than or equal to one year from the date of placement	-	4,548,928	1,748,183	582,834
Over one year from the date of placement	**32,407,859**	23,667,000	15,807,000	11,308,656
	32,407,859	28,215,928	17,555,183	11,891,490

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NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

5 Bank deposits (continued)

(iv) The maturities of subordinated deposits at the reporting date are as follows:

	Subordinated deposits			
	2016	2015	2014	2013
	RO	RO	RO	RO
Over one year from the date of placement	**13,542,320**	8,542,320	6,000,000	7,500,000
	13,542,320	8,542,320	6,000,000	7,500,000

6 Investment Securities

		2016	2015	2014	2013
		RO	RO	RO	RO
Investments at fair value through profit or loss	6(a)	**2,740,264**	6,795,178	8,518,527	8,009,533
Investments carried at amortised cost	6(b)	**500,935**	646,110	648,671	479,870
Investment carried at fair value through other comprehensive income	6(c)	**2,139,520**	1,387,983	634,509	707,701
		5,380,719	8,829,271	9,801,707	9,197,104

6(a) Investments at fair value through profit or loss

	2016		2015		2014		2013	
	Market value	**Cost**	Market value	Cost	Market value	Cost	Market value	Cost
	RO	**RO**	RO	RO	RO	RO	RO	RO
Quoted local								
Banking and investment	**1,327,845**	**1,346,869**	2,089,372	1,946,979	2,572,629	2,361,267	2,755,767	2,490,060
Services	**1,412,419**	**1,118,018**	3,093,080	2,343,351	2,917,747	2,246,934	2,445,983	2,015,075
Industrial	**-**	**-**	1,612,726	1,569,104	2,371,137	2,057,244	2,807,783	1,946,144
	2,740,264	**2,464,887**	6,795,178	5,859,434	7,861,513	6,665,445	8,009,533	6,451,279
Foreign								
Quoted	-	-	-	-	657,014	677,979	-	-
	2,740,264	**2,464,887**	6,795,178	5,859,434	8,518,527	7,343,424	8,009,533	6,451,279

(i) Movement in investments at fair value through profit or loss:

	2016	2015	2014	2013
	RO	RO	RO	RO
At 1 January	**6,795,178**	8,518,527	8,009,533	6,530,816
Additions during the year	**3,146,270**	770,159	4,430,087	1,401,616
Shares obtained on maturity of investments carried at amortised cost			-	10,298
Disposals during the year at cost	**(7,350,967)**	(2,325,824)	(3,025,831)	(1,497,775)
Realised gain / (loss) on disposal (note 27)	**187,247**	2,049	(485,270)	304,317
Fair value changes (note 27)	**(37,464)**	(169,733)	(409,992)	1,260,261
At 31 December	**2,740,264**	6,795,178	8,518,527	8,009,533

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6 Investment Securities (continued)

6 (b) Investments carried at amortised cost

	Interest rate	2016 RO	2015 RO	2014 RO	2013 RO
Bonds - over one year from the date of inception	**(2016 - 4% p.a. to 8% p.a.)** (2015 - 3.50% p.a. to 8% p.a). (2014 and 2013- 4.50% p.a. to 8% p.a.)	**500,935**	646,110	648,671	479,870

(i) Movement in investments carried at amortised cost:

	2016 RO	2015 RO	2014 RO	2013 RO
At 1 January	**646,110**	648,671	479,870	1,561,359
Additions during the year	**7,364**	11,299	172,407	8,442
Matured during the year	**(150,594)**	(8,442)	-	(1,087,898)
Amortisation during the year	**(1,945)**	(5,418)	(3,606)	(2,033)
At 31 December	**500,935**	646,110	648,671	479,870

6 (c) Investments carried at fair value through other comprehensive income

	2016		2015		2014		2013	
	Market value RO	**Cost RO**	Market value RO	Cost RO	Market value RO	Cost RO	Market value RO	Cost RO
Local								
Unquoted	**50,000**	**50,000**	50,000	50,000	50,000	50,000	50,000	50,000
Quoted	**1,763,544**	**1,632,115**	1,012,369	1,040,506	-	-	-	-
	1,813,544	**1,682,115**	1,062,369	1,090,506	50,000	50,000	50,000	50,000
Foreign								
Unquoted	**325,976**	**1,120,661**	325,614	1,120,661	584,509	1,156,174	657,701	1,156,174
	2,139,520	**2,802,776**	1,387,983	2,211,167	634,509	1,206,174	707,701	1,206,174

(i) Movement in investments carried at fair value through other comprehensive income:

	2016 RO	2015 RO	2014 RO	2013 RO
At 1 January	**1,387,983**	634,509	707,701	859,146
Additions during the year	**638,660**	1,040,506	-	-
Disposals during the year	**(49,948)**	(15,733)	-	(24,919)
Realised gain on disposal	**2,897**	1,955	-	(285)
Fair value change	**159,928**	(273,254)	(73,192)	(126,241)
At 31 December	**2,139,520**	1,387,983	634,509	707,701

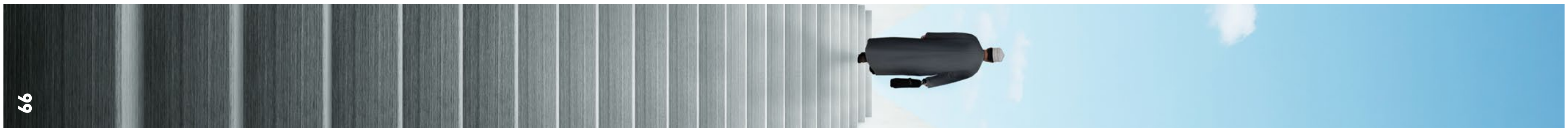
(ii) The Company does not hold any investment in which its holdings exceed 10% of the market value of its investment portfolio at 31 December 2016, 2015, 2014 and 2013.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

7 Premiums and insurance balance receivables

	2016			2015 Restated (Refer note 37)			2014			2013		
	Life RO	**General RO**	**Total RO**	Life RO	General RO	Total RO	Life RO	General RO	Total RO	Life RO	General RO	Total RO
Premium receivable	**27,735,627**	**2,123,179**	**29,858,806**	23,680,416	1,045,867	24,726,283	17,850,860	791,489	18,642,349	14,363,331	793,862	15,157,193
Premium receivable from a related party (note 32)	**98,433**	**976**	**99,409**	336,111	976	337,087	839	976	1,815	1,137	5,686	6,823
Reinsurance balances receivable	**4,827,769**	**507,762**	**5,335,531**	2,284,054	505,591	2,789,645	5,076,232	267,129	5,343,361	3,042,074	303,800	3,345,874
	32,661,829	**2,631,917**	**35,293,746**	26,300,581	1,552,434	27,853,015	22,927,931	1,059,594	23,987,525	17,406,542	1,103,348	18,509,890
Allowance for impaired debts	**(537,672)**	**(149,052)**	**(686,724)**	(440,408)	(197,155)	(637,563)	(393,602)	(181,287)	(574,889)	(408,040)	(98,292)	(506,332)
	32,124,157	**2,482,865**	**34,607,022**	25,860,173	1,355,279	27,215,452	22,534,329	878,307	23,412,636	16,998,502	1,005,056	18,003,558
Movement in allowance for impaired debts												
At 1 January	**440,408**	**197,155**	**637,563**	393,602	181,287	574,889	408,040	98,292	506,332	344,800	99,351	444,151
Provided during the year (note 29)	**97,264**	**7,831**	**105,095**	118,966	22,916	141,882	68,106	81,496	149,602	176,152	17,378	193,530
Transfer from provision for other receivables [note 8(b)]	-	-	-	-	-	-	-	10,519	10,519	-	-	-
Written off during the year	**-**	**(55,934)**	**(55,934)**	(72,160)	(7,048)	(79,208)	(82,544)	(9,020)	(91,564)	(112,912)	(18,437)	(131,349)
At 31 December	**537,672**	**149,052**	**686,724**	440,408	197,155	637,563	393,602	181,287	574,889	408,040	98,292	506,332



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NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

8 Other receivables and prepayments

	2016 RO	2015 Restated (Refer note 37) RO	2014 RO	2013 RO
Receivable from other insurance companies and individuals	**1,001,894**	947,708	948,750	939,398
Other receivables	**1,222,213**	1,124,666	753,589	818,094
Accrued interest	**743,847**	670,734	384,583	371,575
Deferred acquisition costs (note a)	**23,216**	30,018	102,927	282,075
	2,991,170	2,773,126	2,189,849	2,411,142
Provision for doubtful debts (note b)	**(221,387)**	(192,193)	(162,251)	(37,390)
	2,769,783	2,580,933	2,027,598	2,373,752

(a) Movement in deferred acquisition costs

	2016 RO	2015 Restated (Refer note 37) RO	2014 RO	2013 RO
At 1 January	**30,018**	32,381	282,075	420,550
Costs incurred during the year	**21,524**	21,524	202,129	434,641
Amortised during the year	**(28,326)**	(23,887)	(381,277)	(573,116)
At 31 December	**23,216**	30,018	102,927	282,075

(b) Movement in provision for doubtful debts

	2016 RO	2015 RO	2014 RO	2013 RO
At 1 January	**192,193**	162,251	37,390	20,775
Provided during the year (note 29)	**29,194**	29,942	135,380	16,615
Transfer to provision for premium receivables (note 7)	**-**	-	(10,519)	-
At 31 December	**221,387**	192,193	162,251	37,390

9 Loans to policyholders

Loans to policyholders are generally advanced at 90% (2015, 2014 and 2013 - 90%) of the cash value of their respective policies and carry an annual effective rate of interest of 9.5% per annum (2015, 2014 and 2013 - 9.5% per annum). The loans are secured against the cash values of the respective policies, and do not have specific repayment terms.

10 Restrictions on transfer of assets

In accordance with the law governing the operation of insurance companies within the Sultanate of Oman, the Company has identified to the Capital Market Authority certain specific bank deposits, investments and loans to policyholders included in the statement of financial position at a total value of RO 31,367,841 (2015 - RO 41,292,451; 2014 – RO 24,182,972; 2013 - RO 27,764,618). Under the terms of the legislation, the Company can transfer these assets only with the prior approval of the Capital Market Authority.

In accordance with the law governing the operation of insurance companies within the United Arab Emirates, the Company has identified to the Insurance Authority, Abu Dhabi - UAE certain specific fixed deposits included in the statement of financial position at a total value of RO 441,405 (2015 - RO 441,405; 2014 – RO 437,527; 2013 - RO 432,834). Under the terms of the legislation, the Company can transfer these assets only with the prior approval of the Insurance Authority.

The Company has provided bank guarantee of RO 50,000 (2015, 2014 and 2013 - RO 50,000) to the Oman Unified Bureau for the Orange Card which is secured by a fixed deposit.

The Company has an overdraft facility of RO 1,900,000 with Ahli Bank SAOG for which the Company has provided negative pledge confirmation over its current assets and an undertaking not to create any encumbrance on its assets to any other lenders.

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11 Investment properties

Investment properties are stated at fair value (level 2), which has been determined based on the valuations performed by Hamptons International at each reporting date. Hamptons International is an industry specialist in valuing these types of investment properties. The fair value gains and losses are recorded within the statement of comprehensive income. The properties are under lien with Capital Market Authority (CMA).

Movement in value of investment property

	2016 **RO**	2015 RO	2014 RO	2013 RO
At 1 January	**1,300,000**	1,300,000	1,300,000	1,300,000
Fair value change	**(100,000)**	-	-	-
At 31 December	**1,200,000**	1,300,000	1,300,000	1,300,000

12 Property and equipment

	Motor vehicles **RO**	**Furniture and equipment** **RO**	**Computer equipment** **RO**	**Total** **RO**
Cost				
At 1 January 2016	**231,064**	**395,062**	**737,435**	**1,363,561**
Additions	**46,038**	**454,948**	**646,986**	**1,147,972**
Disposals	**(38,231)**	**(113,559)**	**(124,410)**	**(276,200)**
At 31 December 2016	**238,871**	**736,451**	**1,260,011**	**2,235,333**
Accumulated depreciation				
At 1 January 2016	**132,152**	**188,893**	**291,980**	**613,025**
Charge for the year	**45,445**	**144,860**	**219,889**	**410,194**
Disposals	**(38,224)**	**(101,579)**	**(40,873)**	**(180,676)**
At 31 December 2016	**139,373**	**232,174**	**470,996**	**842,543**
Carrying value				
At 31 December 2016	**99,498**	**504,277**	**789,015**	**1,392,790**

	Motor Vehicles RO	Furniture and equipment RO	Computer equipment RO	Total RO
Cost				
At 1 January 2015	164,973	364,716	1,058,027	1,587,716
Additions	66,091	110,014	261,598	437,703
Write Off		(79,448)	(582,190)	(661,638)
Disposals	-	(220)	-	(220)
At 31 December 2015	231,064	395,062	737,435	1,363,561
Accumulated depreciation				
At 1 January 2015	94,411	206,242	717,004	1,017,657
Charge for the year	37,741	62,313	157,166	257,220
Write Off		(79,448)	(582,190)	(661,638)
Disposals	-	(214)	-	(214)
At 31 December 2015	132,152	188,893	291,980	613,025
Carrying value				
At 31 December 2015	98,912	206,169	445,455	750,536

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12 Property and equipment (continued)

	Motor vehicles RO	Furniture and equipment RO	Computer equipment RO	Total RO
Cost				
At 1 January 2014	149,643	226,185	850,858	1,226,686
Additions	40,645	139,145	207,169	386,959
Disposals	(25,315)	(614)	-	(25,929)
At 31 December 2014	164,973	364,716	1,058,027	1,587,716
Accumulated depreciation				
At 1 January 2014	97,755	189,294	617,291	904,340
Charge for the year	21,967	17,562	99,713	139,242
Disposals	(25,311)	(614)	-	(25,925)
At 31 December 2014	94,411	206,242	717,004	1,017,657
Carrying value				
At 31 December 2014	70,562	158,474	341,023	570,059

	Motor vehicles RO	Furniture and equipment RO	Computer equipment RO	Total RO
Cost				
At 1 January 2013	156,934	217,662	716,453	1,091,049
Additions	53,250	9,833	137,292	200,375
Disposals	(60,541)	(1,310)	(2,887)	(64,738)
At 31 December 2013	149,643	226,185	850,858	1,226,686
Accumulated depreciation				
At 1 January 2013	144,330	171,434	480,990	796,754
Charge for the year	12,144	19,170	136,301	167,615
Disposals	(58,719)	(1,310)	-	(60,029)
At 31 December 2013	97,755	189,294	617,291	904,340
Carrying value				
At 31 December 2013	51,888	36,891	233,567	322,346

13 Goodwill

	2016 RO	2015 RO	2014 RO	2013 RO
At 1 January	**146,490**	146,490	146,490	1,146,490
Goodwill impairment	**-**	-	-	(1,000,000)
At 31 December	**146,490**	146,490	146,490	146,490

Goodwill was recorded on life businesses obtained from Al Ahlia Insurance Company SAOC of RO 146,490. The recoverable amount of the goodwill has been determined based on a value in use calculation.

The Company performs goodwill impairment testing at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Any impairment loss on goodwill is recognised immediately as an expense and is not subsequently reversed.

In addition to above goodwill, the company also had a goodwill of RO 1,000,000 which was recorded on group credit life businesses obtained from Oman National Investment Corporation Holding SAOG which was fully impaired during 2013.

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

14 Share capital

	2016 Number of shares	2015 Number of shares	2014 Number of shares	2013 Number of shares
Authorised - shares of RO 1 each (2015, 2014 and 2013 – RO 1 each)	**50,000,000**	10,500,000	10,500,000	10,500,000
Issued and fully paid - shares of RO 1 each (2015, 2014 and 2013 – RO 1 each)	**26,500,000**	10,500,000	10,500,000	10,500,000

	2016 RO	2015 RO	2014 RO	2013 RO
Authorised - shares of RO 1 each (2015 – RO 1 each)	**50,000,000**	10,500,000	10,500,000	10,500,000
Issued and fully paid - shares of RO 1 each (2015 – RO 1 each)	**26,500,000**	10,500,000	10,500,000	10,500,000

Shareholders in the extraordinary general meeting held on 28 July 2016 revised authorised share capital of the Company to increase from RO 10,500,000 to RO 50,000,000. Issued and Paid up Share Capital was increased through rights issue of 16,000,000 shares at nominal value of RO 1 per share during 2016.

Major shareholders

Shareholders of the Company who own 10% or more of the Company's shares, whether in their name, or through a nominee account, and the number of shares they hold are as follows:

	2016	2015	2014	2013
Oman International Development and Investment Company SAOG (97.931%)	**25,951,628**	10,282,715	10,282,715	10,282,715

15 Legal reserve

As required by article 106 of the Commercial Companies Law of Oman, 10% of the profit for the year is transferred to a legal reserve until such legal reserve amounts to, at least, one third of the company's share capital. As the reserves of the company equaled one third of the company's paid up capital during 2015, the company had discontinued annual transfer of profit as it has reached one third of the company's paid up capital. During 2016, the company has increased its issued and paid up share capital and hence the company resumed transfer of 10% of its profit to legal reserve. The reserve is not available for distribution.

16 Contingency reserve

In accordance with article 10 (bis) (2)(c) and 10 (bis) (3)(b) of Regulations for Implementing Insurance Companies Law (Ministerial Order 5/80), as amended, 10% of the net outstanding claims in case of the general insurance business amounting to RO 220,637 (2015 - RO 171,250; 2014 - 225,499; 2013 - RO 234,441) and 1% of the life assurance premiums for the year in case of life insurance business amounting to RO 919,588 (2015 – RO 842,130; 2015 - RO 620,663; 2013 - RO 496,644) at the reporting date is transferred from retained earnings to a contingency reserve.

The Company may discontinue this transfer when the reserve equals to the issued share capital. No dividend shall be declared in any year until the deficit in the reserve is covered from the retained profits. The reserves shall not be used except by prior approval of the Capital Market Authority.

17 Revaluation reserve

The revaluation reserve relates to revaluation of the building reclassified under investment property.

18 Dividend paid

Shareholders in annual general meeting (AGM) dated 28 March 2016 (2015 - AGM dated 29 March 2015; 2014 – AGM dated 4 June 2014; 2013 – AGM 19 September 2013) approved cash dividend of RO 2,616,000 (2015 – cash dividend of RO 750,000; 2014 – Cash dividend of RO 750,000 and 2013 – Cash dividend of RO 250,000) which was paid in 2016, 2015, 2014 and 2013 respectively.

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19 Claims

The provision for outstanding claims, and the related reinsurers' share at 31 December 2016 to 2013 is as follows:

Life business	**2016**			2015 *Restated (Refer note 37)*		
	Gross outstanding claims RO	**Reinsurers' share of outstanding claims RO**	**Net outstanding claims RO**	Gross outstanding claims RO	Reinsurers' share of outstanding claims RO	Net outstanding claims RO
At 1 January						
- Claims incurred	**8,358,340**	**(4,043,645)**	**4,314,695**	6,584,997	(3,287,581)	3,297,416
- Incurred but not reported	**5,969,953**	**(2,553,393)**	**3,416,560**	5,273,565	(2,848,902)	2,424,663
	14,328,293	**(6,597,038)**	**7,731,255**	11,858,662	(6,136,483)	5,722,079
Add: Claims provided during the year	**80,102,219**	**(35,228,501)**	**44,873,718**	63,393,897	(28,733,292)	34,660,605
Less: Insurance claims paid during the year	**(77,165,820)**	**34,169,532**	**(42,996,288)**	(60,924,166)	28,272,737	(32,651,429)
At 31 December	**17,264,692**	**(7,656,007)**	**9,608,685**	14,328,293	(6,597,038)	7,731,255
Analysis of outstanding claims at 31 December						
- Claims incurred	**9,232,898**	**(4,344,731)**	**4,888,167**	8,358,340	(4,043,645)	4,314,695
- Incurred but not reported	**8,031,794**	**(3,311,276)**	**4,720,518**	5,969,953	(2,553,393)	3,416,560
	17,264,692	**(7,656,007)**	**9,608,685**	14,328,293	(6,597,038)	7,731,255

	2014			2013		
	Gross outstanding claims RO	Reinsurers' share of outstanding claims RO	Net outstanding claims RO	Gross outstanding claims RO	Reinsurers' share of outstanding claims RO	Net outstanding claims RO
At 1 January						
Claims incurred	5,871,561	(3,736,415)	2,135,146	5,507,706	(3,461,471)	2,046,235
Incurred but not reported	4,113,857	(2,895,166)	1,218,691	3,635,429	(2,580,845)	1,054,584
	9,985,418	(6,631,581)	3,353,837	9,143,135	(6,042,316)	3,100,819
Add: Claims provided during the year	41,166,483	(23,703,396)	17,463,087	33,683,136	(23,155,455)	10,527,681
Less: Insurance claims paid during the year	(39,745,833)	24,198,494	(15,547,339)	(32,840,853)	22,566,190	(10,274,663)
At 31 December	11,406,068	(6,136,483)	5,269,585	9,985,418	(6,631,581)	3,353,837
Analysis of outstanding claims at 31 December						
Claims incurred	6,364,221	(3,287,581)	3,076,640	5,871,561	(3,736,415)	2,135,146
Incurred but not reported	5,041,847	(2,848,902)	2,192,945	4,113,857	(2,895,166)	1,218,691
	11,406,068	(6,136,483)	5,269,585	9,985,418	(6,631,581)	3,353,837

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

19 Claims (continued)

General business

	2016 Gross outstanding claims RO	2016 Reinsurers' share of outstanding claims RO	2016 Net outstanding claims RO	2015 Gross outstanding claims RO	2015 Reinsurers' share of outstanding claims RO	2015 Net outstanding claims RO
At 1 January						
- Claims incurred	**3,163,187**	**(1,658,066)**	**1,505,121**	3,138,353	(1,753,500)	1,384,853
- Incurred but not reported	**309,565**	**(102,184)**	**207,381**	319,931	(109,192)	210,739
	3,472,752	**(1,760,250)**	**1,712,502**	3,458,284	(1,862,692)	1,595,592
Add: Claims provided during the year	**3,778,323**	**(186,450)**	**3,591,873**	3,774,761	(1,280,090)	2,494,671
Less: Insurance claims paid during the year	**(3,935,444)**	**837,437**	**(3,098,007)**	(3,760,293)	1,382,532	(2,377,761)
At 31 December	**3,315,631**	**(1,109,263)**	**2,206,368**	3,472,752	(1,760,250)	1,712,502
Analysis of outstanding claims at 31 December						
- Claims incurred	**2,971,642**	**(1,021,944)**	**1,949,698**	3,163,187	(1,658,066)	1,505,121
- Incurred but not reported	**343,989**	**(87,319)**	**256,670**	309,565	(102,184)	207,381
	3,315,631	**(1,109,263)**	**2,206,368**	3,472,752	(1,760,250)	1,712,502

	2014 Gross outstanding claims RO	2014 Reinsurers' share of outstanding claims RO	2014 Net outstanding claims RO	2013 Gross outstanding claims RO	2013 Reinsurers' share of outstanding claims RO	2013 Net outstanding claims RO
At 1 January						
Claims incurred	3,112,207	(1,047,139)	2,065,068	2,664,928	(985,092)	1,679,836
Incurred but not reported	484,571	(205,230)	279,341	402,350	(209,766)	192,584
	3,596,778	(1,252,369)	2,344,409	3,067,278	(1,194,858)	1,872,420
Add: Claims provided during the year	3,788,862	(1,150,802)	2,638,060	4,191,288	(1,450,753)	2,740,535
Less: Insurance claims paid during the year	(3,927,356)	1,199,881	(2,727,475)	(3,661,788)	1,393,242	(2,268,546)
At 31 December	3,458,284	(1,203,290)	2,254,994	3,596,778	(1,252,369)	2,344,409
Analysis of outstanding claims at 31 December						
Claims incurred	3,138,353	(1,094,098)	2,044,255	3,112,207	(1,047,139)	2,065,068
Incurred but not reported	319,931	(109,192)	210,739	484,571	(205,230)	279,341
	3,458,284	(1,203,290)	2,254,994	3,596,778	(1,252,369)	2,344,409

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

19 Claims (continued)

Life and General	**2016** Gross outstanding claims RO	**2016** Reinsurers' share of outstanding claims RO	**2016** Net outstanding claims RO	2015 *Restated (Refer note 37)* Gross outstanding claims RO	2015 *Restated (Refer note 37)* Reinsurers' share of outstanding claims RO	2015 *Restated (Refer note 37)* Net outstanding claims RO
At 1 January						
- Claims incurred	**11,521,527**	**(5,701,711)**	**5,819,816**	9,723,350	(5,041,081)	4,682,269
- Incurred but not reported	**6,279,518**	**(2,655,577)**	**3,623,941**	5,593,496	(2,958,094)	2,635,402
	17,801,045	**(8,357,288)**	**9,443,757**	15,316,846	(7,999,175)	7,317,671
Add: Claims provided during year	**83,880,542**	**(35,414,951)**	**48,465,591**	67,168,658	(30,013,382)	37,155,276
Less: Insurance claims paid during the year	**(81,101,264)**	**35,006,969**	**(46,094,295)**	(64,684,459)	29,655,269	(35,029,190)
At 31 December	**20,580,323**	**(8,765,270)**	**11,815,053**	17,801,045	(8,357,288)	9,443,757
Analysis of outstanding claims at 31 December						
- Claims incurred	**12,204,540**	**(5,366,675)**	**6,837,865**	11,521,527	(5,701,711)	5,819,816
- Incurred but not reported	**8,375,783**	**(3,398,595)**	**4,977,188**	6,279,518	(2,655,577)	3,623,941
	20,580,323	**(8,765,270)**	**11,815,053**	17,801,045	(8,357,288)	9,443,757

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

19 Claims (continued)

Life and General

	2014 Gross outstanding claims RO	2014 Reinsurers' share of outstanding claims RO	2014 Net outstanding claims RO	2013 Gross outstanding claims RO	2013 Reinsurers' share of outstanding claims RO	2013 Net outstanding claims RO
At 1 January						
Claims incurred	8,983,768	(4,783,554)	4,200,214	8,172,634	(4,446,563)	3,726,071
Incurred but not reported	4,598,428	(3,100,396)	1,498,032	4,037,779	(2,790,611)	1,247,168
	13,582,196	(7,883,950)	5,698,246	12,210,413	(7,237,174)	4,973,239
Add: Claims provided during the year	44,955,345	(24,854,198)	20,101,147	37,874,424	(24,606,208)	13,268,216
Less: Insurance claims paid during the year	(43,673,189)	25,398,375	(18,274,814)	(36,502,641)	23,959,432	(12,543,209)
At 31 December	14,864,352	(7,339,773)	7,524,579	13,582,196	(7,883,950)	5,698,246
Analysis of outstanding claims at 31 December						
Claims incurred	9,502,574	(4,381,679)	5,120,895	8,983,768	(4,783,554)	4,200,214
Incurred but not reported	5,361,778	(2,958,094)	2,403,684	4,598,428	(3,100,396)	1,498,032
	14,864,352	(7,339,773)	7,524,579	13,582,196	(7,883,950)	5,698,246

Substantially all of the claims are expected to be paid within twelve months of the reporting date. The amounts due from reinsurers are contractually due within three months from the date of submission of accounts to the reinsurer.

The Company estimates its insurance liabilities and reinsurance assets principally based on previous experience. Incurred but not reported (IBNR) estimates for the life business are based on an independent actuary's report. Claims requiring Court or arbitration decisions are estimated individually.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

20 Gross actuarial / mathematical and unexpired risk reserve

	2016 RO	2015 *Restated* *(Refer note 37)* RO	2014 RO	2013 RO
Actuarial / mathematical and unexpired risk reserve - life assurance				
Gross	**42,929,303**	39,005,380	31,299,423	26,945,960
Reinsurers' share	**(17,408,917)**	(13,356,478)	(12,936,963)	(13,808,270)
	25,520,386	25,648,902	18,362,460	13,137,690
Unexpired risk reserve – general insurance				
Gross	**4,323,014**	2,994,110	2,440,273	3,132,509
Reinsurers' share	**(510,984)**	(475,844)	(954,943)	(931,541)
	3,812,030	2,518,266	1,485,330	2,200,968
Actuarial / mathematical and unexpired risk reserve – total				
Gross	**47,252,317**	41,999,490	33,739,696	30,078,469
Reinsurers' share	**(17,919,901)**	(13,832,322)	(13,891,906)	(14,739,811)
	29,332,416	28,167,168	19,847,790	15,338,658

Movement during the year:

	2016 RO	2015 *Restated* *(Refer note 37* RO	2014 RO	2013 RO
Actuarial / mathematical and unexpired risk reserve – life assurance				
At 1 January	**25,648,902**	19,800,062	13,137,690	11,796,227
Net movement in the statement of comprehensive income	**(128,517)**	5,848,840	5,224,770	1,341,463
At 31 December	**25,520,385**	25,648,902	18,362,460	13,137,690
Unexpired risk reserve – general insurance				
At 1 January	**2,518,266**	1,414,784	2,200,968	1,808,675
Net movement in the statement of comprehensive income	**1,293,764**	1,103,482	(715,638)	392,293
At 31 December	**3,812,030**	2,518,266	1,485,330	2,200,968

21 Due to reinsurers

	2016 RO	2015 *Restated* *(Refer note 37)* RO	2014 RO	2013 RO
Reinsurance balances payable – life insurance	**964,818**	399,552	2,965,838	1,736,983
Reinsurance balances payable – general insurance	**527,277**	383,492	449,478	454,512
	1,492,095	783,044	3,415,316	2,191,495

Reinsurance balance relates to premium ceded to reinsurers net of commission and claim recovery.

22 Other liabilities

	2016 RO	2015 *Restated* *(Refer note 37)* RO	2014 RO	2013 RO
Accounts payable	**12,408,018**	9,527,399	6,233,189	5,629,202
Accrued expenses	**2,247,139**	1,891,548	1,514,461	1,703,473
Other payables	**1,946,469**	1,862,620	640,717	563,455
End of service benefits (note a)	**478,785**	391,576	300,500	235,429
Amounts due to a related party	**13,618**	119,129	128,607	93,059
	17,094,029	13,792,272	8,817,474	8,224,618

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

22 Other liabilities (Continued)

(a) *Movement in the liability for end of service benefits is as follows:*

	2016	2015	2014	2013
	RO	RO	RO	RO
At 1 January	**391,576**	300,500	235,429	184,145
Charge for the year (note 29)	**99,253**	98,891	77,757	65,065
Paid during the year	**(12,044)**	(7,815)	(12,686)	(13,781)
At 31 December	**478,785**	391,576	300,500	235,429

23 Contingent liabilities

(a) *Contingencies*

At 31 December 2016, there were contingent liabilities in respect of guarantees issued by commercial banks on behalf of the Company amounting to RO 475,457 (2015 – RO 272,018; 2014 - RO 114,315; 2013 - RO 183,516) given in the normal course of business from which it is anticipated that no material liabilities will arise.

(b) *Legal claims*

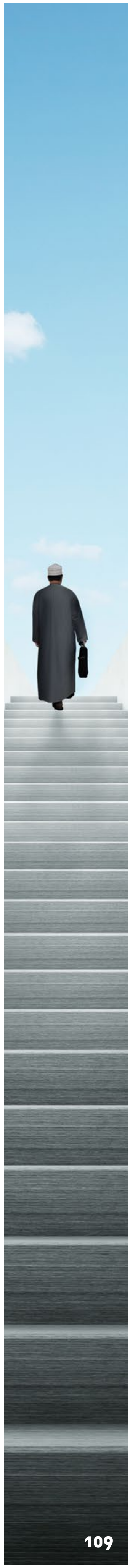
The Company, consistent with the majority of insurers, is subject to litigation in the normal course of its business. The Company, based on independent legal advice, does not believe that the outcome of the court cases will have a material impact on its income or financial position.

24 Net assets per share

Net assets per share are calculated by dividing the net assets attributable to equity holders of the Company at the year-end by the number of shares outstanding at the year end as follows:

	2016	2015	2014	2013
	RO	RO	RO	RO
Net assets (RO)	**44,377,983**	26,134,190	22,764,903	19,834,653
Number of shares outstanding at 31 December	**26,500,000**	10,500,000	10,500,000	10,500,000
Net assets per share (RO)	**1.675**	2.489	2.168	1.889

The Company has invested in fully owned subsidiary during 2016. Since the subsidiary is fully owned by the Company, thus, there is no non-controlling interest and net assets of the Company are equivalent to net assets attributable to equity holders of the Company.



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NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

25 Insurance premiums earned and reinsurance impact

25(a) Insurance premiums earned

	2016			2015 Restated (Refer note 37)			2014			2013		
	Life RO	**General RO**	**Total RO**	Life RO	General RO	Total RO	Life RO	General RO	Total RO	Life RO	General RO	Total RO
Gross written premium	**91,958,833**	**9,247,597**	**101,206,430**	84,213,039	6,351,099	90,564,138	62,066,264	5,263,771	67,330,035	49,664,365	6,340,565	56,004,930
Movement in unearned premiums	**(3,923,923)**	**(1,328,904)**	**(5,252,827)**	(7,705,958)	(817,020)	(8,522,978)	(4,353,463)	692,236	(3,661,227)	(5,011,233)	(319,759)	(5,330,992)
Gross premium, earned	**88,034,910**	**7,918,693**	**95,953,603**	76,507,081	5,534,079	82,041,160	57,712,801	5,956,007	63,668,808	44,653,132	6,020,806	50,673,938
Reinsurance premiums ceded	**(41,422,279)**	**(1,231,701)**	**(42,653,980)**	(36,431,293)	(1,303,729)	(37,735,022)	(33,436,616)	(1,978,292)	(35,414,908)	(33,328,675)	(1,978,097)	(35,306,772)
Movement in unearned premiums	**4,052,440**	**35,140**	**4,087,580**	1,857,117	(286,462)	1,570,655	(871,307)	23,402	(847,905)	3,669,770	(72,534)	3,597,236
Premium ceded to Reinsurers	**(37,369,839)**	**(1,196,561)**	**(38,566,400)**	(34,574,176)	(1,590,191)	(36,164,367)	(34,307,923)	(1,954,890)	(36,262,813)	(29,658,905)	(2,050,631)	(31,709,536)
Net insurance premium revenue	**50,665,071**	**6,722,132**	**57,387,203**	41,932,905	3,943,888	45,876,793	23,404,878	4,001,117	27,405,995	14,994,227	3,970,175	18,964,402

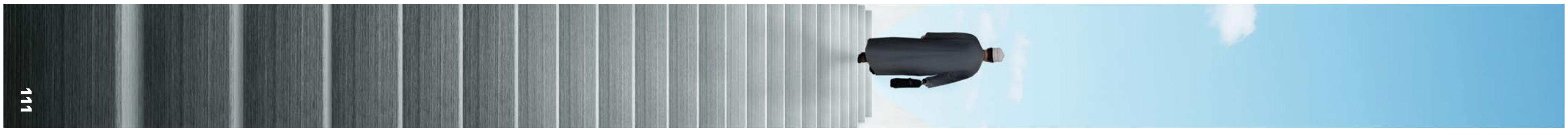
NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

25 Insurance premiums earned and reinsurance impact (continued)

25(b) Reinsurance impact

	2016			2015 *Restated (Refer note 37)*			2014			2013		
	Life RO	**General RO**	**Total RO**	Life RO	General RO	Total RO	Life RO	General RO	Total RO	Life RO	General RO	Total RO
Premium ceded to reinsurers, - (i)	**(37,369,839)**	**(1,196,561)**	**(38,566,400)**	(34,574,176)	(1,590,191)	(36,164,367)	(30,539,224)	(1,954,890)	(32,494,114)	(27,445,415)	(2,050,631)	(29,496,046)
Commission income on premium ceded to reinsurers - (ii)	**8,204,773**	**246,978**	**8,451,751**	7,608,854	307,188	7,916,042	6,334,402	450,445	6,784,847	6,043,428	163,852	6,207,280
Reinsurances' share of claims - (iii)	**35,228,501**	**186,450**	**35,414,951**	28,733,292	1,280,090	30,013,382	23,703,396	1,150,802	24,854,198	23,155,455	1,450,753	24,606,208
Net reinsurance impact (i)+(ii)+(iii)	**6,063,435**	**(763,133)**	**5,300,302**	1,767,970	(2,913)	1,765,057	(501,426)	(353,643)	(855,069)	1,753,468	(436,026)	1,317,442



NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

26 Underwriting results

Net premium and the underwriting results before reinsurance recoveries are analysed as follows:

	2016		2015 Restated (Refer note 37)		2014		2013	
	Net premium RO	**Underwriting results before reinsurance recoveries RO**	Net premium RO	Underwriting results before reinsurance recoveries RO	Net premium RO	Underwriting results before reinsurance recoveries RO	Net premium RO	Underwriting results before reinsurance recoveries RO
Life								
Bank borrowers' business	**827,420**	**512,232**	157,678	142,199	1,982	854,833	2,122,678	902,301
Group life business	**2,333,512**	**794,265**	2,672,721	1,344,788	2,025,944	1,444,081	1,761,578	358,827
Individual business	**1,214,159**	**793,010**	1,348,543	165,814	1,536,415	(622,803)	2,609,964	265,291
Group medical business	**46,161,464**	**(225,988)**	43,602,804	5,729,815	25,065,307	10,266,976	9,841,470	5,088,255
	50,536,555	**1,873,519**	47,781,746	7,382,616	28,629,648	11,943,087	16,335,690	6,614,674
General								
Motor business	**7,767,886**	**2,718,716**	4,813,802	1,423,328	3,062,049	1,377,342	4,179,569	896,843
Non motor business	**248,010**	**691,297**	233,568	4,273	223,430	210,581	182,899	354,333
	8,015,896	**3,410,013**	5,047,370	1,427,601	3,285,479	1,587,923	4,362,468	1,251,176

Net premium is calculated as gross written premiums less reinsurance premiums ceded while underwriting results before reinsurance recoveries are calculated as gross premium earned, including policy fees less gross claims provided during the year and acquisition costs.

The net claims ratios are as follows:

	2016	2015	2014	2013
Bank borrowers business	**N/A**	N/A	N/A	71%
Group life business	**61%**	46%	40%	52%
Group medical business	**92%**	85%	76%	78%
Individual business	**4%**	4%	7%	5%
Motor business	**53%**	63%	65%	68%
Non motor business	**59%**	65%	77%	81%

The net claims ratio is calculated by dividing the net claims (gross claims less reinsurance and other recoveries) by the net premiums (gross premiums less premiums ceded).

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

27 Investment income - net

	2016 RO	2015 RO	2014 RO	2013 RO
Interest income on bank deposits and other investments	**1,531,258**	951,539	820,810	740,664
Interest income on bonds, net of amortisation charge	**43,193**	49,692	51,948	70,578
Interest income on loans to policy holders	**49,078**	68,486	68,396	72,067
Dividend income	**370,017**	329,558	410,051	351,261
Rental income	**64,840**	90,141	137,305	126,405
Change in fair value of investment property	**(100,000)**	-	-	-
Net unrealised loss on investments carried at fair value through profit or loss [note 6(a)(i)]	**(37,464)**	(169,733)	(409,992)	1,260,261
Net realised gain / (loss) on investment carried at fair value through profit or loss [note 6(a)(i)]	**187,247**	2,049	(485,270)	304,317
	2,108,169	1,321,732	593,248	2,925,553
Investment acquisition cost and portfolio management fees	**(23,314)**	(40,460)	(79,295)	(48,856)
Provision for receivable against interest and dividend income	**-**	-	(109,430)	-
	2,084,855	1,281,272	404,523	2,876,697

28 Other operating income / (loss)

	2016 RO	2015 RO	2014 RO	2013 RO
Miscellaneous income	**79,821**	18,783	3,259	58,233
Profit on disposal of property and equipment	**31,897**	94	8,549	22,380
Exchange loss	**40,324**	(36,411)	(9,783)	(220)
	152,042	(17,534)	2,025	80,393

29 General and administrative expenses

	2016 RO	2015 RO	2014 RO	2013 RO
Wages, salaries and other benefits	**3,573,720**	3,145,780	2,451,324	2,195,477
Rent and utility expenses	**503,702**	396,812	249,327	199,687
Depreciation (note 12)	**410,194**	257,220	139,242	167,615
Director's remuneration and sitting fees [note 32(a)]	**152,913**	181,353	149,747	178,952
Allowance for impaired debts (note 7 and 8)	**134,289**	171,824	175,552	210,145
Professional and consultants fees	**182,547**	153,861	107,261	86,536
Social security benefits	**112,516**	105,740	63,212	42,505
End of service benefits [note 22(a)]	**99,253**	98,891	77,757	65,065
Advertisement and publicity	**36,432**	80,416	48,823	37,876
Recruitment and training expenses	**34,990**	24,801	33,078	20,679
Other expenses and fees	**589,377**	446,560	343,557	282,883
	5,829,933	5,063,258	3,838,880	3,487,420

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NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

30 Income tax

	2016	2015	2014	2013
	RO	RO	RO	RO
Statement of comprehensive income:				
Current tax				
- For the year	**583,436**	563,037	550,848	463,140
- For prior years	**(31,393)**	-	2,844	-
Deferred tax	**(772)**	(5,208)	(7,736)	(121,286)
	551,271	557,829	545,956	341,854

	2016	2015	2014	2013
	RO	RO	RO	RO
Current liability				
Income tax payable	**554,674**	566,592	550,848	502,837
Non-current asset				
Deferred tax asset	**107,906**	110,554	75,164	58,645

Movement for income tax payable is as follows:

	2016	2015	2014	2013
	RO	RO	RO	RO
At 1 January	**566,592**	550,848	502,837	398,163
Charge for the year	**552,043**	563,037	553,692	463,140
Paid during the year	**(563,961)**	(547,293)	(505,681)	(358,466)
At 31 December	**554,674**	566,592	550,848	502,837

Reconciliation of income tax expenses

The tax rate applicable to the Company is 12% (2015, 2014 and 2013 - 12%). For the purpose of determining the tax expense for the year, the accounting profit has been adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expense. The subsidiary was incorporated during the year in India and the tax impact on its operations is not material for the Company.

The following is the reconciliation of income taxes calculated at the applicable tax rate with the income tax expenses after basic exemption of RO 30,000 (2015, 2014 and 2013 - 30,000):

	2016	2015	2014	2013
	RO	RO	RO	RO
Profit before income tax	**5,251,658**	4,918,233	4,290,615	4,703,065
Income tax as per rates mentioned above	**626,599**	586,588	511,274	560,768
Non-deductible expenses	**1,566**	2,239	7,724	3,406
Tax exempt (loss) / income	**(46,611)**	(26,107)	19,328	(226,725)
(Reversal of excess provision) / additional provision relating to prior years	**(31,393)**	-	2,844	-
Others	**1,110**	(4,891)	4,786	4,405
Tax expense for the year	**551,271**	557,829	545,956	341,854

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

30 Income tax (continued)

Status of tax assessment

The tax assessments up to tax year 2012 have been completed by the tax authorities. The management believes that tax assessed, if any, in respect of the unassessed tax years would not be material to the financial position of the Company as at 31 December 2016.

Deferred tax

2016	**At 1 January RO**	**Movement during the year RO**	**At 31 December RO**
Amortisation of goodwill	**(17,579)**	**-**	**(17,579)**
Provision for doubtful debts	**99,570**	**9,212**	**108,782**
Depreciation of property and equipment	**(16,529)**	**(20,440)**	**(36,969)**
Revaluation of investments in real estate	**-**	**12,000**	**12,000**
Revaluation reserve	**(53,690)**	**-**	**(53,690)**
	11,772	**772**	**12,544**
Fair value through other comprehensive income reserve	**98,782**	**(3,420)**	**95,362**
Net deferred tax asset	**110,554**	**(2,648)**	**107,906**

2015	At 1 January RO	Movement during the year RO	At 31 December RO
Amortisation of goodwill	(17,579)	-	(17,579)
Provision for doubtful debts	88,456	11,114	99,570
Depreciation of property and equipment	(10,623)	(5,906)	(16,529)
Revaluation reserve	(53,690)	-	(53,690)
	6,564	5,208	11,772
Fair value through other comprehensive income reserve	68,600	30,182	98,782
Net deferred tax asset	75,164	35,390	110,554

2014	At 1 January RO	Movement during the year RO	At 31 December RO
Amortisation of goodwill	(17,579)	-	(17,579)
Provision for doubtful debts	65,246	23,210	88,456
Depreciation of property and equipment	4,851	(15,474)	(10,623)
Revaluation reserve	(53,690)	-	(53,690)
	(1,172)	7,736	6,564
Fair value through other comprehensive income reserve	59,817	8,783	68,600
Net deferred tax (liability) / asset	58,645	16,519	75,164

2013	At 1 January RO	Movement during the year RO	At 31 December RO
Amortisation of goodwill	(137,579)	120,000	(17,579)
Provision for doubtful debts	55,791	9,455	65,246
Depreciation of property and equipment	13,020	(8,169)	4,851
Revaluation reserve	(53,690)	-	(53,690)
	(122,458)	121,286	(1,172)
Fair value through other comprehensive income reserve	16,899	42,918	59,817
Net deferred tax (liability) / asset	(105,559)	164,204	58,645

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30 Income tax (continued)

Deferred tax (continued)

Deferred tax asset / liability has been computed at the tax rate of 12% (2015, 2014 and 2013 - 12%).

During 2017, there was an amendment in the Income Tax Law of Oman, which has revised the applicable tax rate from 12 % to 15% for financial years beginning on or after 1 January 2017. The revision in tax rate has an impact on the deferred tax assets and liabilities recorded on the balance sheet as at 31 December 2016. As the law was not enacted as at 31 December 2016, the impact of the rate revision has not been considered on the financial position of the Company as at 31 December 2016. Further, management is not aware and does not expect any additional tax liabilities to be incurred relating to open tax years due to the change in tax laws and rates.

31 Earnings per share - basic and diluted

Earnings per share are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of shares outstanding during the year as follows:

	2016	2015	2014	2013
Profit for the year (RO)	**4,700,387**	4,360,404	3,744,659	4,361,211
Weighted average number of shares outstanding during the year	**12,666,666**	10,500,000	10,500,000	10,500,000
Basic Earnings per share (RO)	**0.371**	0.415	0.357	0.415

Weighted average number of shares for 2016 has been arrived at as given below

	2016
10,500,000 shares for nine months period from January to September 2016	**7,875,000**
15,500,000 shares for two months period from October to November 2016	**2,583,333**
26,500,000 shares for one month period of December 2016	**2,208,333**
Weighted average number of shares outstanding during the year 2016	**12,666,666**
Weighted average number of shares outstanding during the year 2015 (10,500,000 share for 12 month period from Jan-Dec 2015, 2014 and 2013)	10,500,000

No figure for diluted earnings per share has been presented as the company has not issued any instruments which would have an impact on earnings per share when exercised.

32 Related party transactions

These represent transactions with related parties defined in IAS 24- 'Related Party Disclosures'.

The company was controlled by Oman National Investment Corporation Holding SAOG (ONICH) which owned 97.93% of the company's shares till effective merger date of 19 August 2015. Pursuant to merger of ONICH with Oman International Development and Investment Company SAOG (OMINVEST), the company is controlled by OMINVEST which now owns 97.93% of the company's shares. The remaining shares are held by two other parties.

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NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

32 Related party transactions (continued)

(a) Transactions with related parties of the Company or holders of 10% or more of the company's shares or their family members included in the historic statements of comprehensive income and statement of financial position are as follows:

	Total	Major shareholders	Directors	Subsidiaries & associates of major shareholder	Key management personnel of major shareholder	Other related parties
2016	**RO**	**RO**	**RO**	**RO**	**RO**	**RO**
Statement of comprehensive income						
Gross premium income	**852,766**	**100,938**	**650**	**243,891**	**3,080**	**504,207**
Claims expense	**494,753**	**54,310**	-	**134,945**	-	**305,498**
Reinsurer's share of claims paid	**66,142**	-	-	**66,142**	-	-
Interest income on deposits	**200,113**	-	-	**200,113**	-	-
Rent expenses	**132,046**	**132,046**	-	-	-	-
Commission expense	**600,983**	-	-	**219,583**	-	**381,400**
Other expenses	**35,342**	**18,105**	-	**17,237**	-	-
Director sitting fees	**11,800**	-	**11,800**	-	-	-
Director's remuneration	**141,113**	-	**141,113**	-	-	-
Other transactions						
Movement in bank balances	**215,121**	-	-	**215,121**	-	-
Fixed deposit placed with related party	**1,000,000**	-	-	**1,000,000**	-	-
Statement of financial position						
Provision for director's remuneration & sitting fees	**141,713**	-	**141,713**	-	-	-
Claims payable to related parties	**78,898**	**5,120**	-	**39,557**	-	**34,221**
Commission payable	**399,522**	-	-	**140,000**	-	**259,522**
Payable to related parties	**12,557**	**12,557**	-	-	-	-
Bank balances	**271,677**	-	-	**271,677**	-	-
Fixed deposits balances	**5,250,000**	-	-	**5,250,000**	-	-
Premium receivable from related parties (under accounts receivable)	**99,409**	-	**1,650**	**19,829**	-	**77,930**
Reinsurance balance receivable	**140,383**	-	-	**140,383**	-	-
Accrued interest receivable	**41,800**	-	-	**41,800**	-	-

In 2016, the Company set up a fully owned subsidiary in India. Investment in subsidiary amounted to RO 49,767 and share of loss during 2016 amounted to RO 14,510 resulting in carrying value of RO 35,257 as at the reporting date.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

32 Related party transactions (continued)

	Total	Major shareholders	Directors	Subsidiaries& associates of major shareholder	Key management personnel of major shareholder	Other related parties
2015 (Restated)	RO	RO	RO	RO	RO	RO
Statement of comprehensive income						
Premium income	423,813	93,968	2,378	327,282	185	-
Claims expense	98,182	46,777	-	51,405	-	-
Reinsurer's share of claims paid	257,641	-	-	257,641	-	-
Reinsurance outward premium Expense	7,869	-	-	7,869	-	-
Reinsurance commission income	31,758	-	-	31,758	-	-
Interest income on deposits	9,596	-	-	9,596	-	-
Dividend income	30,725	-	-	30,725	-	-
Rent expenses	33,011	33,011	-	-	-	-
Other expenses	85,578	85,578	-	-	-	-
Director sitting fees	9,600	-	9,600	-	-	-
Director's remuneration	171,753	-	171,753	-	-	-
Other transactions						
Movement in bank balances	12,176	-	-	12,176	-	-
Fixed deposit placed with related party	4,000,000	-	-	4,000,000	-	-
Statement of financial position						
Provision for director's remuneration & sitting fees	172,353	-	172,353	-	-	-
Claims payable to related parties	22,664	2,514	-	20,150	-	-
Portfolio fee payable	119,129	119,129	-	-	-	-
Bank balances	56,556	-	-	56,556	-	-
Fixed deposits balances	4,250,000	-	-	4,250,000	-	-
Premium receivable from related parties (under accounts receivable)	337,087	1,077	1,650	334,360	-	-
Reinsurance balance receivable	103,890	-	-	103,890	-	-
Accrued interest receivable	4,990	-	-	4,990	-	-

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

	Total	Major shareholders	Directors	Subsidiaries& associates of major shareholder	Key management personnel of major shareholder	Other related parties
2014	RO	RO	RO	RO	RO	RO
Statement of comprehensive income						
Premium income	30,928	27,103	-	-	-	3,825
Claims expense	20,011	17,460	-	-	-	2,551
Other transactions						
Investment management fee	48,558	48,558	-	-	-	-
Internal audit fees	10,000	10,000	-	-	-	-
Other expenses	3,600	3,600	-	-	-	-
Directors' remuneration	135,247	-	135,247	-	-	-
Directors' sitting fees	14,500	-	14,500	-	-	-
Directors' remuneration and sitting fees	149,747	-	149,747	-	-	-
Statement of financial position						
Receivables and deposits	1,815	24	1,791	-	-	-
Claims and payables	264,949	128,801	136,148	-	-	-
	266,764	128,825	137,939	-	-	-

	Total	Major shareholders	Directors	Subsidiaries& associates of major shareholder	Key management personnel of major shareholder	Other related parties
2013	RO	RO	RO	RO	RO	RO
Statement of comprehensive income						
Premium income	35,696	29,060	-	-	-	6,636
Claims expense	11,323	10,653	-	-	-	670
Other transactions						
Investment management fee	37,025	37,025	-	-	-	-
Internal audit fees	10,000	10,000	-	-	-	-
Other expenses	3,600	3,600	-	-	-	-
Directors' remuneration	166,252	-	166,252	-	-	-
Directors' sitting fees	12,700	-	12,700	-	-	-
Directors' remuneration and sitting fees	178,952	-	178,952	-	-	-
Statement of financial position						
Receivables and deposits	6,823	-	6,823	-	-	-
Claims and payables	260,737	93,885	166,852	-	-	-
	267,560	93,885	173,675	-	-	-

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NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

32 Related party transactions (continued)

(b) Compensation of key management personnel

The remuneration of members of key management during the years ending 31 December 2016 to 31 December 2013 (salaries, incentives, fees, allowances and other statutory payments) was as follows:

	2016	2015	2014	2013
	RO	RO	RO	RO
Short-term benefits	**599,115**	524,685	406,272	394,091
Employees' end of service benefits & leave salary accrual	**62,230**	54,308	40,766	30,220
	661,345	578,993	447,038	424,311
Number of key management personnel	**6**	5	5	5

Outstanding balances at the year end arise in the normal course of business.

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

33 Segmental information

33.1 Primary reporting format - business segments

The Company's operating businesses are organised and managed separately according to the nature of the activities and services provided, with each segment representing a strategic business unit that offers different services.

The following tables present premium and profit information and asset and liability information regarding business segments for the years ended 31 December 2016, 2015, 2014 and 2013.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that have been allocated on a reasonable basis.

2016	**Life RO**	**General RO**	**Total RO**
Gross premium written	91,958,833	9,247,597	101,206,430
Movement in unearned premiums	(3,923,923)	(1,328,904)	(5,252,827)
Gross premiums earned	88,034,910	7,918,693	95,953,603
Insurance premium ceded to reinsurers	(41,422,278)	(1,231,701)	(42,653,979)
Movement in unearned premiums	4,052,440	35,140	4,087,580
Premium ceded to reinsurers, earned	(37,369,838)	(1,196,561)	(38,566,399)
Net premiums	50,665,071	6,722,132	57,387,203
Claims	(80,102,219)	(3,778,323)	(83,880,542)
Reinsurers' share of claims	35,228,501	186,450	35,414,951
Net claims	(44,873,718)	(3,591,873)	(48,465,591)
Income from policy fees	1,475,373	204,507	1,679,880
Commission income on premium ceded to reinsurers	8,204,773	246,978	8,451,751
Commission expense	(7,534,546)	(934,863)	(8,469,409)
Net underwriting results	7,936,953	2,646,881	10,583,834
Investment income – net	1,572,329	512,526	2,084,855
Other operating (loss) / income	148,095	3,947	152,042
Third party administration fees	(1,633,940)	-	(1,633,940)
General and administrative expenses	(4,224,841)	(1,605,092)	(5,829,933)
Finance cost	(105,200)	-	(105,200)
Income tax	(387,699)	(163,572)	(551,271)
Profit for the year	3,305,697	1,394,690	4,700,387
Segment assets	116,077,301	19,174,119	135,251,420
Segment liabilities	71,128,499	19,744,939	90,873,438

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NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

33 Segmental information (continued)

33.1 Primary reporting format - business segments (continued)

2015 (Restated)	Life RO	General RO	Total RO
Gross premium written	84,213,039	6,351,099	90,564,138
Movement in unearned premiums	(7,705,958)	(817,020)	(8,522,978)
Gross premiums earned	76,507,081	5,534,079	82,041,160
Insurance premium ceded to reinsurers	(36,431,293)	(1,303,729)	(37,735,022)
Movement in unearned premiums	1,857,117	(286,462)	1,570,655
Premium ceded to reinsurers, earned	(34,574,176)	(1,590,191)	(36,164,367)
Net premiums	41,932,905	3,943,888	45,876,793
Claims	(63,393,897)	(3,774,761)	(67,168,658)
Reinsurers' share of claims	28,733,292	1,280,090	30,013,382
Net claims	(34,660,605)	(2,494,671)	(37,155,276)
Income from policy fees	1,347,868	147,979	1,495,847
Commission income on premium ceded to reinsurers	7,608,854	307,188	7,916,042
Commission expense	(7,078,435)	(479,697)	(7,558,132)
Net underwriting results	9,150,587	1,424,687	10,575,274
Investment income – net	970,096	311,176	1,281,272
Other operating (loss) / income	(17,552)	18	(17,534)
Third party administration fees	(1,845,626)	-	(1,845,626)
General and administrative expenses	(3,715,235)	(1,348,023)	(5,063,258)
Finance cost	(11,895)	-	(11,895)
Income tax	(513,838)	(43,991)	(557,829)
Profit for the year	4,016,537	343,867	4,360,404
Segment assets	86,351,177	15,225,456	101,576,633
Segment liabilities	58,251,115	17,191,328	75,442,443

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

33 Segmental information (continued)

33.1 Primary reporting format - business segments (continued)

2014	Life RO	General RO	Total RO
Gross premium written	62,066,264	5,263,771	67,330,035
Change in unearned premium provision	(4,353,463)	692,236	(3,661,227)
Gross premiums earned	57,712,801	5,956,007	63,668,808
Insurance premium ceded to reinsurers	(33,436,616)	(1,978,292)	(35,414,908)
Change in unearned premium provision	(871,307)	23,402	(847,905)
Premium ceded to reinsurers, earned	(34,307,923)	(1,954,890)	(36,262,813)
Net premiums	23,404,878	4,001,117	27,405,995
Claims	(41,166,483)	(3,788,862)	(44,955,345)
Reinsurers' share of claims	23,703,396	1,150,802	24,854,198
Net claims	(17,463,087)	(2,638,060)	(20,101,147)
Income from policy fees	1,003,064	142,227	1,145,291
Commission earned on premium ceded	6,334,402	450,445	6,784,847
Commission expense	(5,606,295)	(721,449)	(6,327,744)
Net underwriting results	7,672,962	1,234,280	8,907,242
Investment income	271,689	132,834	404,523
Other income	(1,613)	3,638	2,025
General and administrative expenses	(4,037,767)	(985,408)	(5,023,175)
Income tax	(496,924)	(49,032)	(545,956)
Profit for the year	3,408,347	336,312	3,744,659
Segment assets	70,679,649	13,472,940	84,152,589
Segment liabilities	45,848,167	15,539,519	61,387,686

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NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

33 Segmental information (continued)

33.1 Primary reporting format - business segments (continued)

2013	Life RO	General RO	Total RO
Gross premium written	49,664,365	6,340,565	56,004,930
Change in unearned premium provision	(5,011,233)	(319,759)	(5,330,992)
Gross premiums earned	44,653,132	6,020,806	50,673,938
Insurance premium ceded to reinsurers	(33,328,675)	(1,978,097)	(35,306,772)
Change in unearned premium provision	3,669,770	(72,534)	3,597,236
Premium ceded to reinsurers, earned	(29,658,905)	(2,050,631)	(31,709,536)
Net premiums	14,994,227	3,970,175	18,964,402
Claims	(33,683,136)	(4,191,288)	(37,874,424)
Reinsurers' share of claims	23,155,455	1,450,753	24,606,208
Net claims	(10,527,681)	(2,740,535)	(13,268,216)
Income from policy fees	564,993	143,868	708,861
Commission earned on premium ceded	6,043,428	163,852	6,207,280
Commission expense	(4,920,315)	(722,210)	(5,642,525)
Net underwriting results	6,154,652	815,150	6,969,802
Investment income	2,265,217	611,480	2,876,697
Other income	63,349	17,044	80,393
General and administrative expenses	(3,303,771)	(920,056)	(4,223,827)
Goodwill Impairment	(1,000,000)		(1,000,000)
Income tax	(303,793)	(38,061)	(341,854)
Profit for the year	3,875,654	485,557	4,361,211
Segment assets	61,031,480	13,382,788	74,414,268
Segment liabilities	38,858,346	15,721,269	54,579,615

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

33 Segmental information (continued)

33.1 Primary reporting format - business segments (continued)

Geographic Information

The Company has operations in three geographic locations in middle east - Oman, Dubai and Abu Dhabi and has setup a fully owned subsidiary to provide support services in India in 2016. The businesses are organised and managed separately, with each segment representing a strategic business unit.

The following tables present premium and profit information and asset and liability information regarding business segments for the year ended 31 December 2016, 2015, 2014 and 2013.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that have been allocated on a reasonable basis.

	Oman RO	Dubai RO	Abu Dhabi RO	India RO	Total RO
2016					
Gross premium written	44,932,147	43,246,333	13,027,950	-	101,206,430
Movement in unearned premiums	(369,488)	(2,402,994)	(2,480,345)	-	(5,252,827)
Gross premiums earned	44,562,659	40,843,339	10,547,605	-	95,953,603
Insurance premium ceded to reinsurers	(15,467,085)	(20,681,224)	(6,505,670)	-	(42,653,979)
Movement in unearned premiums	537,371	2,190,652	1,359,556	-	4,087,579
Premium ceded to reinsurers, earned	(14,929,714)	(18,490,572)	(5,146,114)	-	(38,566,400)
Net premiums	29,632,945	22,352,767	5,401,491	-	57,387,203
Claims	(33,001,420)	(40,544,335)	(10,334,787)	-	(83,880,542)
Reinsurers' share of claims	11,702,017	18,582,894	5,130,040	-	35,414,952
Net claims	(21,299,403)	(21,961,441)	(5,204,747)	-	(48,465,591)
Income from policy fees	743,669	679,860	256,351	-	1,679,880
Commission income on premium ceded to reinsurers	2,475,782	4,530,987	1,444,982	-	8,451,751
Commission expense	(3,086,648)	(4,664,270)	(718,491)	-	(8,469,409)
Net underwriting results	8,466,345	937,903	1,179,586		10,583,834
Investment income – net	1,842,679	230,050	12,126	-	2,084,855
Other operating (loss) / income	127,586	24,660	(204)	-	152,042
Third party administration fees	(79,814)	(1,165,154)	(388,972)	-	(1,633,940)
General and administrative expenses	(4,063,383)	(1,385,952)	(366,088)	(14,510)	(5,829,933)
Finance cost	(82,597)	(22,603)	-	-	(105,200)
Income tax	(551,271)	-	-	-	(551,271)
Profit for the year	5,659,545	(1,381,096)	436,448	(14,510)	4,700,387
Segment assets	78,711,934	41,947,692	14,548,316	43,478	135,251,420
Segment liabilities	48,977,476	33,159,406	8,728,335	8,221	90,873,438

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NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

33 Segmental information (continued)

33.1 Primary reporting format - business segments (continued)

Geographic Information (continued)

	Oman RO	Dubai RO	Abu Dhabi RO	Total RO
2015 (Restated)				
Gross premium written	41,363,600	43,554,991	5,645,547	90,564,138
Movement in unearned premiums	(2,757,741)	(2,945,945)	(2,819,292)	(8,522,978)
Gross premiums earned	38,605,859	40,609,046	2,826,255	82,041,160
Insurance premium ceded to reinsurers	(15,460,220)	(19,562,732)	(2,712,070)	(37,735,022)
Movement in unearned premiums	533,720	(168,150)	1,205,085	1,570,655
Premium ceded to reinsurers, earned	(14,926,500)	(19,730,882)	(1,506,985)	(36,164,367)
Net premiums	23,679,359	20,878,164	1,319,270	45,876,793
Claims	(29,327,166)	(35,910,444)	(1,931,048)	(67,168,658)
Reinsurers' share of claims	11,506,273	17,585,187	921,922	30,013,382
Net claims	(17,820,893)	(18,325,257)	(1,009,126)	(37,155,276)
Income from policy fees	637,644	753,947	104,256	1,495,847
Commission income on premium ceded to reinsurers	2,849,903	4,442,575	623,564	7,916,042
Commission expense	(2,631,365)	(4,502,913)	(423,854)	(7,558,132)
Net underwriting results	6,714,648	3,246,516	614,110	10,575,274
Investment income - net	1,187,359	92,243	1,670	1,281,272
Other operating (loss) / income	(3,719)	(13,815)	-	(17,534)
Third party administration fees	(85,391)	(1,558,103)	(202,132)	(1,845,626)
General and administrative expenses	(3,649,401)	(1,087,835)	(326,022)	(5,063,258)
Finance cost	(11,895)	-	-	(11,895)
Income tax	(557,829)	-	-	(557,829)
Profit for the year	3,593,772	679,006	87,626	4,360,404
Segment assets	63,808,766	33,746,698	4,021,169	101,576,633
Segment liabilities	42,226,146	29,223,337	3,992,960	75,442,443

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NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

33 Segmental information (continued)

33.1 Primary reporting format - business segments (continued)

Geographic Information (continued)

	Oman RO	Dubai RO	Total RO
2014			
Gross premium written	34,080,531	33,249,504	67,330,035
Change in unearned premium provision	56,988	(3,718,215)	(3,661,227)
Gross premiums earned	34,137,519	29,531,289	63,668,808
Insurance premium ceded to reinsurers	(13,684,027)	(21,730,881)	(35,414,908)
Change in unearned premium provision	(1,838,504)	990,599	(847,905)
Premium ceded to reinsurers, earned	(15,522,531)	(20,740,282)	(36,262,813)
Net premiums	18,614,988	8,791,007	27,405,995
Claims	(25,797,638)	(19,157,707)	(44,955,345)
Reinsurers' share of claims	11,847,159	13,007,039	24,854,198
Net claims	(13,950,479)	(6,150,668)	(20,101,147)
Income from policy fees	547,814	597,477	1,145,291
Commission earned on premium ceded	2,666,387	4,118,460	6,784,847
Commission expense	(2,859,180)	(3,468,564)	(6,327,744)
Net underwriting results	5,019,530	3,887,712	8,907,242
Investment income	701,709	(297,186)	404,523
Other income	10,508	(8,483)	2,025
General and administrative expenses	(2,865,456)	(2,157,719)	(5,023,175)
Income tax	(545,956)	-	(545,956)
Profit for the year	2,320,335	1,424,324	3,744,659
Segment assets	56,720,268	27,432,321	84,152,589
Segment liabilities	36,660,779	24,726,907	61,387,686

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

33 Segmental information (continued)

33.1 Primary reporting format - business segments (continued)

Geographic Information (continued)

2013	Oman RO	Dubai RO	Total RO
Gross premium written	34,580,158	21,424,772	56,004,930
Change in unearned premium provision	(701,665)	(4,629,327)	(5,330,992)
Gross premiums earned	33,878,493	16,795,445	50,673,938
Insurance premium ceded to reinsurers	(19,288,704)	(16,018,068)	(35,306,772)
Change in unearned premium provision	383,870	3,213,366	3,597,236
Premium ceded to reinsurers, earned	(18,904,834)	(12,804,702)	(31,709,536)
Net premiums	14,973,659	3,990,743	18,964,402
Claims	(25,805,206)	(12,069,218)	(37,874,424)
Reinsurers' share of claims	15,478,916	9,127,292	24,606,208
Net claims	(10,326,290)	(2,941,926)	(13,268,216)
Income from policy fees	514,128	194,733	708,861
Commission earned on premium ceded	2,982,813	3,224,467	6,207,280
Commission expense	(3,456,709)	(2,185,816)	(5,642,525)
Net underwriting results	4,687,601	2,282,201	6,969,802
Investment income	2,870,769	5,928	2,876,697
Other income	33,674	46,719	80,393
General and administrative expenses	(2,821,039)	(1,402,788)	(4,223,827)
Goodwill Impairment	(1,000,000)	-	(1,000,000)
Income tax	(341,854)	-	(341,854)
Profit for the year	3,429,151	932,060	4,361,211
Segment assets	55,181,620	19,232,648	74,414,268
Segment liabilities	36,064,842	18,514,773	54,579,615

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

34 Risk management

(a) Governance framework

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The Company has established a risk management function with clear terms of reference from the board of directors, its committees and the associated executive management committees. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior managers. Further, a company policy framework which sets out the risk profiles for the Company, risk management, control and business conduct standards for the Company's operations has been put in place. Each policy has a member of senior management charged with overseeing compliance with the policy throughout the Company.

The board of directors approves the Company risk management policies and meets regularly to approve any commercial, regulatory and organisational requirements of such policies. These policies define the Company's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the corporate goals, and specify reporting requirements.

(b) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and benefit other stakeholders. The management's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business.

The Company manages its capital structure and may make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

Capital management framework

Regulatory framework

Regulators are primarily interested in protecting the rights of the policyholder and monitor them closely to ensure that the Company is satisfactorily managing affairs for their benefit. At the same time, the regulators are also interested in ensuring that the Company maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

The operations of the Company within the Sultanate of Oman are subject to regulatory requirements of the Sultanate of Oman. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions such as solvency requirements and assignment of deposits to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as they arise.

In accordance with the Insurance Companies Law of the Sultanate of Oman, the Company is required to maintain a minimum solvency margin at the reporting date in compliance with the solvency requirements. The Company's policy is to deal only with reputed and highly rated reinsurers. The Company has met all these requirements throughout the financial year.

Insurance Authority for United Arab Emirates has also issued new financial regulations during 2015 which prescribe requirements for accounting, reporting, investments and solvency requirements. These regulations are to be implemented over a time frame of one to three years. The Company is taking steps in order to enable itself to meet the requirements of the new regulations as they come into force.

Approach to capital management

The Company seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and policyholders.

The Company's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels (by each regulated entity) on a regular basis and taking appropriate actions to influence the capital position of the Company in the light of changes in economic conditions and risk characteristics.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

34 Risk management (continued)

(b) Capital risk management (continued)

Approach to capital management (continued)

The primary source of capital used by the Company is equity shareholders' funds. The Company also utilises, where efficient to do so, sources of funds such as reinsurance.

The capital requirements are routinely forecast on a periodic basis, and assessed against both the forecast available capital and the expected internal rate of return including risk and sensitivity analyses.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all classes of financial assets held by the Company, other than those relating to reinsurance contracts as described in reinsurance risk, the maximum credit risk exposure to the Company is the carrying value as disclosed in the statement of financial position.

The following policies and procedures are in place to mitigate the Company's exposure to credit risk:

- The Company only enters into insurance and reinsurance contracts with recognised, credit worthy third parties.
- The Company's investments carried at amortised cost portfolio is managed by the investment officer in accordance with the investment policy established by the board of directors.
- The Company's loan to policy holders is secured against the cash values of the respective policies.
- The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. Premium and insurance balances receivable comprise a large number of customers in Oman and UAE. Three customers (2015, 2014 and 2013 – three customers) account for 18% of the receivables as of 31 December 2016 (2015 - 17%; 2014 – 24% and 2013 – 30%).
- The Company's bank balances are maintained with a range of international and local banks which are approved by the board of directors.

The table below provides information regarding the credit risk exposure of the Company by classifying various assets.

Exposure to credit risk

31 December 2016	Not past due and considered good RO	Past due but not impaired RO	Impaired RO	Total RO
Bank balances	16,599,120	-	-	16,599,120
Bank deposits	45,950,179	-	-	45,950,179
Premiums and insurance balance receivables	25,818,027	8,788,995	686,724	35,293,746
Reinsurers' share of actuarial / mathematical reserve and unexpired risk reserve	17,919,901	-	-	17,919,901
Reinsurers' share of outstanding claims	8,765,270	-	-	8,765,270
Other receivables (excluding prepayments)	1,603,585	889,937	221,387	2,714,909
Investments carried at amortised cost	500,935	-	-	500,935
Loans to policyholders	401,196	-	-	401,196
Total	**117,588,213**	**9,678,932**	**908,111**	**128,145,256**

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

34 Risk management (continued)

Credit risk (continued)

Exposure to credit risk (continued)

31 December 2015 (Restated)	Not past due and considered good RO	Past due but not impaired RO	Impaired RO	Total RO
Bank balances	1,225,607	-	-	1,225,607
Bank deposits	36,758,248	-	-	36,758,248
Premiums and insurance balance receivables	20,407,336	6,808,116	637,563	27,853,015
Reinsurers' share of actuarial / mathematical reserve and unexpired risk reserve	13,832,322	-	-	13,832,322
Reinsurers' share of outstanding claims	8,357,288	-	-	8,357,288
Other receivables (excluding prepayments)	1,396,324	864,945	192,193	2,453,462
Investments carried at amortised cost	646,110	-	-	646,110
Loans to policyholders	460,082	-	-	460,082
Total	83,083,317	7,673,061	829,756	91,586,134

31 December 2014	Not past due and considered good RO	Past due but not impaired RO	Impaired RO	Total RO
Bank balances	1,336,592	-	-	1,336,592
Bank deposits	23,555,183	-	-	23,555,183
Premiums and insurance balance receivables	19,473,110	3,939,526	574,889	23,987,525
Reinsurers' share of actuarial/mathematical reserve and unexpired risk reserve	13,891,906	-	-	13,891,906
Reinsurers' share of outstanding claims	7,339,773	-	-	7,339,773
Other receivables (excluding prepayments)	868,349	895,929	162,251	1,926,529
Investments carried at amortised cost	648,671	-	-	648,671
Loans to policyholders	685,708	-	-	685,708
Total	67,799,292	4,835,455	737,140	73,371,887

31 December 2013	Not past due and considered good RO	Past due but not impaired RO	Impaired RO	Total RO
Bank balances	336,253	-	-	336,253
Bank deposits	19,391,490	-	-	19,391,490
Premiums and insurance balance receivables	13,546,614	4,456,944	506,332	18,509,890
Reinsurers' share of actuarial/mathematical reserve and unexpired risk reserve	14,739,811	-	-	14,739,811
Reinsurers' share of outstanding claims	7,883,950	-	-	7,883,950
Other receivables (excluding prepayments)	1,085,414	912,528	37,390	2,035,332
Investments carried at amortised cost	479,870	-	-	479,870
Loans to policyholders	654,315	-	-	654,315
Total	58,117,717	5,369,472	543,722	64,030,911

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

34 Risk management (continued)

Credit risk (continued)

Exposure to credit risk (continued)

The Company has made adequate provision towards its impaired receivable balances.

The following table provides an age analysis of receivables arising from insurance and reinsurance contracts past due but not impaired:

	Past due but not impaired						
	Less than 1 month RO	1 to 4 months RO	4 to 7 months RO	7 to 9 months RO	9 to 13 months RO	> 13 months RO	Total RO
31 December 2016	**1,661,461**	**4,594,874**	**1,590,916**	**818,237**	**-**	**123,507**	**8,788,995**
31 December 2015	1,326,814	3,177,863	1,729,278	497,995	30,413	45,753	6,808,116
31 December 2014	954,100	1,715,922	850,650	390,819	7,800	20,235	3,939,526
31 December 2013	1,465,407	1,754,780	846,347	231,893	43,688	114,829	4,456,944

Assets classified as 'past due and impaired' are contractual payments which are invoiced for more than 365 days and an impairment adjustment is recorded in the statement of comprehensive income. When the credit exposure is adequately secured, arrears more than 365 days might still be classified as "past due but not impaired", with no impairment adjustment recorded.

Reinsurance risk

Consistent with other insurance companies, in order to minimise financial exposure arising from large claims, the Company, in the normal course of business, enters into contracts with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the reinsurance is effected under treaty, facultative and excess-of-loss reinsurance contracts.

To minimise its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers. The Company only deals with reinsurers as mandated under the board approved Reinsurance Management strategy manual.

The Company places business only with reinsurers having a minimum rating of "BBB" from Standard & Poor's or "B+" from A. M. Best except regional reinsurers.

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

34 Risk management (continued)

Reinsurance risk (continued)

The Company reviews the rating of its major reinsurers on an annual basis and their financial strength ratings as per the latest review done in December 2016 / January 2017 are tabled below:

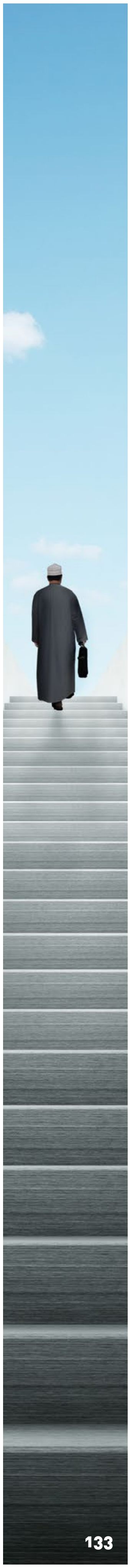
Reinsurer	Rating	Date	Outlook	Rating Agency
Swiss Re	A+ (Superior)	16-Dec-16	Stable	A.M.Best
SCOR	A (Excellent)	21-Sep-16	Positive	A.M.Best
CCR	A (Excellent)	9-Jan-17	Stable	A.M.Best
Partner Re	A (Excellent)	13-May-16	Stable	A.M.Best
Hannover Re	A+ (Superior)	30-Sep-16	Stable	A.M.Best
Arig	A - (Excellent)	21-Dec-16	Stable	A.M.Best
GIC Re	A - (Excellent)	11-Apr-16	Stable	A.M.Best
Gen Re	A++ (Superior)	21-Dec-16	Stable	A.M.Best
Asia Capital Re	A - (Excellent)	15-Dec-16	Negative	A.M.Best
Trust Re	A- (Excellent)	18-Aug-16	Stable	A.M.Best
Kenya Re	B+(Good)	23-Dec-16	Negative	A.M.Best
Reinsurance Group of America – RGA	A+ (Superior)	10-Jun-16	Stable	A.M.Best
Kuwait Re	A- (Excellent)	14-Jan-16	Stable	A.M.Best
Korean Re	A (Excellent)	18-Oct-16	Stable	A.M.Best
Milli Re	B+ (Good)	24-Jun-16	Negative	A.M.Best
Malaysian Re (MNRB Holdings Berhad)	A- (Excellent)	23-Nov-16	Positive	A.M.Best
Arab Re	B+ (Good)	15-Dec-16	Stable	A.M.Best
Barents Re	A (Excellent)	4-Nov-16	Stable	A.M.Best
Emirates Insurance Co	A - (Excellent)	12-Oct-16	Stable	A.M.Best
Lloyd's	A - (Excellent)	19-Jan-17	Stable	A.M.Best
Saudi Re	BBB+	-	Stable	S & P

Reinsurance ceded contracts do not relieve the Company from its obligations to policyholders and as a result the Company remains liable for the portion of outstanding claims reinsured to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements. The Company's maximum theoretical exposure in this connection is RO 26,685,171 (2015 – RO 22,189,610; 2014: RO 21,231,679 and 2013: RO 22,623,761).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its commitments associated with financial liabilities when they fall due. Liquidity requirements are monitored on monthly basis and management ensures that sufficient liquid funds are available to meet any commitments as they arise. The Company considers their liquidity position to be satisfactory and also has committed overdraft facility of RO 3,900,000 which it has utilized as at 31 December 2016 (2015 – undrawn overdraft facility RO 1,900,000; 2014 and 2013 – RO 500,000) as well as the Company is in a position to generate cash by way of selling quoted investments or liquidating bank deposits in case of urgent cash requirements.

The Company maintains sufficient cash and cash equivalents to cater its day to day working capital needs.



NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

34 Risk management (continued)

Liquidity risk (continued)

The table below summarises the maturities of the principal position of the Company's financial assets and financial liabilities at 31 December 2016, 2015, 2014 and 2013, based on contractual payment dates.

31 December 2016	Less than one year RO	More than one year RO	No fixed term RO	Total RO
Financial liabilities				
Gross outstanding claims	20,580,323	-	-	20,580,323
Actuarial / mathematical reserve	33,191,406	-	9,737,897	42,929,303
Unexpired risk reserve	4,323,014	-	-	4,323,014
Due to reinsurers	1,492,095	-	-	1,492,095
Short term loan	3,900,000	-	-	3,900,000
Other liabilities (excluding contractual staff benefits)	15,452,543	728,209	-	16,180,752
Total financial liabilities	78,939,381	728,209	9,737,897	89,405,487

	Less than one year RO	More than one year RO	No fixed term RO	Total RO
Financial assets				
Cash and bank balances	16,610,164	-	-	16,610,164
Bank deposits	33,407,859	12,542,320	-	45,950,179
Premiums and insurance balance receivables	34,607,022	-	-	34,607,022
Reinsurers' share of outstanding claims	8,765,270	-	-	8,765,270
Reinsurer's share of actuarial / mathematical reserve	14,097,179	-	3,311,738	17,408,917
Reinsurer's share of unexpired risk reserve	510,984	-	-	510,984
Other receivables (excluding prepayments)	2,474,106	19,416	-	2,493,522
Investments at fair value through profit or loss	2,740,264	-	-	2,740,264
Investments carried at amortised cost	470,359	30,576	-	500,935
Investment carried at FVOCI	-	-	2,139,520	2,139,520
Loans to policyholders	-	-	401,196	401,196
Total financial assets	113,683,207	12,592,312	5,852,454	132,127,973

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

34 Risk management (continued)

Liquidity risk (continued)

31 December 2015 (Restated)	Less than one year RO	More than one year RO	No fixed term RO	Total RO
Financial liabilities				
Gross outstanding claims	17,801,045	-	-	17,801,045
Actuarial / mathematical reserve	30,001,577	-	9,003,803	39,005,380
Unexpired risk reserve	2,994,110	-	-	2,994,110
Due to reinsurers	783,044	-	-	783,044
Short term loan	500,000	-	-	500,000
Other liabilities (excluding contractual staff benefits)	12,407,409	649,024	-	13,056,433
Total financial liabilities	64,487,185	649,024	9,003,803	74,140,012
Financial assets				
Cash and bank balances	1,235,457	-	-	1,235,457
Bank deposits	28,215,928	8,542,320	-	36,758,248
Premiums and insurance balance receivables	27,215,452	-	-	27,215,452
Reinsurers' share of outstanding claims	8,357,288	-	-	8,357,288
Reinsurer's share of actuarial / mathematical reserve	12,210,303	-	1,146,175	13,356,478
Reinsurer's share of unexpired risk reserve	475,844	-	-	475,844
Other receivables (excluding prepayments)	2,237,524	23,745	-	2,261,269
Investments at fair value through profit or loss	6,795,178	-	-	6,795,178
Investments carried at amortised cost	141,534	504,576	-	646,110
Investment carried at FVOCI	-	-	1,387,983	1,387,983
Loans to policyholders	-	-	460,082	460,082
Total financial assets	86,884,508	9,070,641	2,994,240	98,949,389

31 December 2014	Less than one year RO	More than one year RO	No fixed term RO	Total RO
Liabilities				
Gross outstanding claims	14,864,352	-	-	14,864,352
Actuarial / mathematical reserve	22,000,151	-	9,299,272	31,299,423
Unexpired risk reserves	2,440,273	-	-	2,440,273
Due to reinsurers	3,415,316	-	-	3,415,316
Other liabilities	7,704,225	551,282	-	8,255,507
Total liabilities	50,424,317	551,282	9,299,272	60,274,871
Assets				
Cash and bank balances	1,346,365	-	-	1,346,365
Bank deposits	1,998,183	21,557,000	-	23,555,183
Premiums and insurance balance receivables	23,412,636	-	-	23,412,636
Reinsurers' share of outstanding claims	7,339,773	-	-	7,339,773
Reinsurer's share of actuarial / mathematical reserve	11,859,876	-	1,077,087	12,936,963
Reinsurer's share unexpired risk reserves	954,943	-	-	954,943
Other receivables (excluding prepayments)	1,843,255	23,951	-	1,867,206
Investments at fair value through profit or loss	8,518,527	-	-	8,518,527
Investments carried at amortised cost	-	648,671	-	648,671
Investment carried at fair value through other comprehensive income	634,509	-	-	634,509
Loans to policyholders	-	685,708	-	685,708
Total assets	57,908,067	22,915,330	1,077,087	81,900,484

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NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

34 Risk management (continued)

Liquidity risk (continued)

31 December 2013	Less than one year RO	More than one year RO	No term RO	Total RO
Liabilities				
Gross outstanding claims	13,582,196	-	-	13,582,196
Actuarial / mathematical reserve	17,305,574	-	9,640,386	26,945,960
Unexpired risk reserves	3,132,509	-	-	3,132,509
Due to reinsurers	2,191,495	-	-	2,191,495
Other liabilities	7,258,647	504,950	-	7,763,597
Total liabilities	43,470,421	504,950	9,640,386	53,615,757
Assets				
Cash and bank balances	342,807	-	-	342,807
Bank deposits	1,439,490	17,952,000	-	19,391,490
Premiums and insurance balance receivables	18,003,558	-	-	18,003,558
Reinsurers' share of outstanding claims	7,883,950	-	-	7,883,950
Reinsurer's share of actuarial / mathematical reserve	12,494,445	-	1,313,825	13,808,270
Reinsurer's share Unexpired risk reserves	931,541	-	-	931,541
Other receivables (excluding prepayments)	2,244,334	35,682	-	2,280,016
Investments at fair value through profit or loss	8,009,533	-	-	8,009,533
Investments carried at amortised cost	-	479,870	-	479,870
Investment carried at fair value through other comprehensive income	707,701	-	-	707,701
Loans to policyholders	-	654,315	-	654,315
Total assets	52,057,359	19,121,867	1,313,825	72,493,051

Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market.

The Company is exposed to market risk with respect to its investments. The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in international and local equity and bond markets. In addition, the Company actively monitors the key factors that affect stock and bond market movements, including analysis of the operational and financial performance of investees. Market risk comprises three types of risk: market interest rates (interest rate risk), market prices (equity price risk) and foreign exchange rates (currency risk).

Interest rate risk

The Company invests in securities and has deposits that are subject to interest rate risk. The Company's bank deposits carry fixed rate of interest and therefore, are not exposed to interest rate risk. Of these, subordinated interest bearing investments of RO 2,542,320 are subject to interest rate reset in 2020. The Company avails short term loans which are on floating interest risk and is thereby exposed to interest rate risk. Change of interest rate on loans availed is not expected to have a material impact on the Company's results.

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

34 Risk management (continued)

Market risk (continued)

Equity price risk

Equity price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities in the market.

The Company is exposed to market risk with respect to its investments. The Company limits equity price risk by maintaining a diversified portfolio and by continuous monitoring of the market. In addition, the Company monitors actively the key factors that affect stock market movements.

94% (2015 - 96%; 2014 – 87% and 2013 – 93%) of the Company's investments at the reporting date are within the Sultanate of Oman.

The following table demonstrates the sensitivity of the investment income to reasonably possible changes in equity prices, with all other variables held constant. The effect of 20% decreases in equity prices is expected to be equal and opposite to the effect of the increases shown.

	Effect on equity			
	2016 RO	2015 RO	2014	2013
Investments at fair value through profit or loss		-	-	-
Investments at fair value through other comprehensive income	**427,904**	277,597	**126,902**	141,540

	Effect on profit			
	2016 RO	2015 RO	2014	2013
Investments at fair value through profit or loss	548,053	1,359,036	1,703,705	1,601,907
Investments at fair value through other comprehensive income		-	-	-

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company enters into major agreements in Rial Omani, UAE Dirhams and US Dollars. As the Rial Omani is pegged to the US Dollar, balances in US Dollars are not considered to represent significant currency risk.

33% (2015 - 19%; 2014 – 7%; 2013: 3%) of the Company's deposits and cash and bank balances are denominated in foreign currencies, mainly US Dollars and UAE Dirhams. The Company's investments carried at fair value through profit or loss and fair value through other comprehensive income (FVOCI) amounting to RO 325,976 (2015 - RO 325,614; 2014 – RO 1,241,523; 2013 - RO 657,701) are denominated in currencies other than Rial Omani.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

35 Insurance risk and financial risk

Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. In addition the Company has entered into reinsurance contracts in order to mitigate the impact that large individual claims may have on its net results.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

Long-term insurance contracts (individual life and group credit life written on a single premium basis)

(a) Frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics (such as AIDS, SARS or a human form of avian flu) or widespread changes in lifestyle, such as eating, smoking and exercise habits, resulting in earlier or more claims than expected. Given that the Company's portfolio is small, large individual claims may also significantly impact the gross loss ratio.

At present, these risks do not vary significantly in relation to the location of the risk insured by the Company. However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

For contracts with fixed and guaranteed benefits and fixed future premiums, there are no mitigating terms and conditions that reduce the insurance risk accepted. For contracts with Discretionary Participation Features (DPF), the participating nature of these contracts results in a significant portion of the insurance risk being shared with the insured party.

The Company also manages mortality and disability risks through its underwriting strategy and reinsurance arrangements. The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. Medical selection is also included in the Company's underwriting procedures with premiums varied to reflect the health condition and family medical history of the applicants. The Company currently has a retention limit of RO 10,000 on any single life insured, the excess over this amount being reinsured. Medically impaired lives are reinsured at lower levels.

The Company's exposure to mortality risk in terms of total gross of reinsurance sums at risk are as follows as at 31 December 2016 for the long term individual business.

		Total sum at risk at reporting date	
	Number of lives	Before reinsurance RO	After reinsurance RO
Individual life - long term	11,943	98,256,529	54,092,497
Individual and group credit life - long term	9,810	128,324,188	42,031,098

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

35 Insurance risk and financial risk (continued)

Insurance risk (continued)

Long-term insurance contracts (individual life and group credit life written on a single premium basis) (continued)

The Company's exposure to mortality risk in terms of total sums at risk are as follows as at 31 December 2015:

		Total sum at risk at reporting date	
	Number of lives	Before reinsurance RO	After reinsurance RO
Individual life - long term	2,890	72,036,016	21,658,897
Individual and group credit life - long term	2,014	49,648,046	12,429,639

The company's exposure to mortality risk in terms of total gross of reinsurance sums at risk are as follows as at 31 December 2014 for the long term individual business.

		Total sum at risk at reporting date	
	Number of lives	Before reinsurance RO	After reinsurance RO
Individual life - long term	3522	75,134.899	25,071,420
Individual credit life - long term	457	10,223,488	2,386.275

The company's exposure to mortality risk in terms of total sums at risk are as follows as at 31 December 2013:

		Total sum at risk at reporting date	
	Number of lives	Before reinsurance RO	After reinsurance RO
Individual life - long term	4,020	80,252,902	28,097,576
Individual credit life - long term	Nil	Nil	Nil

(b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in contract holder behavior especially with respect to continued payment of premiums. The Company uses international mortality tables or reinsurance risk premium rates as estimates of mortality, given the absence of any published tables for insured lives in Oman.

In carrying out the liability adequacy test the Company uses estimates of the pattern of discontinuance of policies based on its experience in the past. The Company regularly measures and monitors the pattern of lapses and persistency.

(c) Process used to decide on assumptions

Assumptions are generally reviewed once a year at the time of the actuarial valuation. Estimates of expenses are based on an expense study done for the year 2016.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

35 Insurance risk and financial risk (continued)

Insurance risk (continued)

Long-term insurance contracts (individual life and group credit life written on a single premium basis) (continued)

(d) Change in assumptions

There have been changes in methods and assumptions for valuation during the year 2016 as compared to the 31 December 2015, 2014 and 2013 valuation which has increased the profitability by RO 617,000. The key changes in methods and assumptions are summarised below:

- Valuation Rate of Interest has been changed from 3% in 2015 to 4.5% per annum for non-profit polices and to 4% per annum for with-profit polices of individual life.
- Future accrual of terminal bonus (no lapses) upto maturity done in 2015 has been changed in 2016 to accrued terminal bonus (no lapses) upto the valuation date at year end 2016 and also one additional year after the valuation date.

The following tables present the sensitivity of the value of insurance liabilities disclosed in this note to below mentioned movement in the assumptions used in the estimation of insurance liabilities:

	Change in variable	**Change in liability 2016 RO**	Change in liability 2015 RO	Change in liability 2014 RO
Worsening of mortality and / or morbidity rates for risk policies	10% increase in mortality	**74,779**	88,747	+98,577
	10% decrease in mortality	**(74,892)**	(80,058)	-108,469
Decrease in investment returns	50 basis point increase in investment	**(115,360)**	(146,509)	-128,997
	50 basis point decrease in investment	**119,968**	180,938	+120,454

The above analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated - for example, change in interest rate and change in market values; and change in lapses and future mortality.

Short-duration life insurance contracts

(a) Frequency and severity of claims

These contracts are mainly issued to:

- Employers, providing cover against death, disability or (in the case of group medical policies) health of their employees.
- Financial institutions, providing cover against death of their borrowers.

In the case of group life contracts issued to employers, the risk is affected by the nature of the industry in which the employer operates. The risk of death and disability will vary by industry. Undue concentration of risk by industry will therefore increase the risk of a change in the underlying average mortality or morbidity of employees in a given industry, with significant effects on the overall insurance risk.

For short term group life and group credit life contracts the Company guarantees the premium rate for a period of one year and has a right to change these rates thereafter. In such contracts it therefore minimises its exposure to mortality risk.

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

35 Insurance risk and financial risk (continued)

Insurance risk (continued)

Short-duration life insurance contracts (continued)

Insurance risk under disability contracts is also dependent on economic conditions in the industry. Historical data indicates that recession and unemployment in an industry will increase the number of claims for disability benefits as well as reducing the rate of recovery from disability.

The Company attempts to manage this risk through its underwriting, claims handling and reinsurance policy.

The Company also mitigates the risk by entering into reinsurance contracts under which the Company cedes risks such as death, accidental death benefit and permanent total disability above RO 10,000.

For its group medical business the risk is mitigated by entering into reinsurance contracts under which the Company reinsurers 50% of its medical portfolio on quota share treaty (in 2015 it was reinsured 50% of its medical portfolio on quota share).

The following table reports the year-end aggregated insured benefits for the in-force short-duration group life insurance contracts:

	Total sum at risk at reporting date	
	Before reinsurance	**After reinsurance**
2016	**RO**	**RO**
Group life – short term	**2,080,963,322**	**675,428,771**
Group medical – short term	**7,077,519,851**	**3,927,518,680**

	Total sum at risk at reporting date	
	Before reinsurance	After reinsurance
2015	RO	RO
Group life – short term	1,993,764,861	742,803,262
Group medical – short term	5,597,314,481	2,760,106,581

	Total sum at risk at reporting date	
	Before reinsurance	After reinsurance
2014	RO	RO
Group life – short term	1,649,894,662	566,069,346

	Total sum at risk at reporting date	
	Before reinsurance	After reinsurance
2013	RO	RO
Group life – short term	1,584,956,646	992,480,096

(b) Sources of uncertainty in the estimation of future claim payments

Other than for the testing of the adequacy of the liability representing the unexpired risk at the reporting date, there is no need to estimate mortality rates or morbidity rates for future years because these contracts have short duration.

(c) Process used to decide on assumptions

Assumptions are generally reviewed once a year at the time of the actuarial valuation. Estimates of expenses are based on an expense study done each year.

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NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

35 Insurance risk and financial risk (continued)

Insurance risk (continued)

Short-duration life insurance contracts (continued)

(d) Changes in assumptions

The Company did not change its assumptions during the years ended 31 December 2013 to 31 December 2016.

Short-duration general insurance contracts
For its general insurance business, the Company attempts to manage this risk through its underwriting, claims handling and reinsurance policy.

The Company mitigates risks by entering into reinsurance treaty arrangements. Retention for entire casualty business is reinsured on excess of loss arrangements with retention of RO 30,000 per event (in 2015, 2014 and 2013, it was RO 30,000 per event)). For other lines of general business the retention is limited to 10% to 20% (in 2015, 2014 and 2013 - 10% to 20%), which is further protected by excess of loss arrangements with retention of RO 25,000 (in 2015, 2014 and 2013 - RO 25,000) per event.

Claims development history
The following tables show the comparison of actual, estimates of incurred claims, including both claims notified, and adjustments for claims notified in the previous years for each successive event year at each reporting year.

Claims development history of past five years for life business

Reported during	**2012**	**2013**	**2014**	**2015**	**2016**
Event year					
2006 & prior	4,704	15,468	37,639	14,744	-
2007	(15,989)	(172)	18,608	(12,477)	(21,226)
2008	(9,187)	(166)	9,155	(56,357)	-
2009	7,064	(996)	(28,933)	39,973	(21,758)
2010	(63,539)	(27,928)	(22,791)	12,639	3,096
2011	2,910,620	(120,723)	8,847	12,459	(5,130)
2012	25,081,394	3,201,054	(207,894)	771	(10,862)
2013	-	31,368,851	2,802,079	(108,572)	(74,699)
2014	-	-	39,511,888	4,365,760	(1,665,617)
2015	-	-	-	57,682,246	7,859,562
2016	-	-	-	-	72,128,509
	27,915,067	34,435,388	42,128,598	61,951,186	78,191,875

Comparison between actual and estimated claims for life business

Reported during	**2012**	**2013**	**2014**	**2015**	**2016**
Actual claims notified and adjustments for claims notified in the previous years	2,833,674	3,066,537	2,616,710	4,268,941	6,063,365
Estimate of claims maintained as IBNR in previous year	3,635,429	3,635,429	4,113,857	5,041,847	5,788,559
Surplus / (Deficit)	801,755	568,892	1,497,147	772,906	(274,806)

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

35 Insurance risk and financial risk (continued)

Insurance risk (continued)

Claims development history of past five years for general business

Reported during	2012	2013	2014	2015	2016
Event year					
2007	**25,921**	**117**	**(19,359)**	**-**	**(452)**
2008	**61,416**	**(13,759)**	**1,015**	**800**	**(3,048)**
2009	**26,610**	**60,794**	**(602)**	**3,700**	**(36,768)**
2010	**169,888**	**54,948**	**(4,985)**	**(8,373)**	**(52,564)**
2011	**88,936**	**365,457**	**(22,704)**	**(30,922)**	**(41,904)**
2012	**4,669,863**	**224,057**	**213,633**	**(60,011)**	**8,661**
2013	**-**	**3,417,030**	**(111,951)**	**(91,533)**	**(38,569)**
2014	**-**	**-**	**3,898,455**	**(124,954)**	**(41,301)**
2015	**-**	**-**	**-**	**4,096,232**	**(277,457)**
2016	**-**	**-**	**-**	**-**	**4,227,287**
	5,042,634	**4,108,643**	**3,953,502**	**3,784,939**	**3,743,886**

Comparison between actual and estimated claims for general business

Reported during	**2012**	**2013**	**2014**	**2015**	**2016**
Actual claims notified and adjustments for claims notified in the previous years	**372,769**	**691,614**	**55,047**	**(311,292)**	**(483,401)**
Estimate of claims maintained as IBNR in previous year	**377,161**	**402,350**	**484,571**	**319,931**	**309,565**
Surplus / (Deficit)	**4,392**	**(289,264)**	**429,524**	**631,223**	**792,966**

The movement between the claims development table and incurred claim and gross claims expense in the statement of comprehensive income for the years 2016 to 2013 is as follows:

		2016			2015	
		RO			RO	
	Life	**General**	**Total**	Life	General	Total
Incurred claim as per claims development table	**78,191,874**	**3,743,886**	**81,935,760**	61,951,186	3,784,939	65,736,125
Movement in IBNR	**2,061,841**	**34,437**	**2,096,278**	746,712	(10,366)	736,346
Miscellaneous differences	**(151,496)**	**-**	**(151,496)**	695,999	188	696,187
Gross claims expense (note 19)	**80,102,219**	**3,778,323**	**83,880,542**	63,393,897	3,774,761	67,168,657

		2014			2013	
		RO			RO	
	Life	General	Total	Life	General	Total
Incurred claim as per claims development table	42,128,598	3,953,502	46,082,100	34,435,388	4,109,067	38,544,455
Movement in IBNR	927,990	(164,640)	763,350	478,428	82,221	560,649
Miscellaneous Claims recoveries	(1,890,105)	-	(1,890,105)	(1,230,680)	-	(1,230,680)
Gross claims expense (note 19)	41,166,483	3,788,862	44,955,345	33,683,136	4,191,288	37,874,424

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

35 Insurance risk and financial risk (continued)

Financial risk

The Company is exposed to a range of financial risks through its financial assets, reinsurance assets and insurance liabilities. In particular, the key financial risk is that in the long-term its investment proceeds are not sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are interest rate risk, equity price risk and credit risk. These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Company faces due to the nature of its investments and liabilities are interest rate risk and equity price risk.

The Company manages these positions within an asset liability management (ALM) framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance contracts. The framework essentially consists of an investment strategy which provides for investment of funds representing a particular category of insurance liabilities in line with the nature of those liabilities.

The Company periodically produces reports showing the extent of compliance with the investment strategy which is reviewed by management and corrective action taken where necessary to rebalance the portfolio.

The following tables reconcile the statement of financial position to the classes and portfolios used in the Company's ALM framework (the table including assets and liabilities relating to non-life contracts as well):

The Company's current investment strategy is as follows:

	Asset allocation to different line of business								
	Individual life			**Group credit life**			**Group life, medical and general**		
Investment asset	**Min**	**Max**	**Average**	**Min**	**Max**	**Average**	**Min**	**Max**	**Average**
Policy loan	**5%**	**15%**	**10%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Bonds and notes	**0%**	**15%**	**5%**	**0%**	**15%**	**5%**	**0%**	**15%**	**5%**
Long term fixed deposits	**15%**	**40%**	**25%**	**20%**	**40%**	**30%**	**10%**	**30%**	**20%**
Short term or liquid fixed deposit and money market	**25%**	**60%**	**30%**	**30%**	**60%**	**45%**	**55%**	**75%**	**65%**
Real estate	**0%**	**15%**	**15%**	**0%**	**10%**	**5%**	**0%**	**5%**	**0%**
Equity local / foreign	**10%**	**20%**	**15%**	**5%**	**25%**	**15%**	**5%**	**25%**	**10%**

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

35 Insurance risk and financial risk (continued)

Financial risk (continued)

2016	Total	Fixed and guaranteed insurance contracts	Insurance contracts with DPF	Short term insurance contracts	Other financial assets and liabilities (Corporate)	Other assets and liabilities (Corporate)
Long term contracts (reinsurance)						
- Individual life without profits	730,354	668,134	-	62,220	-	-
- Individual life with profits	12,728		12,728	-	-	-
- Group credit life without profits	907,158	907,158	-	-	-	-
	1,650,240	1,575,292	12,728	62,220	-	-
Short term contracts (reinsurance)						
- Group life	432,985	-	-	432,985	-	-
- Medical	15,325,692	-	-	15,325,692	-	-
- Non-life	510,984	-	-	510,984	-	-
	16,269,661	-	-	16,269,661	-	-
Debt securities:	-	-	-	-	-	-
Held to maturity:	-	-	-	-	-	-
- Listed securities	500,935	-	500,935	-	-	-
Equity securities:	-	-	-	-	-	-
At fair value through profit or loss:	-	-	-	-	-	-
- Listed securities	-	-	-	-	-	-
- Unlisted securities	2,740,264	-	-	-	2,740,264	-
Investment in Subsidiary	-	-	-	-	-	-
At fair value through	-	-	-	-	-	-
Other comprehensive income:	-	-	-	-	-	-
- Listed securities	1,763,544	-	-	-	1,763,544	-
-Unlisted securities	375,976	-	-	-	375,976	-
Loans and receivables:	-	-	-	-	-	-
- Insurance receivables	34,607,022	-	-	34,607,022	-	-
Reinsurance assets	8,765,270	-	-	8,765,270	-	-
Fixed deposits	45,950,179	1,110,846	4,413,183	1,606,381	38,819,769	-
Loans to policyholders	401,196	-	401,196	-		-
Cash and bank balances	16,610,164	-	-	-	16,610,164	-
Other assets	5,616,969	-	-	-	2,493,522	3,123,447
Total assets	135,251,420	2,686,138	5,328,042	61,310,554	62,803,239	3,123,447

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

35 Insurance risk and financial risk (continued)

Financial risk (continued)

2015	Total	Fixed and guaranteed insurance contracts	Insurance contracts with DPF	Short term insurance contracts	Other financial assets and liabilities (Corporate)	Other assets and liabilities (Corporate)
Long term contracts (reinsurance)					-	-
- Individual life without profits	811,000	647,126	-	163,874	-	-
- Individual life with profits	3,566	-	3,566	-	-	-
- Group credit life without profits	383,056	383,056	-	-	-	-
	1,197,622	1,030,182	3,566	163,874		
Short term contracts (reinsurance)					-	-
- Group life	388,340	-	-	388,340	-	-
- Medical	11,770,516	-	-	11,770,516	-	-
- Non-life	475,844	-	-	475,844	-	-
	12,634,700	-	-	12,634,700		
Debt securities:						
Held to maturity:	646,110	-	646,110	-	-	-
- Listed securities						
Equity securities:						
At fair value through profit or loss:						
- Listed securities	6,795,178	-	-	-	6,795,178	-
At fair value through						
Other comprehensive income:						
-Listed securities	1,012,369	-	-	-	1,012,369	-
-Unlisted securities	375,614	-	-	-	375,614	-
Loans and receivables:						
- Insurance receivables	27,215,452	-	-	27,215,452	-	-
Reinsurance assets	8,357,288	-	-	8,357,288	-	-
Fixed deposits	36,758,248	606,790	5,993,256	2,787,288	26,685,924	-
Loans to policyholders	460,082	-	460,082	-	-	-
Cash and bank balances	1,235,457	-	-	-	1,235,457	-
Other assets	4,888,513	-	-	-	2,261,270	2,627,243
Total assets	101,576,633	1,636,972	7,103,014	51,843,592	38,365,812	2,627,243

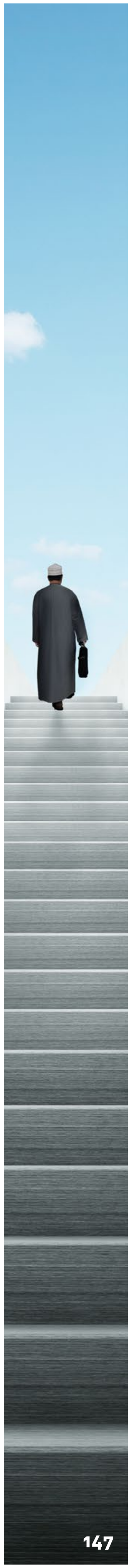
NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

35 Insurance risk and financial risk (continued)

Financial risk (continued)

2014	Total	Fixed and guaranteed insurance contracts	Insurance contracts with DPF	Short term Insurance contracts	Other financial assets and liabilities (Corporate)	Other assets and liabilities (Corporate)
Long term contracts (reinsurance)						
- Individual life without profits	971,882	755,172	-	216,710	-	-
- Individual life with profits	96,283	-	96,283	-	-	-
- Group credit life without profits	49,179	49,179	-	-	-	-
	1,117,344	804,351	96,283	216,710	-	-
Short term contracts (reinsurance)						
- Group life	435,933	-	-	435,933	-	-
- Medical	11,383,686	-	-	11,383,686	-	-
- Non-life	954,943	-	-	954,943	-	-
	12,774,562	-	-	12,774,562	-	-
Debt securities:						
Held to maturity:						
- Listed securities	648,671	-	648,671	-	-	-
Equity securities:						
At fair value through profit or loss:						
- Listed securities	8,518,527	-	-	-	8,518,527	-
At fair value through Other comprehensive income:						
-Unlisted securities	634,509	-	-	-	634,509	-
Loans and receivables:				-	-	
- Insurance receivables	23,412,636	-	-	22,805,744	606,892	-
Reinsurance assets	7,339,773	-	-	7,339,773	-	-
Fixed deposits	23,555,183	514,616	6,132,946	-	16,907,621	-
Loans to policyholders	685,708	-	685,708	-	-	
Cash and bank balances	1,346,365	-	-	-	1,346,365	-
Other assets	4,119,311	-	-	-	-	4,119,311
Total assets	84,152,589	1,318,967	7,563,608	43,136,789	28,013,914	4,119,311



NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

35 Insurance risk and financial risk (continued)

Financial risk (continued)

2013	Total	Fixed and guaranteed insurance contracts	Insurance contracts with DPF	Short term Insurance contracts	Other financial assets and liabilities (Corporate)	Other assets and liabilities (Corporate)
Long term contracts (reinsurance)						
- Individual life without profits	1,063,873	1,006,388	-	57,485	-	-
- Individual life with profits	102,757	-	102,757	-	-	-
- Group credit life without profits	204,680	204,680	-	-	-	-
	1,371,310	1,211,068	102,757	57,485	-	-
Short term contracts (reinsurance)						
- Group life	471,721	-	-	471,721	-	-
- Medical	11,965,239	-	-	11,965,239	-	-
- Non-life	931,541	-	-	931,541	-	-
	13,368,501	-	-	13,368,501	-	-
Debt securities:						
Held to maturity:						
- Listed securities	479,870	-	479,870	-	-	-
Equity securities:						
At fair value through profit or loss:						
- Listed securities	8,009,533	-	-	-	8,009,533	-
At fair value through Other comprehensive income:						
-Unlisted securities	707,701	-	-	-	707,701	-
Loans and receivables:						
- Insurance receivables	18,003,558	-	-	14,901,839	3,101,719	-
Reinsurance assets	7,883,950	-	-	7,883,950	-	-
Fixed deposits	19,391,490	906,642	6,285,733	-	12,199,115	-
Loans to policyholders	654,315	-	654,315	-	-	-
Cash and bank balances	342,807	-	-	-	342,807	-
Other assets	4,201,233	-	-	-	-	4,201,233
Total assets	74,414,268	2,117,710	7,522,675	36,211,775	24,360,875	4,201,233

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

35 Insurance risk and financial risk (continued)

Financial risk (continued)

2016	**Total**	**Fixed and guaranteed insurance contracts**	**Insurance contracts with DPF**	**Short-term insurance contracts**	**Other financial assets and liabilities (Corporate)**	**Other assets and liabilities (Corporate)**
Long term contracts						
- Individual life without profits	**1,229,164**	**1,070,776**	**-**	**158,388**	**-**	**-**
- Individual life with profits	**5,328,042**	**-**	**5,328,042**	**-**	**-**	**-**
- Group credit life					**-**	**-**
without profits	**1,615,362**	**1,615,362**	**-**	**-**		
	8,172,568	**2,686,138**	**5,328,042**	**158,388**	**-**	**-**
Short term contracts						
- Group life	**1,055,779**	**-**	**-**	**1,055,779**	**-**	**-**
- Medical	**33,700,955**	**-**	**-**	**33,700,955**	**-**	**-**
- Non-life	**4,323,014**	**-**	**-**	**4,323,014**	**-**	**-**
	39,079,748	**-**	**-**	**39,079,748**	**-**	**-**
Outstanding claims						
- Life and medical	**17,264,692**	**-**	**-**	**17,264,692**	**-**	**-**
- Non-life	**3,315,631**	**-**	**-**	**3,315,631**	**-**	**-**
Reinsurance liability	**1,492,095**	**-**	**-**	**1,492,095**	**-**	**-**
Short term loan	**3,900,000**	**-**	**-**	**-**	**3,900,000**	
Other liabilities and equity	**62,026,685**	**-**	**-**	**-**	**16,180,751**	**45,845,935**
	135,251,420	**2,686,138**	**5,328,042**	**61,310,554**	**20,080,751**	**45,845,935**

2015 (Restated)	Total	Fixed and guaranteed insurance contracts	Insurance contracts with DPF	Short-term insurance contracts	Other financial assets and liabilities (Corporate)	Other assets and liabilities (Corporate)
Long term contracts					-	-
- Individual life without profits	1,369,818	985,690	-	384,128	-	-
- Individual life with profits	7,103,014	-	7,103,014	-	-	-
- Group credit life						
without profits	651,282	651,282	-	-	-	-
	9,124,114	1,636,972	7,103,014	384,128		
Short term contracts					-	-
- Group life	1,128,051	-	-	1,128,051	-	-
- Medical	28,753,215	-	-	28,753,215	-	-
- Non-life	2,994,110	-	-	2,994,110	-	-
	32,875,376	-	-	32,875,376		
Outstanding claims	14,328,293	-	-	14,328,293	-	-
- Life and medical	3,472,752	-	-	3,472,752	-	-
- Non-life	783,044	-	-	783,044	-	-
Reinsurance liability	500,000	-	-	-	500,000	-
Other liabilities and equity	40,493,055	-	-	-	13,056,433	27,436,622
	101,576,633	1,636,972	7,103,014	51,843,592	13,556,433	27,436,622

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

35 Insurance risk and financial risk (continued)

Financial risk (continued)

2014	Total	Fixed and guaranteed Insurance Contracts	Insurance Contracts with DPF	Short-term Insurance contracts	Other financial assets and liabilities (Corporate)	Other assets and liabilities (Corporate)
Long term contracts						
- Individual life without profits	1,736,840	1,220,609	-	516,231	-	-
- Individual life with profits	7,563,608	-	7,563,608	-	-	-
- Group credit life without profits	98,358	98,358	-	-	-	-
	9,398,806	1,318,967	7,563,608	516,231	-	-
Short term contracts						
- Group life	1,009,450	-	-	1,009,450	-	-
- Medical	20,891,167	-	-	20,891,167	-	-
- Non-life	2,440,273	-	-	2,440,273	-	-
	24,340,890	-	-	24,340,890	-	-
Outstanding claims						
- Life and medical	11,406,068	-	-	11,406,068	-	-
- Non-life	3,458,284	-	-	3,458,284	-	-
Reinsurance liability	3,415,316	-	-	3,415,316	-	-
Other liabilities and equity	32,133,225	-	-	-	-	32,133,225
	84,152,589	1,318,967	7,563,608	43,136,789	-	32,133,225

2013	Total	Fixed and guaranteed Insurance Contracts	Insurance Contracts with DPF	Short-term Insurance contracts	Other financial assets and liabilities (Corporate)	Other assets and liabilities (Corporate)
Long term contracts						
- Individual life without profits	1,932,802	1,745,487		187,315	-	-
- Individual life with profits	7,522,675	-	7,522,675	-	-	-
- Group credit life without profits	372,222	372,222	-	-	-	-
	9,827,699	2,117,709	7,522,675	187,315	-	-
Short term contracts						
- Group life	985,522	-	-	985,522	-	-
- Medical	16,132,739	-	-	16,132,739	-	-
- Non-life	3,132,509	-	-	3,132,509	-	-
	20,250,770	-	-	20,250,770	-	-
Outstanding claims						
- Life and medical	9,985,418	-	-	9,985,418	-	-
- Non-life	3,596,778	-	-	3,596,778	-	-
Reinsurance liability	2,191,495	-	-	2,191,495	-	-
Other liabilities and equity	28,562,108	-	-	-	-	28,562,108
	74,414,268	2,117,709	7,522,675	36,211,776	-	28,562,108

35 Insurance risk and financial risk (continued)

Financial risk (continued)

For long term fixed and guaranteed insurance contracts and long term insurance contracts with a DPF (i.e., where the amount of benefits are pre-determined at the inception of the contract for maturities), the process followed by the Company to manage financial risk (in particular risks associated with the mis-match of assets and liabilities, including uncertainty arising from options such as guaranteed surrender values) is to invest the substantial portion of funds in assets which should be described. Estimated cash flows relating to such contracts are as follows:

	Liability as of 31 December 2016	**Undiscounted cashflows as at 31 December 2016**
Fixed and guaranteed	**1,099,286**	**1,314,536**
Contracts with a DPF	**5,328,042**	**6,558,149**
Total	**6,427,328**	**7,872,685**

	Liability as of 31 December 2015	Undiscounted cashflows as at 31 December 2015
Fixed and guaranteed	896,742	1,066,235
Contracts with a DPF	7,190,589	8,632,640
Total	8,087,331	9,698,875

	Liability as of 31 Dec 2014	Undiscounted Cashflows as at 31 Dec 2014
Fixed and guaranteed	1,220,609	(1,491,255)
Contracts with a DPF	7,563,608	(9,074,422)
Total	8,784,217	(10,565,677)

	Liability as of 31 Dec 2013	Undiscounted Cashflows as at 31 Dec 2013
Fixed and guaranteed	1,237,465	(1,586,871)
Contracts with a DPF	7,538,236	(10,218,110)
Total	8,775,701	(11,804,981)

36 Fair values

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

The fair values of the Company's financial assets and liabilities are not materially different from their carrying values as of the statement of financial position date.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

36 Fair values (continued)

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, the Company grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instruments recorded at fair value
Included in the Level 1 category are financial assets that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Financial assets measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are assets for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Company's own models whereby the majority of assumptions are market observable.

Non market observable inputs means that fair values are determined in whole part or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Company. Therefore, unobservable inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the Company's own data.

The fair values of the Company's financial assets and liabilities are not materially different from their carrying values as of the 31 December 2016, 2015, 2014 and 2013.

There were no level 3 financial instruments measured at fair value.

2016	**Level 1**	**Level 2**	**Total**
Investments	**4,503,808**	**375,976**	**4,879,784**
2015	Level 1	Level 2	Total
Investments	7,807,547	375,614	8,183,161
2014	**Level 1**	**Level 2**	**Total**
Investments	**8,518,527**	**634,509**	**9,153,036**
2013	Level 1	Level 2	Total
Investments	8,009,533	707,701	8,717,234

There were no transfers between any levels mentioned above.

37 Prior year adjustments

During the year ended 31 December 2016, the Company made prior year adjustments in relation to the following

- Restatement of the company's expense and liability for capitation schemes in the group medical business of the Company's UAE branches. These were being accounted as Reinsurer's share of premium and Reinsurer's share of actuarial / mathematical and unexpired risk reserve and has now been reclassified under gross claims, outstanding claims and IBNR.
- Restatement of deferred acquisition cost & deferred RI commission income on general insurance from Other receivables and prepayments to Unearned premium reserve.
- Restatement of Reinsurer's share of discounts recoverable from Reinsurer's share of outstanding claims to Other liabilities.
  Netting off of amount due from and due to a single reinsurer on account of treaties for different branches of the group in UAE which has resulted in equivalent reduction in Premiums and insurance balances receivable and Due to reinsurers.

The aforementioned adjustments do not have impact on the reported profit for the year ended 31 December 2015 or on equity as of that date.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC

NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

37 Prior year adjustments (continued)

The following comparatives have been restated as a result of prior year adjustments:

	2015 RO
Assets	
Premiums and insurance balances receivable	28,385,691
Less: Netted off against credit balances	(1,170,239)
Premiums and insurance balances receivable as at 31 December 2015 (Note 7)	27,215,452
Reinsurer's share of outstanding claims	7,898,991
Add: reclassification of RI recoverable to other liabilities	458,927
Reinsurer's share of outstanding claims as at 31 December 2015 (Note 19)	8,357,288
Reinsurer's share of actuarial / mathematical and unexpired risk reserve	14,788,850
Less: Reinsurer's share of actuarial reserve under capitation Scheme	(830,121)
Less : Reclassification of deferred RI commission income in reinsurers' share of unexpired risk reserve -general Insurance	(126,407)
Reinsurer's share of actuarial / mathematical and unexpired risk reserve as at 31 December 2015 (Note 20)	13,832,322
Other receivables and prepayments	2,697,095
Less: Reclassification of deferred acquisition cost & deferred RI commission income on general insurance to unearned premium reserve	(116,162)
Other receivables and prepayments as at 31 December 2015 (Note 8)	2,580,933
Liabilities	
Gross outstanding claims	17,371,716
Add: Addition in gross outstanding claims under capitation scheme	247,935
Add: Addition in closing IBNR under capitation scheme.	181,394
Gross outstanding claims as at 31 December 2015 (Note 19)	17,801,045
Actuarial/Mathematical reserve	42,242,058
Less: Reclassification of deferred acquisition cost in unexpired risk reserve -general Insurance	(242,568)
Actuarial/Mathematical reserve as at 31 December 2015 (Note 20)	41,999,490
Due to reinsurers	1,953,283
Less: Netted off against credit balances	(1,170,239)
Due to reinsurers as at 31 December 2015 (Note 21)	783,044
Other liabilities and accruals	14,593,426
Less: Revision in due amount to medical providers under capitation scheme	(1,259,450)
Add: Reclassification of RI recoverable to other liabilities	458,297
Other liabilities and accruals as at 31 December 2015 (Note 22)	13,792,273

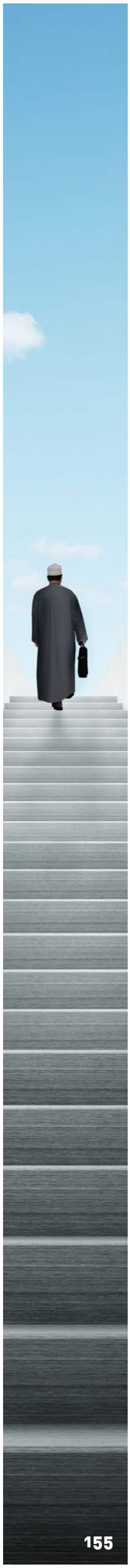
NOTES FORMING PART OF THE HISTORIC FINANCIAL STATEMENTS

37 Prior year adjustments (continued)

Statement of Comprehensive Income

Gross premium earned	82,061,775
Less: Reclassification of deferred acquisition cost in unexpired risk reserve - general insurance	(20,615)
Gross premium earned as at 31 December 2015 (Note 25(a))	82,041,160
Premium ceded to reinsurers, earned	38,884,946
Less: Reversal of reinsurance premiums ceded under capitation scheme	(2,046,869)
Less: Reversal of movement in unearned premiums under capitation Scheme	(607,480)
Less: Reclassification of deferred RI commission income in reinsurers' share of unexpired risk reserve -general Insurance	(66,230)
Premium ceded to reinsurers, earned as at 31 December 2015 (Note 25(a))	36,164,367
Commission income on premium ceeded to reinsurers	7,982,271
Less: Reclassification of deferred RI commission income in reinsurers' share of unexpired risk reserve - general Insurance	(66,230)
Commission Income on premium ceeded to reinsurers as at 31 December 2015 (Note 25(b))	7,916,041
Gross claims expense	64,514,309
Add: Addition in gross claims incurred under capitation scheme	2,704,672
Less: Movement in IBNR under capitation Scheme.	(50,324)
Gross Outstanding expense as at 31 December 2015 (Note 19)	67,168,658
Commission expense	7,578,746
Less: Reclassification of deferred acquisition cost in unexpired risk reserve - general insurance	(20,615)
Commission expense as at 31 December 2015	7,558,131

The Accountant's report – page 1.



14. PROJECTED FINANCIAL STATEMENTS

Certified Financial Projections - 2017 to 2020

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC
(under transformation to SAOG)

Financial projections

For the years ended 31 December 2017 to 2020

Principal place of business:

Building No: 115, Plot No: 330
Block No: 146, Way No: 4202
Greater Muttrah, Muscat
Sultanate of Oman.

Registered address:

P.O. Box 798
Postal Code 117
Wadi Kabir
Sultanate of Oman

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC (under transformation to SAOG)

Financial projections
For the years ended 31 December 2017 to 2020

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Independent practitioner's assurance report on Projected Financial Information

The Board of Directors of National Life and General Insurance Company SAOC

We have examined the accompanying projected financial statements (shareholders' projected statement of financial position, shareholders' projected statement of profit or loss and other comprehensive income, shareholders' projected statement of changes in equity and shareholders' projected statement of cash flows) (together referred to as the "Financial Projections") of National Life and General Insurance Company SAOC for the four years ending 31 December 2017, 31 December 2018, 31 December 2019 and 31 December 2020, as presented under heading "Chapter 13—Projected Financial Statements" of its Prospectus to be issued (the "Prospectus"), in accordance with the International Standard on Assurance Engagements. Management is responsible for the preparation and presentation of the projected financial statements including the assumptions set out in "Chapter 13—Projected Financial Statements" under heading "4 Key Assumptions" of the Prospectus and the Company's financial model (the "Financial Model") in accordance with the requirements of the Capital Market Authority of Oman ("CMA") on which they are based. It is our responsibility to provide the opinion required by the CMA.

We conducted our work in accordance with International Standard on Assurance Engagements 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". Our work included evaluating the basis of compilation of the Financial Projections and considering whether they have been properly compiled based upon the assumptions as detailed in the Prospectus, and whether the accounting policies detailed in the Prospectus are in accordance with the Company's accounting policies. We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Financial Projections have been properly compiled on the basis stated and that the basis of accounting used for the Financial Projections is consistent with the Company's accounting policies. Because of the inherent uncertainties involved in forecasting the Financial Projections, the projection has been prepared using a set of assumptions that include hypothetical assumptions about future events and management's actions that cannot be confirmed and verified in the same way as past results and that are not necessarily expected to occur. Consequently, we express no opinion on the validity of the assumptions on which the Financial Projections is based or on how closely the results actually achieved will compare with the Financial Projections. Our engagement does not provide any assurance whether the assumptions provide a reasonable basis for the Financial Projections.

In our opinion the projection has been properly compiled on the basis of the assumptions set out in "Chapter 13—Projected Financial Statements" of the Prospectus and as detailed in (i) "4 Key Assumptions" and (ii) the Financial Model and the basis of accounting used is consistent with the accounting policies of the company.

Since the Financial Projections and the assumptions on which they are based relate to the future and may therefore be affected by unforeseen events, we express no opinion as to whether the actual results reported will correspond to those shown in the Financial Projections and differences may be material. Even if the events anticipated under the hypothetical assumptions described above occur, actual results are still likely to be different from the Financial Projections since other anticipated events frequently do not occur as expected and the variation may be material. Further, we emphasise that the projected information is not intended to, and does not, provide all the information and disclosures necessary to give a fair presentation in accordance with International Financial Reporting Standards.

This letter is required by CMA and is provided for the purpose of complying with the prospectus requirements as set out in the CMA listing rules, and may, therefore, not be appropriate for another purpose.

PricewaterhouseCoopers LLC

1 August 2017
Muscat, Sultanate of Oman

PricewaterhouseCoopers LLC, Hatat House A, Suites 204-211, Wadi Adai, P. O. Box 3075, Ruwi, PC 112, Muscat, Sultanate of Oman, T: +968 2 455 9110, F: +968 2 456 4408, www.pwc.com/me

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC (under transformation to SAOG)

Projected statement of financial position
as at 31 December

	Notes	2017 RO	2018 RO	2019 RO	2020 RO
Cash and cash equivalents		2,468,366	2,677,985	3,337,089	3,483,987
Investments	4.7	79,477,525	89,431,048	99,313,970	111,725,991
Loan to policyholders	4.7	351,196	301,196	251,196	201,196
Premiums and insurance balances receivable, other receivables and prepayments	4.10	39,527,847	44,800,204	51,126,726	57,391,905
Reinsurers' share of outstanding claims	4.11	10,290,795	10,704,810	11,875,968	13,073,436
Reinsurers' share of actuarial / mathematical & unexpired risk reserve	4.3	18,588,183	21,037,091	23,784,051	26,592,387
Property and equipment	4.12	1,471,364	1,385,129	1,197,416	930,932
Deferred tax asset		121,200	135,671	153,232	166,428
Goodwill	4.13	146,490	146,490	146,490	146,490
Total assets		**152,442,966**	**170,619,624**	**191,186,138**	**213,712,752**
EQUITY AND LIABILITIES					
EQUITY					
Capital and reserves					
Share capital	4.17	26,500,000	26,500,000	26,500,000	26,500,000
Legal reserve	4.18	4,770,179	5,703,460	6,777,856	8,078,164
Contingency reserve	4.19	7,653,967	9,053,667	10,574,367	12,209,867
Revaluation reserve		447,420	447,420	447,420	447,420
Fair value reserve		(473,231)	(342,738)	(187,255)	(7,037)
Retained earnings		10,520,477	13,519,600	17,002,061	21,697,361
Total equity		**49,418,812**	**54,881,409**	**61,114,449**	**68,925,775**
LIABILITIES					
Gross outstanding claims	4.11	26,459,300	30,346,924	34,297,404	38,526,925
Gross actuarial / mathematical & unexpired risk reserve	4.3	54,668,592	61,772,682	70,916,734	80,025,262
Due to reinsurers and other liabilities	4.14	20,577,903	22,077,903	23,077,903	24,077,903
Income tax payable	4.15	1,318,359	1,540,706	1,779,648	2,156,887
Total liabilities		**103,024,154**	**115,738,215**	**130,071,689**	**144,786,977**
Total equity and liabilities		**152,442,966**	**170,619,624**	**191,186,138**	**213,712,752**
Net assets per share		**0.186**	**0.207**	**0.231**	**0.260**

The financial projections were approved and authorised for issue by the Board of Directors on 30 July 2017 and signed on their behalf by:

Director

Chief Executive Officer

The notes form an integral part of these financial projections.
The independent practitioners' report is set forth on page 1.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC (under transformation to SAOG)

Projected statement of profit or loss and other comprehensive income
for the years ended 31 December 2017 to 2020

	Notes	2017 RO	2018 RO	2019 RO	2020 RO
Gross written premium	4.1	**119,059,283**	**134,995,735**	**153,894,278**	**172,690,000**
Gross premium, earned	4.3	111,643,013	127,891,646	144,750,225	163,581,472
Premium ceded to reinsurers, earned	4.2, 4.3	(41,327,212)	(43,943,311)	(48,474,003)	(53,389,630)
Net insurance premium revenue		**70,315,801**	**83,948,335**	**96,276,222**	**110,191,842**
Commission income on premium ceded to reinsurers	4.5	7,343,967	8,179,948	9,048,695	9,985,901
Income from policy fees	4.1	1,590,717	1,754,265	2,165,722	2,480,000
Gross claims expense	4.6	(88,197,667)	(101,156,415)	(114,324,682)	(128,423,085)
Reinsurers' share of claims	4.2	34,302,650	35,682,699	39,586,560	43,578,121
Commission expense	4.5	(9,750,130)	(10,920,394)	(12,443,413)	(13,965,804)
Net underwriting result		**15,605,338**	**17,488,438**	**20,309,104**	**23,846,975**
Investment income – net	4.7	2,836,667	3,430,000	3,830,000	4,330,000
Other operating income / (loss)		25,000	25,000	25,000	25,000
Third party administration fees	4.8	(1,409,933)	(1,353,528)	(1,467,060)	(1,532,536)
General and administrative expenses (including Finance cost)	4.8	(7,740,701)	(8,719,796)	(10,176,836)	(11,512,862)
Profit before income tax		**9,316,371**	**10,870,114**	**12,520,208**	**15,156,577**
Income tax	4.15	(1,314,956)	(1,537,303)	(1,776,246)	(2,153,486)
Profit for the year		**8,001,415**	**9,332,811**	**10,743,962**	**13,003,091**
Other comprehensive income / expense					
Change in value of investments carried at fair value through other comprehensive income	4.7	94,665	130,493	155,483	180,218
Total comprehensive income		**8,096,080**	**9,463,304**	**10,899,445**	**13,183,309**
Earnings per share - basic and diluted		**0.030**	**0.035**	**0.041**	**0.049**

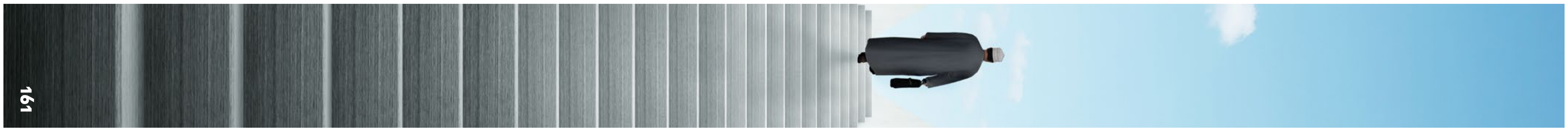
The notes form an integral part of these financial projections.

The independent practitioners' report is set forth on page 1.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC (under transformation to SAOG)

Projected statement of changes in equity
for the years ended 31 December 2017 to 2020

	Notes	Share capital RO	Legal reserve RO	Contingency reserve RO	Revaluation reserve RO	Fair value reserve RO	Retained earnings RO	Total equity RO
At 1 January 2017		**26,500,000**	**3,970,038**	**6,366,767**	**447,420**	**(567,896)**	**7,661,653**	**44,377,982**
Profit for the year		-	-	-	-	-	8,001,415	8,001,415
Change in value of investments carried at fair value through other comprehensive income	4.7	-	-	-	-	94,665	-	94,665
Transfer to legal reserve	4.18	-	800,141	-	-	-	(800,141)	-
Transfer to contingency reserve	4.19	-	-	1,287,200	-	-	(1,287,200)	-
Dividends paid	4.16	-	-	-	-	-	(3,055,250)	(3,055,250)
At 31 December 2017		**26,500,000**	**4,770,179**	**7,653,967**	**447,420**	**(473,231)**	**10,520,477**	**49,418,812**
Profit for the year		-	-	-	-	-	9,332,811	9,332,811
Change in value of investments carried at fair value through other comprehensive income	4.7	-	-	-	-	130,493	-	130,493
Transfer to legal reserve	4.18	-	933,281	-	-	-	(933,281)	-
Transfer to contingency reserve	4.19	-	-	1,399,700	-	-	(1,399,700)	-
Dividends paid	4.16	-	-	-	-	-	(4,000,707)	(4,000,707)
At 31 December 2018		**26,500,000**	**5,703,460**	**9,053,667**	**447,420**	**(342,738)**	**13,519,600**	**54,881,409**
Profit for the year		-	-	-	-	-	10,743,962	10,743,962
Change in value of investments carried at fair value through other comprehensive income	4.7	-	-	-	-	155,483	-	155,483
Transfer to legal reserve	4.18	-	1,074,396	-	-	-	(1,074,396)	-
Transfer to contingency reserve	4.19	-	-	1,520,700	-	-	(1,520,700)	-
Dividends paid	4.16	-	-	-	-	-	(4,666,405)	(4,666,405)
At 31 December 2019		**26,500,000**	**6,777,856**	**10,574,367**	**447,420**	**(187,255)**	**17,002,061**	**61,114,449**



NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC (under transformation to SAOG)

Projected statement of changes in equity (continued)
for the years ended 31 December 2017 to 2020

	Notes	Share capital RO	Legal reserve RO	Contingency reserve RO	Revaluation reserve RO	Fair value reserve RO	Retained earnings RO	Total equity RO
At 31 December 2019		**26,500,000**	**6,777,856**	**10,574,367**	**447,420**	**(187,255)**	**17,002,061**	**61,114,449**
Profit for the year		-	-	-	-	-	13,003,091	13,003,091
Change in value of investments carried at fair value through other comprehensive income	4.7	-	-	-	-	180,218	-	180,218
Transfer to legal reserve	4.18	-	1,300,308	-	-	-	(1,300,308)	-
Transfer to contingency reserve	4.19	-	-	1,635,500	-	-	(1,635,500)	-
Dividends paid	4.16	-	-	-	-	-	(5,371,983)	(5,371,983)
At 31 December 2020		**26,500,000**	**8,078,164**	**12,209,867**	**447,420**	**(7,037)**	**21,697,361**	**68,925,775**

The notes form an integral part of these financial projections.
The independent practitioners' report is set forth on page 1.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC (under transformation to SAOG)

Projected statement of cash flows
for the years ended 31 December 2017 to 2020

	2017 RO	2018 RO	2019 RO	2020 RO
Operating activities				
Profit before taxation	9,316,371	10,870,114	12,520,208	15,156,577
Adjustments for				
Interest income	(2,452,819)	(2,743,545)	(3,070,045)	(3,405,795)
Dividend income	(321,618)	(530,890)	(604,390)	(768,640)
Rental income	(36,667)	(130,000)	(130,000)	(130,000)
Unrealised investment income	(25,563)	(25,565)	(25,565)	(25,565)
Allowance for impaired debts	200,000	250,000	300,000	300,000
Depreciation	530,000	686,235	787,713	866,484
	7,209,704	**8,376,349**	**9,777,921**	**11,993,061**
Changes in working capital				
Premiums and insurance balances receivable, other receivables and prepayments	(2,430,602)	(5,457,524)	(6,566,842)	(6,500,939)
Reinsurers' share of outstanding claims	(1,525,531)	(414,015)	(1,171,158)	(1,197,468)
Reinsurers' share of actuarial / mathematical & unexpired risk reserve	(668,276)	(2,448,908)	(2,746,960)	(2,808,336)
Gross outstanding claims	5,878,982	3,887,624	3,950,480	4,229,521
Gross actuarial / mathematical & unexpired risk reserve	7,416,270	7,104,090	9,144,052	9,108,528
Due to reinsurers and other liabilities	2,000,000	1,500,000	1,000,000	1,000,000
Income tax paid	(581,271)	(1,352,456)	(1,582,303)	(1,821,246)
Cash generated from operating activities	**17,299,276**	**11,195,160**	**11,805,190**	**14,003,121**
Investing activities				
Purchase of investment securities	(26,774,436)	(9,774,436)	(9,674,436)	(12,174,436)
Purchase of fixed assets	(608,574)	(600,000)	(600,000)	(600,000)
Net movement in loans to policyholders	50,000	50,000	50,000	50,000
Interest received	2,489,728	2,678,712	3,010,365	3,341,555
Dividend received	321,618	530,890	604,390	768,640
Income from investment property received	36,667	130,000	130,000	130,000
Cash used in Investing activities	**(24,484,997)**	**(6,984,834)**	**(6,479,681)**	**(8,484,241)**
Financing activities				
Payment of dividend	(3,055,250)	(4,000,707)	(4,666,405)	(5,371,982)
Short term loans	(3,900,000)	-	-	-
Cash used in financing activities	**(6,955,250)**	**(4,000,707)**	**(4,666,405)**	**(5,371,982)**
Net change in cash and cash equivalents	**(14,140,971)**	**209,619**	**659,104**	**146,898**
Cash and cash equivalents at the beginning of the year	16,609,337	2,468,366	2,677,985	3,337,089
Cash and cash equivalents at the end of the year	**2,468,366**	**2,677,985**	**3,337,089**	**3,483,987**

The notes form an integral part of these financial projections.

The independent practitioners' report is set forth on page 1.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC (under transformation to SAOG)
NOTES TO THE FINANCIAL PROJECTIONS 2017 to 2020

1 Legal status and principal activities

National Life and General Insurance Company SAOC (the Company or the Parent Company) is a closely held joint stock company incorporated in the Sultanate of Oman in 1995 and is engaged in the business of life and general insurance within the Sultanate of Oman and United Arab Emirates (UAE). It commenced its operations with life and health business in Oman and diversified into general insurance business after obtaining general insurance license in 2006. The Company has expanded its operations in UAE with a branch in Dubai to transact life insurance business as per the license dated 13 May 2007 issued by United Arab Emirates Insurance Authority. During 2014, the Parent Company obtained a license dated 8 May 2014 to have a branch in Abu Dhabi issued by United Arab Emirates Insurance Authority and commenced operations in Abu Dhabi during 2015 onwards.

The Company is a subsidiary of Oman International Development and Investment Company SAOG (OMINVEST), a public joint stock company incorporated in the Sultanate of Oman.

2 Basis of preparation

These financial projections of the Company have been prepared by the Company's management in accordance with the accounting policies and key assumptions set out in notes 3 and 4 respectively, which have been applied consistently for the projected years 2017 to 2020.

The profit projections are intended to show a possible outcome based on the stated assumptions. Because of the length of the period covered by the profit projections, the assumptions are necessarily more subjective than would be appropriate for the profit forecast. The profit projections do not therefore constitute a forecast.

Since the projections relate to the future, actual results are likely to be different from the projected results because events and circumstances do not occur as expected, and the differences may be material.

a) Statement of compliance

The accounting policies have been consistently applied in dealing with items that are considered material in relation to the Company's projected financial information for all the years presented.

These financial projections have been prepared on the historical cost convention modified by revaluation of investments carried at fair value through other comprehensive income and financial assets at fair value through profit or loss.

During 2016, the Parent Company has invested in a fully owned subsidiary "NLGIC Support Services Private Limited' in India. The financial projections presented are that of the Parent Company. Since the subsidiary only provides captive services to the Parent Company, the consolidated financial projections of the Parent Company and that of the subsidiary (together referred to as the Company) are not expected to have material difference from the Parent Company financial projections presented.

b) Functional and presentation currency

These financial projections are presented in Rial Omani ("RO"), which is the Parent company's functional and presentation currency. The functional currencies of the Company's operations are as follows:

- Sultanate of Oman: Rial Omani
- United Arab Emirates: UAE Dirham
- India : Indian Rupees
- Kuwait : Kuwaiti Dinar

2 Basis of preparation (continued)

c) Use of estimates and judgments

The presentation of financial projections requires Management to make use of certain critical accounting estimates, judgements and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4 affect the projected amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

3 Summary of significant accounting policies

The following accounting policies have been applied consistently to all periods presented in these financial projections:

3.1 Insurance contracts

(a) Classification

The Company issues contracts that transfer insurance risk and classifies contracts as insurance contracts when these transfer significant insurance risk. Such contracts may also transfer financial risk. The Company classifies investment contracts as those contracts that transfer financial risk with no significant insurance risk. The Company issues certain insurance contracts which contain a Discretionary Participation Feature (DPF). This feature entitles the holder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

- that are likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the Company; and
- that are contractually based on the surplus generated on a specified pool of contracts.

There are no local statutory regulations which set out the bases for the determination of the amounts on which the additional discretionary benefits are based, the amounts payable being determined by the Company's board of directors on an annual basis.

(b) Recognition and measurement

Life and medical insurance contracts are classified into five main categories which are described below. In addition, the Company writes short term individual medical and personal accident policies.

(i) Individual life policies

These consist of the following types of policies:

With profits conventional policies (i.e., policies with a discretionary participation feature) which insure events associated with human life (for example, death or survival) over a long duration. Premiums are recognised as revenue when they are received. Provisional premiums are recognised at year end for premium receivables of policies which have not lapsed. Benefits are recorded as an expense when they are incurred. Each policy has a defined benefit amount payable which is guaranteed. Apart from this reversionary and terminal bonuses are declared by the Company from time to time based on the profitability of the individual life portfolio. Reversionary bonuses convert into guaranteed benefits once declared and a certain minimum level of bonus is guaranteed for certain policies.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC (under transformation to SAOG)
NOTES TO THE FINANCIAL PROJECTIONS 2017 to 2020

3 Summary of significant accounting policies (continued)

3.2 Insurance contracts (continued)

(b) Recognition and measurement (continued)

The actuarial / mathematical reserve for such policies is determined on a net premium basis by determining the present value of benefits less the present value of future net premiums, a theoretical net premium being calculated using conservative assumptions for mortality and discounting and an adjustment to recognise acquisition costs.

Term assurance where the benefits are payable only in the event of death of the insured. These include policies where the insured amount is constant throughout the term of the policy and decreasing term assurance policies where the sum assured reduces at a predecided rate every year. The premium is paid either over the term of the policy or as a single premium. Premiums are recognised as revenue when they are received. Provisional premiums are recognised at year end for premiums receivables of policies which have not lapsed. These are without profit policies.

For single premium policies, the actuarial / mathematical reserve is determined as the discounted value of expected future claims as well as expenses which are expected to be incurred in administering the policies. For regular premium policies, the actuarial / mathematical reserve is determined on a net premium basis along the same lines as conventional with profits policies.

(ii) Individual credit life policies

These are life insurance contracts underwritten on single premium and on an individual basis and issued to protect financial institution for their outstanding loan from the customer. These contracts protect the financial institutions from the consequences of events (such as death or disability) that would affect on the ability of the customer to repay his outstanding loan. These are without profit policies.

These contracts are issued for the duration of loans with the insurance premium being received as a single premium. Further amounts are received if and when loans are topped up. Similarly, refunds are allowed in case of pre-closure or change in terms of the loan.

Single premiums are recognised as revenue when due. An actuarial / mathematical reserve net of reinsurance has been kept for each contract using reinsurance rate.

Claims are charged to statement of comprehensive income as incurred, based on the estimated liability for compensation owed to policy holders. Claims reported are recognised at the time when these are reported.

(iii) Group life policies

These are short term life insurance contracts underwritten on a group basis, the lives covered usually being employees of a common employer. These contracts protect the Company's customers (the employer) from the consequences of events (such as death or disability) that would effect on the ability of the employee or his/her dependents to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the customer. There are no maturity or surrender benefits.

For all these contracts, premiums are recognised as revenue when the policy or endorsement is issued, but are deemed to be earned proportionally over the period of coverage. The portion of premium written on in-force contracts that relates to unexpired risks at the reporting date is reported as the unexpired risk reserve. Premiums are disclosed before deduction of commission and excluding taxes levied on premiums.

3 Summary of significant accounting policies (continued)

3.2 Insurance contracts (continued)

(b) Recognition and measurement (Continued)

(iii) Group life policies (Continued)

Claims are charged to statement of comprehensive income as incurred based on the estimated liability for compensation owed to policyholders. Claims reported are recognised at the time when these are reported. A separate provision for incurred but not reported claims is made based on the Company's experience relating to claims reporting patterns in the past.

As indicated above, an unexpired risk reserve is set up at the valuation date for premiums which are deemed to be earned in future periods. The Company also tests whether the liability so set up is adequate to meet expected future claims.

(iv) Group medical policies

These are short term medical insurance contracts underwritten on a group basis, the lives covered usually being employees of a common employer. These contracts protect the Company's customers (the employer) from losses resulting from medical treatment of employees as a result of ill-health or accident, covering both hospitalisation and out-patient expenses. The bulk of hospital claims are disbursed directly by the Company to healthcare providers. There are no maturity or surrender benefits for these policies.

For all these contracts, premiums are recognised as revenue when the policy or endorsement is issued, but are deemed to be earned proportionally over the period of coverage. The portion of premium written on in-force contracts that relates to unexpired risks at the reporting date is reported as the unexpired risk reserve. Premiums are shown before deduction of commission and excluding taxes levied on premiums.

Claims are charged to statement of comprehensive income as incurred, based on the estimated liability for compensation owed to policy holders. Claims reported are recognised at the time when these are reported. A separate provision for incurred but not reported claims is made based on the Company's experience relating to claims reporting patterns in the past.

As indicated above an unexpired risk reserve is set up at the valuation date for premiums which will deem to be earned in future periods. The Company also tests whether the liability so set up is adequate to meet expected future claims.

(v) Group credit life policies

These are life insurance contracts underwritten on a group basis and issued to financial institutions to protect their outstanding loan portfolios. These contracts protect the Company's customers (financial institutions) from the consequences of events (such as death or disability) that would effect on the ability of the customer's borrowers to repay outstanding loans. These are without profit policies.

These contracts are issued on two basis:

- For the duration of loans with the insurance premium being received as a single premium. Further premiums are received if and when loans are topped up.
- Short term contracts covering the risk for a year at a time, with premiums being determined and paid monthly on outstanding balances.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC (under transformation to SAOG)
NOTES TO THE FINANCIAL PROJECTIONS 2017 to 2020

3 Summary of significant accounting policies (continued)

3.2 Insurance contracts (continued)

(b) Recognition and measurement (Continued)

(v) Group credit life policies (continued)

Single premiums are recognised as revenue when due. An actuarial / mathematical reserve net of reinsurance has been kept for each contract using reinsurance rate.

Monthly premiums are recognised upon declaration by financial institutions of the amount payable. As such, premiums are usually recognised once they have been fully earned and no unearned premium reserve is determined to be necessary. The Company does, however, at the end of the year, evaluate the profitability of the portfolio to determine if any premium deficiency reserve is required.

Claims are charged to statement of comprehensive income as incurred based on the estimated liability for compensation owed to policy holders. Claims reported are recognised at the time when these are reported. A separate provision for incurred but not reported claims is made based on the Company's experience relating to claims reporting patterns in the past.

General insurance contracts

For general insurance contracts, premiums are taken into income over the terms of the policies. Unexpired risk reserve represent the portion of premiums written relating to the unexpired period of coverage. The change in the provision for unearned premiums is recognised in the statement of comprehensive income in order that revenue is recognised over the period of risk.

Unexpired risk reserve is calculated based on higher of 1/24 method or the amount calculated at 45% of the net retained premiums for the year for all classes of business as required by the Insurance Companies Law of Oman. Acquisition costs and reinsurance commissions are recognised as expenses or income over the period of the policy by deferring it using 1/24 method.

Estimates have to be made for both the expected ultimate costs of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the reporting date. Claims consist of amounts payable to contract holders and third parties and related loss adjustment expenses, net of salvage and other recoveries and are charged to statement of comprehensive income as incurred.

Gross outstanding claims comprise the gross estimated cost of claims incurred but not settled at the reporting date, whether reported or not. Provisions for reported claims not paid as at the reporting date are made on the basis of individual case estimates. In addition, a provision based on the Company's prior experience is maintained for the cost of settling claims incurred but not reported at the reporting date.

Any difference between the provisions at the reporting date and settlements and provisions in the following year is included in the accounting year in which the change in provision or settlement is made.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC (under transformation to SAOG)
NOTES TO THE FINANCIAL PROJECTIONS 2017 to 2020

3 Summary of significant accounting policies (continued)

3.2 Insurance contracts (continued)

(b) Recognition and measurement (Continued)

Allowances in claims liability

Some insurance contracts permit the Company to collect excess, depreciation, or sell a (usually damaged) vehicle or a property required in settling a claim (i.e. salvage). The Company may also have the right to pursue third parties for payment of some or all costs (i.e. subrogation).

Estimates of excess, depreciation, salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvaged vehicles or property acquired are recognised in outstanding claims when the liability is accrued. The allowance for salvage is the amount that can reasonably be recovered from the disposal of the vehicle or property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognised in other assets. The allowance is the assessment of the amount that can reasonably be recovered from the action against the liable third party.

Reinsurance contracts held

In order to protect itself against adverse experience, the Company has entered into contracts with reinsurers under which it is compensated for losses on one or more contracts issued by the Company. Insurance contracts entered into by the Company under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily reinsurance premiums payable for reinsurance contracts and are recognised as an expense when due.

The Company assesses its reinsurance assets for impairment on an annual basis.

3.3 Premiums and insurance balances receivable

Premiums and insurance balances receivable are initially recognised at fair value and subsequently are stated at amortised cost using the effective interest method less impairment losses, if any. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

3.4 Loans to policy holders

Loans to policy holders are stated at cost.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC (under transformation to SAOG)
NOTES TO THE FINANCIAL PROJECTIONS 2017 to 2020

3 Summary of significant accounting policies (continued)

3.5 Financial assets

3.5.1 Classification

The Company classifies its financial assets in the following measurement categories: those measured at fair value and those measured at amortised cost. This classification depends on whether the financial asset is a debt or equity investment.

Debt investments

(a) Financial assets at amortised cost

A debt investment is classified as 'amortised cost' only if both of the following criteria are met:

- the objective of the Company's business model is to hold the asset to collect the contractual cash flows; and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding; and
- the nature of any derivatives embedded in the debt investment are considered in determining whether the cash flows of the investment are solely payment of principal and interest on the principal outstanding and are not accounted for separately.

(b) Financial assets at fair value

If either of the two criteria above are not met, the debt instrument is classified as 'fair value'.

Equity investments

All equity investments are measured at fair value. Equity investments that are held for trading are measured at fair value through profit or loss. For all other equity investments, the Company can make an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income rather than profit or loss.

3.5.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value though profit or loss are expensed in the statement of comprehensive income.

The Company subsequently measures all equity investments at fair value. Where the Company has elected to present unrealised and realised fair value gains and losses on equity investments in other comprehensive income, there is no subsequent recycling of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in the statement of comprehensive income as long as they represent a return on investment.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC (under transformation to SAOG)
NOTES TO THE FINANCIAL PROJECTIONS 2017 to 2020

3 Summary of significant accounting policies (continued)

3.6 Investment property

Investment property is measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of comprehensive income in the year of retirement or disposal.

3.7 Deferred acquisition costs and commission income

(a) Deferred acquisition costs (DAC)

Direct and indirect costs incurred during the financial period arising from the writing of long term life insurance contracts, are deferred to the extent that these costs are recoverable out of future premiums.

Subsequent to initial recognition, these costs are amortised on a straight line basis based on the term of expected future premiums, currently estimated as four years.

Direct and indirect costs incurred for writing short term life and medical insurance contracts are deferred and this is built into the 'unexpired risk reserve' shown in the statement of financial position.

Acquisition costs for writing of general insurance contracts are deferred to the extent that these costs are recoverable out of future premiums. Subsequent to initial recognition, these costs are amortised over the period of the policy (generally one year) using 1/24 method.

Amortisation is recorded in the statement of comprehensive income. Changes in the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period and is treated as a change in an accounting estimate.

(b) Deferred reinsurance commission incomes (DCI)

Commission incomes attributable to the unexpired reinsurance ceded premiums for short time life and medical are deferred and it is built into "reinsurers' share of unexpired risk reserve" in the statement of financial position.

Commission incomes attributable to the unexpired reinsurance ceded premiums for general insurance are deferred to the extent that these are recoverable out of future ceded premiums. Subsequent to initial recognition, these incomes are amortised over the period of the policy (generally one year) using 1/24 method.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC (under transformation to SAOG)
NOTES TO THE FINANCIAL PROJECTIONS 2017 to 2020

3 Summary of significant accounting policies (continued)

3.8 Property and equipment

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. Land is not depreciated and stated at revalued amount.

Depreciation is charged to the statement of comprehensive income on a straight line basis over the estimated useful lives of the assets as follows:

	Years
Motor vehicles	4
Furniture and equipment	4 to 5
Computer equipment	4

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in statement of comprehensive income as the expense is incurred.

Any fixed assets costing less than RO 100 are charged to statement of comprehensive income in the year of purchase.

3.9 Impairment

(i) Financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset or group of assets may be impaired. If such evidence exists, any impairment loss is recognised in the statement of comprehensive income.

Impairment is determined as follows:

- for assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset; and
- for assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

(ii) Non-financial assets

At each reporting date, the Company assesses if there is any indication of impairment of non-financial assets. If an indication exists, the Company estimates the recoverable amount of the asset and recognises an impairment loss in the statement of comprehensive income. The Company also assesses if there is any indication that an impairment loss recognised in prior years no longer exists or has reduced. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.10 Offsetting

Financial assets and financial liabilities are only offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and the Company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

3 Summary of significant accounting policies (continued)

3.11 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with a maturity of three months or less from the date of placement net of outstanding bank overdrafts.

3.12 Provisions

A provision is recognised in the statement of financial position when the Company has a present (legal or constructive) obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of provision can be estimated reliably.

3.13 Other liabilities

Other liabilities are initially measured at fair value and subsequently carried at amortised cost using the effective interest method. Liabilities are recognised for amounts to be paid for goods or services received, whether or not billed to the Company. Other liabilities are derecognised when the obligation under the liability is discharged, cancelled or expired.

3.14 Income recognition

(a) Life business

Premiums are taken into income over the terms of the policies to which they relate. Unearned premiums represent the proportion of premiums written relating to periods of insurance subsequent to the reporting date. For short term policies, premiums are pro-rated by reference to the unexpired term of cover. An appropriate actuarial reserve is calculated for the life fund.

In addition, provision is made where necessary for any further loss expected to arise on unexpired risks after taking into account future investment income on related insurance funds, to cover anticipated liabilities arising from existing contracts.

(b) General business

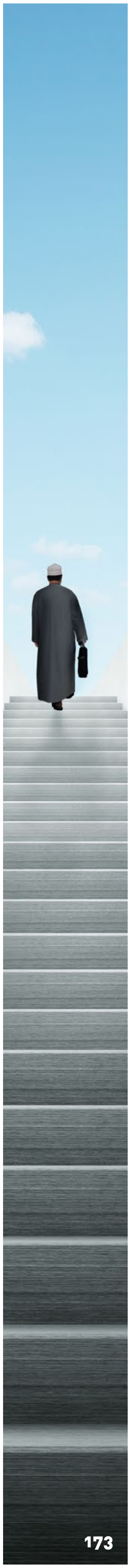
Premiums are taken into income over the terms of the policies. Unearned premiums represent the portion of premiums written relating to the unexpired period of coverage.

(c) Insurance policy fees

Insurance and investment contract policyholders are charged for policy administration services, surrenders and other contract fees. These fees are recognised as revenue at the time policies are written or at the time the fees are charged, which is generally at the time when the policies are written.

(d) Investment income

Interest income is recognised using the effective interest method. Dividend income is recognised when the right to receive dividend is established. For listed securities, this is the date the security is listed as ex dividend.



NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC (under transformation to SAOG)
NOTES TO THE FINANCIAL PROJECTIONS 2017 to 2020

3 Summary of significant accounting policies (continued)

3.15 Directors' remuneration

The Directors' remuneration is governed as set out by the Commercial Companies Law and the rules prescribed by the Capital Market Authority and are charged to as expense in statement of comprehensive income.

3.16 Taxation

Income tax is calculated as per the income tax regulations applicable in the Sultanate of Oman. The foreign operations are incorporated in a United Arab Emirates, which is a tax free jurisdiction.

Income tax on the results for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly to equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the statement of financial position date. Deferred income tax assets and liabilities are offset as there is a legally enforceable right to offset these in Oman.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3A New standards and interpretations not yet adopted

(a) Standards, amendments and interpretation effective in 01 January 2017 and relevant for the Company's operations:
The Company has adopted all the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for periods beginning on 1 January 2017. The adoption of those standards and interpretations has not resulted in changes to the Company's accounting policies and has not affected the amounts reported in the financial projections.

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:
The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2018 or later periods, but the Company has not early adopted them and the impact of these standards and interpretations is not reasonably estimable and the impact has not been factored in the projections for the periods in which they become effective:

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
IFRS 15 Revenue from Contracts with Customers
IFRS 16 Leases
IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2
IFRS 17 Insurance Contracts

3B Significant accounting judgements and estimates

In the process of applying the Company's accounting policies, management has made judgements that have the most significant effect on the amounts recognised in the financial statements and applied certain assumptions, and other key sources of estimation uncertainty at the reporting date as discussed below:

Key sources of estimation uncertainty

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(a) The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is a key estimate made in measuring liabilities under insurance contracts and especially under group medical, group life and group credit life and general insurance contracts. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims. These are affect the liabilities reported for Incurred but not reported claims (includes estimate for Unallocated loss adjustment expenses) and estimates for Additional unexpired risk reserve as these are based on the projected ultimate loss ratio estimate.

(b) Estimate of future benefit payments and premiums arising from insurance contracts, and related deferred acquisition costs and other intangible assets

The determination of the liabilities under insurance contracts is dependent on a number of estimates made by the Company with respect to:

- Mortality and disability
- Investment returns / discount rate
- Expenses
- Surrender

(c) Impairment of premiums and insurance balances receivable and other receivables

An estimate of the amounts of uncollectible premiums and insurance balances receivable is made in the projected financial statements. Allowance for doubtful debts has been estimated based on historical provisions made for doubtful debts.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC (under transformation to SAOG)
NOTES TO THE FINANCIAL PROJECTIONS 2017 to 2020

4 Key assumptions

The illustrative financial projections of the Company's activities for the years 2017 to 2020 have been prepared by the Company's management in good faith and with due care and attention, based on assumptions, which they consider appropriate. A careful effort has been made to estimate the future gross written premium and the related income generated by the Company on the basis of existing gross premiums written in each line of business and the new lines of business or branches expected to arrive at the illustrative statement of projected income. However, there can be no certainty as to the extent to which the actual results will match the projections or whether the assumptions will remain valid.

General Assumptions

- All current applicable laws and regulations governing the activities of the Company will remain in effect, and no new laws or regulations, would be enacted that would affect the projected financial statements.
- All existing licenses and approval to carry out business would continue to be in place and all additional or new licenses required will be obtained
- Responsible and competent business management practices will be followed and all laws & regulations of the countries where the company is projected to have operations will be complied with.
- The Company will continue to be taxable based on current applicable tax laws.
- Infrastructure requirements needed to support all activities of the company will be in place and will function efficiently
- The projected financial information does not reflect the impact of any operational or business risk which is not in the ordinary course of business.

Specific Assumptions

4.1 Gross written premium and income from policy fees (GWP)

The Company's GWP is expected to grow at compounded annual growth rate of 14% over the projected 4 year period.
The major contributors to the growth are projected to be from following areas:
In Oman (head office and existing branches): Group medical, Group credit life and Motor insurance
In United Arab Emirates (existing branches in Dubai and Abu Dhabi): Group medical insurance
In Kuwait (new branch application is under progress): Group medical insurance

The Company will focus on broadening its medical, motor and group credit life business. The growth assumptions for the GWP are set out below:

Geographic Segment	Line of Business	2017	2018	2019	2020
Inside Oman:	Group medical	6%	5%	5%	5%
	Motor	51%	28%	31%	20%
	Group credit life	266%	25%	5%	5%
	Others	24%	12%	13%	7%
	Overall Oman	23%	13%	13%	10%
Outside Oman:	UAE - Group medical	8%	8%	8%	8%
	Kuwait - Group medical	NA	200%	78%	50%
	Kuwait - Motor	NA	80%	100%	50%
	Others	-3%	5%	5%	5%
	Overall outside Oman	13%	14%	15%	14%
Total	All	17%	13%	14%	12%

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC (under transformation to SAOG)
NOTES TO THE FINANCIAL PROJECTIONS 2017 to 2020

4 Key assumptions (continued)

4.1 Gross written premium and income from policy fees (GWP) (continued)

The GWP growth is based on following assumptions:

(a) Growth of Group medical business-Oman assumes renewal of major schemes (single party risk schemes)
(b) Growth of Motor business-Oman is expected to be driven by the increased sales points affected by the company in past year.
(c) Growth in Group credit life business is due to a new scheme with a local bank which has commenced in Q4 2016 and growth of 266% in 2017 is reflective of the full year operations projected in 2017 for the scheme against one quarter of premiums in 2016.
(d) Moderate growth rate of 8% is assumed for UAE medical business.
(e) The GWP from Kuwait branch is dependent on acquisition of branch license by the company as formalities for its application are currently under progress and the branch is assumed to commence operations in second half of 2017. New business assumed from Kuwait branch is as follows

Line of Business	**2017 RO**	**2018 RO**	**2019 RO**	**2020 RO**
Kuwait - Group medical	1,500,000	4,500,000	8,000,000	12,000,000
Kuwait - Motor	1,250,000	2,250,000	4,500,000	6,750,000
GWP from Kuwait	**2,750,000**	**6,750,000**	**12,500,000**	**18,750,000**

4.2 Reinsurance Assumptions

Reinsurance arrangements for existing line of business and new business from Kuwait branch for the projected years 2017 to 2020 are assumed based on existing reinsurance arrangements which are in place for 2017. The key reinsurance assumptions are as given below:

- Individual life, Group credit life and Group life - the risks such as death, accidental death benefit and permanent total disability above RO 10,000 are covered by reinsurance.
- Group medical business Oman - 50% reinsurance share on quota share treaty
- Group medical business UAE - 40% reinsurance share on quota share treaty
- Group medical business Kuwait - 40% reinsurance share on quota share treaty
- Motor-Oman & Kuwait – Excess of loss reinsurance arrangement are assumed.
- Non-motor Oman- Quota & Surplus treaty arrangement with quotas reinsurance share of 80-90%.
- Catastrophic cover is also assumed for Life, Casualty and Non-Motor whole account.

The reinsurance premium and net retained premium assumptions for the projected years 2017 to 2020 are made based on reinsurance premium ceded percentages trend and based on above arrangements for the total business which are set out below:

	2017 RO	**2018 RO**	**2019 RO**	**2020 RO**
Reinsurance premium as a %age of GWP	35%	34%	33%	32%
Retention %age	65%	66%	67%	68%

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC (under transformation to SAOG)
NOTES TO THE FINANCIAL PROJECTIONS 2017 to 2020

4 Key assumptions (continued)

4.3 Unearned premium reserve (UPR) and its reinsurance share of reserves

Methods used for the key line of business for Unearned premium reserves and its reinsurance share of reserves are as given below:

- Short term life and medical business - calculated by 1/365 method
- Long term credit life business – is an actuarial reserve which is calculated by 1/365 method on the estimated risk premium
- General Insurance business - calculated by 45% or 1/24 method whichever is higher
- For individual life portfolio, the reserve assumptions factor the increase in reserves for the premiums written during the year and provision for bonus to policyholders reduced by the release of reserves based on the maturities and surrenders expected for the projected years.

The methods used for calculation of reserves make suitable estimates for factors mentioned in note 3B. Reserves are computed as per above assumptions for projection years 2017-2019 while for the projection year 2020, reserves are computed by extrapolating the reserves computed in the previous years on proportionate basis for short term business and trend basis for long term basis.

4.4 Deferred acquisition cost and deferred commission income

Assumptions for the key line of business for Deferred acquisition cost and deferred commission income are as given below:

- Short term life and medical business and long term credit life business - calculated by 1/365 method
- General insurance business - calculated by 45% or 1/24 method whichever is higher

4.5 Net commission expense (as a %age of GWP)

Commission expense is assumed based on existing commission expense percentages of gross written premiums on each lines of business as these are reflective of the agreements entered into with various intermediaries which obtain business for the company. Similarly, commission income is assumed based on existing commission income percentages of reinsurance premiums ceded which is reflective of the agreements entered into with various reinsurers for each line of business.

An analysis of the Company's projected commission income and commission expense as a percentage of gross written premiums is set out below:

	2017	2018	2019	2020
Commission income	6.1%	6.0%	5.8%	5.7%
Commission expense	8.1%	8.0%	8.0%	8.0%
Net commission expense	-2.0%	-2.0%	-2.2%	-2.3%

4.6 Incurred claims ratio (as a %age of GWP earned)

Gross incurred claims ratio assumptions are made based on the past trend of incurred claims to gross written premiums earned for each line of business. The Company has taken underwriting and claims control measures during 2016 to reduce its future gross incurred claims ratio for its UAE medical portfolio. This has been factored into the assumptions for gross incurred claims for 2017.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC (under transformation to SAOG)
NOTES TO THE FINANCIAL PROJECTIONS 2017 to 2020

4 Key assumptions (continued)

4.6 Incurred claims ratio (as a %age of GWP earned) (continued)

An analysis of projected gross incurred claim ratios by key line of business is set out below:

Geographic Segment	Line of Business	2017	2018	2019	2020
Inside Oman:	Group medical	80%	80%	80%	80%
	Motor	65%	65%	65%	65%
	Group life	60%	60%	60%	60%
Outside Oman:	UAE - Group medical	81%	83%	83%	83%
	Kuwait - Group medical	85%	85%	85%	85%
	Kuwait - motor	55%	55%	55%	55%
Overall	All	78%	78%	78%	77%

Reinsurance recoveries of the incurred claims are assumed based on previous year trends and are in line with the reinsurance assumptions detailed in section 4.2 above. The overall reinsurance recovery ratio and net claims ratio is as set out below:

	2017	2018	2019	2020
Reinsurance recovery to gross claims ratio	39%	35%	35%	34%
Net claims ratio to net insurance premium revenue %age	75%	76%	76%	75%

4.7 Investments (including loan to policyholders) and investment income thereon

Investments comprise of Bank deposits, Investments at fair value through profit or loss, Investments carried at amortised cost, Investments carried at fair value through other comprehensive income and Investment properties.

Details of assumption for projected increase in investments are as given below:

Particulars	2017 RO	2018 RO	2019 RO	2020 RO
Opening investments (including loan to policyholders)	52,967,351	79,828,721	89,732,244	99,565,166
Increase in investments	26,911,370	9,953,523	9,882,922	12,412,021
Net repayment of loans to policy holders	(50,000)	(50,000)	(50,000)	(50,000)
Closing investments (including loan to policyholders)	79,828,721	89,732,244	99,565,166	111,927,187

Increase in investments in 2017 includes investments made from opening cash balance of RO 16.6 million. Balance increase in investments for 2017 and following years of 2018-2020 is assumed from the cash flows generated from operations and from reinvestment of investment income generated during the year. In case of Loans to policyholders, net repayments of loans by policy holders (i.e. repayments less new loans issued) is assumed to be RO 50,000 per annum.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC (under transformation to SAOG)
NOTES TO THE FINANCIAL PROJECTIONS 2017 to 2020

4 Key assumptions (continued)

4.7 Investments (including loan to policyholders) and investment income thereon (continued)

Details of assumptions for projected investment income are as set below:

	2017 RO	2018 RO	2019 RO	2020 RO
Average investments	66,398,036	84,780,483	94,648,705	105,746,177
Investment income	2,836,667	3,430,000	3,830,000	4,330,000
Investment income %age	4.3%	4.0%	4.0%	4.1%

Break up of investment income assumed are as set below:

	2017	2018	2019	2020
Interest income	2,452,819	2,743,545	3,070,045	3,405,795
Dividend income	321,618	530,890	604,390	768,640
Rental income	36,667	130,000	130,000	130,000
Net unrealised loss on investments carried at fair value through profit or loss	25,563	25,565	25,565	25,565
Total Investment Income	**2,836,667**	**3,430,000**	**3,830,000**	**4,330,000**

Investment income assumed is in the range of 4.0% to 4.3% of the average investments of the company for the projection year. No change in fair value for investment property is assumed. No derecognition or impairment of investments has been projected. Certain investments (fixed income securities and equities) are classified as Fair Value through Other Comprehensive income (FVOCI), These are expected to give interest or dividend @ 4%-5% of the amounts invested which is factored in the above projections. The unrealized gain or loss @ 1% of amount invested is assumed on the FVOCI investments. The unrealized gain or loss net of the deferred tax has been projected in the Other Comprehensive income which is transferred to FVOCI reserve.

4.8 Third party administration expenses and General and administrative expense (as a % of GWP)

Third party administration fees as assumed as a percentage of GWP of medical are assumed to marginally reduce due to benefits derived from economies of scale. While General and administrative expense are assumed to increase with the increase in GWP and due to inflation.

An analysis of projected Third party administration expenses and General and administrative expense is set out below:

As a percentage of the GWP	**2017**	**2018**	**2019**	**2020**
Third party administration expenses	1.2%	1.0%	0.9%	0.9%
General and administrative expense	6.4%	6.4%	6.5%	6.6%
Total expenses	7.6%	7.4%	7.5%	7.4%

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC (under transformation to SAOG)
NOTES TO THE FINANCIAL PROJECTIONS 2017 to 2020

4 Key assumptions (continued)

4.9 Kuwait operations

The projected GWP and profits from Kuwait branch are dependent on acquisition of branch license by the company as formalities for its application are currently under progress and the procurement of license and commencement of branch operations is assumed to take place in the second half of 2017. Key figures projected for Kuwait branch are as given below:

Kuwait branch	2017	2018	2019	2020
Gross written premiums	2,750,000	6,750,000	12,500,000	18,750,000
Net underwriting results	70,697	1,084,835	1,758,603	2,922,892
Management expenses	(252,288)	(569,363)	(1,074,700)	(1,612,050)
Net underwriting results after management expenses	(181,590)	515,472	683,903	1,310,842

4.10 Premiums and insurance balances receivable & other receivables and prepayments

A 120 days debtor days cycle i.e. 120 days of GWP is assumed to be outstanding in the form of Premiums and insurance balances receivable and other receivables and prepayments.

Assumption taken for provision for doubtful debts factored in the Premiums and insurance balances receivable & other receivables and prepayments is as set below:

Particulars	2017	2018	2019	2020
Provision for doubtful debts	200,000	250,000	300,000	300,000

4.11 Gross outstanding claims and reinsurance share of reserves

In order to arrive at the gross outstanding claims (including Incurred but not reported claims) 30% of the gross claims incurred during the year are assumed to be outstanding at the year end i.e. a 110 day payment cycle for claim payments. Reinsurer's share of outstanding claims (including reinsurer's share of incurred but not reported claims) are assumed at the same rate as reinsurer's share of gross incurred claims.

4.12 Property and equipment

Assumptions for capital expenditure and depreciation for property and equipment are set out below:

Particulars	2017	2018	2019	2020
Opening fixed assets	1,392,790	1,471,364	1,385,129	1,197,416
Add: Capital expenditure during the year	608,574	600,000	600,000	600,000
Less: Depreciation	(530,000)	(686,235)	(787,713)	(866,484)
Closing fixed assets	1,471,364	1,385,129	1,197,416	930,932

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC (under transformation to SAOG)
NOTES TO THE FINANCIAL PROJECTIONS 2017 to 2020

4 Key assumptions (continued)

4.12 Property and equipment (continued)

No disposal or impairment of fixed assets has been assumed in the projections. Depreciation rate assumptions on a straight line basis are as given below:

	Years
Motor vehicles	4
Furniture and equipment	4 to 5
Computer equipment	4

4.13 Goodwill

No impairment of goodwill is assumed in the projections.

4.14 Due to reinsurers and other liabilities

Increase assumed for Due to reinsurer's and other liabilities is set out below:

Particulars	**2017**	**2018**	**2019**	**2020**
Additions during the year	2,000,000	1,500,000	1,000,000	1,000,000

4.15 Income tax

Income tax expense
Income tax is assumed at the rate of 15% of the taxable income in accordance with the income tax law of the Sultanate of Oman. Income from branches outside Oman are also subject to tax as per Oman tax laws.

Status of tax assessments
The Company's tax assessments up to tax year 2012 have been completed by the tax authorities. During 2017, the tax authorities have commenced tax assessment for the years 2013 to 2015. The management believes that tax assessed, if any, in respect of the unassessed tax years would not be material to the financial position of the company.

4.16 Dividend paid

Dividend paid in 2017 is as per the dividend declared in the company's annual general meeting held on 28 March 2017 and has been paid to existing shareholders. For dividends paid during 2018-2020, dividend is assumed at 50% of the net profit after tax for the previous year

Analysis of projections for dividend paid is set out below:

Particulars	**2017**	**2018**	**2019**	**2020**
Dividend paid	3,055,250	4,000,707	4,666,405	5,371,982
Dividend as a %age of profit after tax of previous year	65%	50%	50%	50%
Dividend as a %age of share capital	12%	15%	18%	20%

4 Key assumptions (continued)

4.17 Share capital

The shareholders have split the existing shares of RO 1 each into 10 shares of RO 0.100 each through extra ordinary general meeting held on 16 July 2017. Accordingly, in the projections, authorised share capital comprises of 500,000,000 ordinary shares of RO 0.100 each and Issued and fully paid share capital of the Company comprises of RO 26,500,000 (265,000,000 ordinary shares of RO 0.100 each). The existing shareholders of the Company are divesting 25% of their shareholding from the Company in accordance with the regulatory requirements through an Initial Public Offering ("IPO") of 66,250,000 ordinary shares of RO 0.100 per share. The issued and fully paid up share capital of the Company is assumed to remain unchanged during the projection period. The IPO proceeds will accrue to the existing shareholders who are divesting their shares in the Company. Accordingly, the IPO will not affect the share capital of the company.

4.18 Legal reserve

In accordance with the article 106 of commercial Companies Law of 1974, 10% of the net profit for the year are transferred to legal reserve until such time as the legal reserve amounts to at least one-third of the Company's share capital. The legal reserve is not available for distribution.

4.19 Contingency reserves

In accordance with article 10 (bis) (2)(c) and 10 (bis) (3)(b) of Regulations for Implementing Insurance Companies Law (Ministerial Order 5/80), as amended, 10% of the net outstanding claims in case of the general insurance business and 1% of the life assurance premiums for the year in case of life insurance business is transferred from retained earnings to a contingency reserve.

Transfer to contingency reserve is assumed as given below:

Particulars	**2017**	**2018**	**2019**	**2020**
For Life Insurance	1,037,200	1,119,700	1,200,700	1,285,500
General insurance	250,000	280,000	320,000	350,000
Total	**1,287,200**	**1,399,700**	**1,520,700**	**1,635,500**

The Company may discontinue this transfer when the reserve equals to the issued share capital. No dividend shall be declared in any year until the deficit in the reserve is covered from the retained profits. The reserves shall not be used except by prior approval of the Capital Market Authority.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC (under transformation to SAOG)

NOTES TO THE FINANCIAL PROJECTIONS 2017 to 2020

4 Key assumptions (continued)

4.20 Net asset per share

Projected Net assets per share are calculated by dividing the projected net assets attributable to equity holders of the Company at the year-end by the projected number of shares outstanding at the year end, as follows

Particulars	**2017**	**2018**	**2019**	**2020**
Net assets (RO)	49,418,812	54,881,409	61,114,449	68,925,775
Number of shares outstanding at 31 December	265,000,000	265,000,000	265,000,000	265,000,000
Net assets per share (RO)	0.186	0.207	0.231	0.260

The Company has invested in fully owned subsidiary during 2016. Since the subsidiary is fully owned by the company, thus, there is no non-controlling interest and net assets of the Company are equivalent to net assets attributable to equity holders of the Parent Company.

4.21 Earnings per share – Basic and diluted

Earnings per share are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of shares outstanding during the year which are projected as follows:

Particulars	**2017**	**2018**	**2019**	**2020**
Profit for the year (RO)	8,001,415	9,332,811	10,743,962	13,003,091
Weighted average number of shares outstanding during the year	265,000,000	265,000,000	265,000,000	265,000,000
Basic Earnings per share (RO)	0.030	0.035	0.041	0.049

No figure for diluted earnings per share has been presented as the company has not assumed issue of any instruments which would have an impact on earnings per share when exercised.

4.22 Foreign exchange rate

For the foreign operations, the exchange rate assumptions for conversion to Omani Rial which are implicit in the projections are as follows:

- United Arab Emirates: 1 UAE Dirham = 0.1054 RO
- India: 1 Indian Rupee = 0.0060 RO
- Kuwait: 1 Kuwaiti Dinar = 1.2623 RO

15. AUDITED FINANCIAL STATEMENT – FOR THE PERIOD ENDED 30TH JUNE 2017

Audited financial statements
1st January 2017 to 30th June 2017

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC AND ITS SUBSIDIARY

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

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Block No: 146, Way No: 4202
Greater Muttrah, Muscat
Sultanate of Oman.

Registered address:

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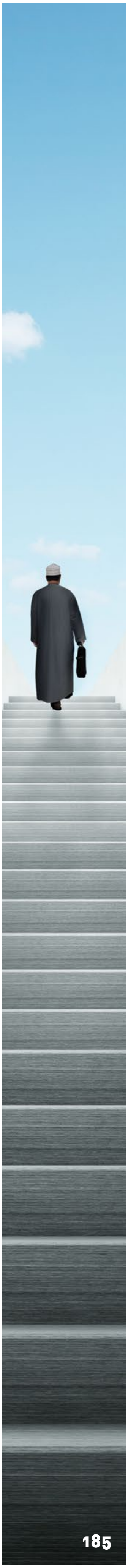

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC AND ITS SUBSIDIARY

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC AND ITS SUBSIDIARY

Report on the audit of the interim condensed consolidated financial statements

Opinion

We have audited the interim condensed consolidated financial statements of National Life and General Insurance Company SAOC (the "Company") and its subsidiary (the "Group") for the six month period ended 30 June 2017 which comprise the interim condensed consolidated statement of financial position as at 30 June 2017, and the related interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six month period then ended, and notes to the interim condensed consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying interim condensed consolidated financial statements present fairly, in all material respects, the interim condensed consolidated financial position of the Group as at 30 June 2017 and its interim condensed consolidated financial performance and interim condensed consolidated cash flows for the six month period then ended in accordance with IAS 34 *Interim Financial Reporting (IAS 34)*.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the interim condensed consolidated financial statements* section of our report. We are independent of the Company in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the interim condensed consolidated financial statements in the Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The comparative information for the six month period ended 30 June 2016 presented in these interim condensed consolidated financial statements is unaudited.

Responsibilities of management and those charged with governance for the interim condensed consolidated financial statements

Those charged with governance are responsible for the preparation and fair presentation of the interim condensed consolidated financial statements in accordance with IAS 34 and the relevant requirements of the Commercial Companies Law of 1974, as amended, and the Capital Market Authority ("the CMA") of the Sultanate of Oman, and for such internal control as those charged with governance determines is necessary to enable the preparation of interim condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the interim condensed consolidated financial statements, those charged with governance are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless those charged with governance either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC AND ITS SUBSIDIARY (CONTINUED)

Auditor's responsibilities for the audit of the interim condensed consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the interim condensed consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these interim condensed consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the interim condensed consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of those charged with governance's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the interim condensed consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the interim condensed consolidated financial statements, including the disclosures, and whether the interim condensed consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

In our opinion, the interim condensed consolidated financial statements comply, in all material respects, with the relevant requirements of the Commercial Companies Law of 1974, as amended, and CMA of the Sultanate of Oman.

Ernst & Young LLC

Sanjay Kawatra
Muscat
30 July 2017

إرنست ويونغ ش م م
س.ت: ١٢٢٤٠١٣
ص.ب: ١٧٥٠ روي - ١١٢، سلطنة عمان
EY ERNST & YOUNG LLC
C.R. No. 1224013
P.O. Box 1750 - P.C. 112, Sultanate of Oman

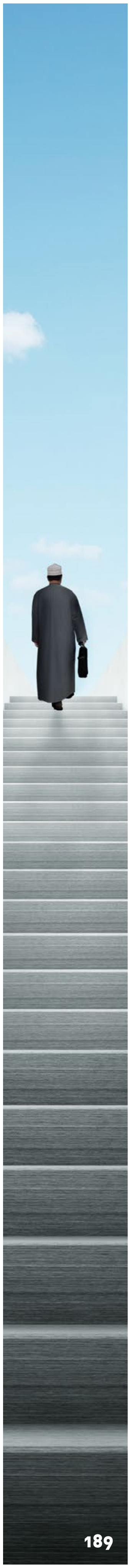
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at June 2017

	Notes	30 June 2017 RO	31 December 2016 RO	30 June 2016 RO (Unaudited)
ASSETS				
Cash and cash equivalents	4	**10,977,900**	16,610,164	236,411
Bank deposits	5	**43,015,859**	43,407,859	35,715,928
Premiums and insurance balance receivables	7	**42,299,626**	34,607,022	37,376,991
Reinsurers' share of outstanding claims	12	**13,799,085**	8,765,270	12,757,610
Reinsurers' share of actuarial / mathematical and unexpired risk reserve	13	**19,846,562**	17,919,901	17,340,627
Other receivables and prepayments		**3,639,797**	2,769,783	3,184,157
Investments at fair value through profit or loss	6(a)	**2,560,012**	2,740,264	6,624,161
Investments carried at amortised cost	6(b)	**18,662**	500,935	501,144
Investments carried at fair value through other comprehensive income	6(c)	**8,888,668**	4,681,840	4,380,302
Loans to policyholders		**354,592**	401,196	437,263
Investment property	9	**1,150,000**	1,200,000	1,300,000
Property and equipment		**1,442,720**	1,392,790	1,465,065
Deferred tax asset	19	**183,044**	107,906	113,499
Goodwill		**146,490**	146,490	146,490
Total assets		**148,323,017**	135,251,420	121,579,648
EQUITY AND LIABILITIES				
EQUITY				
Capital and reserves				
Share capital	10	**26,500,000**	26,500,000	10,500,000
Legal reserve		**4,440,389**	3,970,038	3,500,000
Contingency reserve		**7,122,357**	6,366,767	5,853,018
Revaluation reserve		**447,420**	447,420	447,420
Fair value reserve		**(875,793)**	(567,896)	(916,800)
Foreign exchange fluctuation reserve		**5,505**	-	-
Retained earnings		**8,060,787**	7,661,653	5,109,060
Total equity		**45,700,665**	44,377,982	24,492,698
LIABILITIES				
Gross outstanding claims	12	**32,331,300**	20,580,323	27,754,851
Gross actuarial / mathematical and unexpired risk reserve	13	**57,117,152**	47,252,317	50,472,315
Due to reinsurers	14	**4,748,342**	1,492,095	4,431,880
Other liabilities	15	**6,566,147**	17,094,029	10,456,869
Short term loan and overdraft from banks		**1,000,000**	3,900,000	3,875,681
Income tax payable	19	**859,411**	554,674	95,354
Total liabilities		**102,622,352**	90,873,438	97,086,950
Total equity and liabilities		**148,323,017**	135,251,420	121,579,648
Net assets per share	17	**1.725**	1.675	2.333

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 30 July 2017 and were ~~signed on~~ their behalf by:

Director | **Chief Executive Officer**

The attached notes from 1 to 25 form part of these interim condensed consolidated financial statements.



NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC AND ITS SUBSIDIARY

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2017

	Notes	30 June 2017 RO	30 June 2016 RO (Unaudited)
Gross written premium	22	**68,432,149**	56,541,172
Gross premium, earned	22	**58,567,314**	48,068,347
Premium ceded to reinsurers, earned	22	**(24,443,222)**	(20,223,328)
Net insurance premium revenue		**34,124,092**	27,845,019
Commission income on premium ceded to reinsurers	22	**4,672,216**	4,557,819
Income from policy fees	22	**869,669**	962,945
Gross claims expense	22	**(42,762,948)**	(43,966,654)
Reinsurers' share of claims	22	**17,553,137**	18,678,313
Commission expense	22	**(5,277,628)**	(4,340,989)
Net underwriting result		**9,178,538**	3,736,453
Investment income – net	18	**1,233,992**	1,042,347
Other operating income		**26,738**	18,239
Third party administration fees		**(1,020,931)**	(869,388)
General and administrative expenses		**(3,834,987)**	(2,634,748)
Finance cost		**(67,065)**	(39,956)
Profit before income tax		**5,516,285**	1,252,947
Income tax	19	**(812,776)**	(86,043)
Profit for the period		**4,703,509**	1,166,904
Other comprehensive expense			
Items that will be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**5,505**	-
Change in value of debt investments carried at fair value through other comprehensive income		**107,548**	-
Items that will not be reclassified to profit or loss:			
Change in value of investments carried at fair value through other comprehensive income		**(438,629)**	(192,396)
Other comprehensive expense for the period		**(325,576)**	(192,396)
Total comprehensive income for the period		**4,377,933**	974,508
Earnings per share - basic and diluted	20	**0.177**	0.111

Items in the interim condensed consolidated statement of other comprehensive income above are disclosed net of tax.

The attached notes 1 to 25 form part of these interim condensed consolidated financial statements.

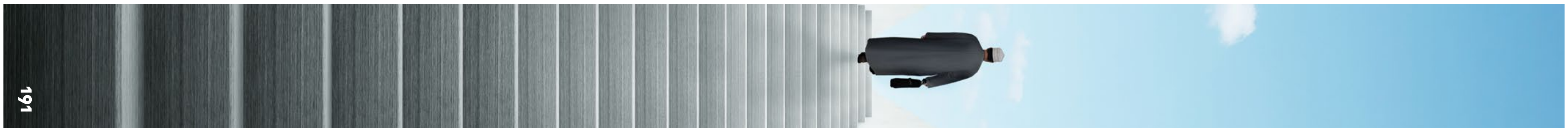
NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC AND ITS SUBSIDIARY

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Notes	Share capital RO	Legal reserve RO	Contingency reserve RO	Revaluation reserve RO	Fair value reserve RO	Foreign exchange fluctuation reserve RO	Retained earnings RO	Total equity RO
At 1 January 2016		10,500,000	3,500,000	5,226,542	447,420	(724,404)	-	7,184,632	26,134,190
Profit for the period		-	-	-	-	-	-	1,166,904	1,166,904
Change in value of investments carried at fair value through other comprehensive income		-	-	-	-	(192,396)	-	-	(192,396)
Total comprehensive income for the period		-	-	-	-	(192,396)	-	1,166,904	974,508
Dividends declared (Note 11)		-	-	-	-	-	-	(2,616,000)	(2,616,000)
Transfer to contingency reserve		-	-	626,476	-	-	-	(626,476)	-
At 30 June 2016 (unaudited)		10,500,000	3,500,000	5,853,018	447,420	(916,800)	-	5,109,060	24,492,698
At 1 January 2017		**26,500,000**	**3,970,038**	**6,366,767**	**447,420**	**(567,896)**	-	**7,661,653**	**44,377,982**
Profit for the period		-	-	-	-	-	-	**4,703,509**	**4,703,509**
Change in value of investments carried at fair value through other comprehensive income		-	-	-	-	**(331,081)**	-	-	**(331,081)**
Change in foreign exchange fluctuation reserve		-	-	-	-	-	**5,505**	-	**5,505**
Total comprehensive income for the period		-	-	-	-	**(331,081)**	**5,505**	**4,703,509**	**4,377,933**
Transfer on sale of fair value through other comprehensive investments		-	-	-	-	**23,184**	-	**(23,184)**	-
Dividends declared and paid (Note 11)		-	-	-	-	-	-	**(3,055,250)**	**(3,055,250)**
Transfer to legal reserve		-	**470,351**	-	-	-	-	**(470,351)**	-
Transfer to contingency reserve		-	-	**755,590**	-	-	-	**(755,590)**	-
At 30 June 2017		**26,500,000**	**4,440,389**	**7,122,357**	**447,420**	**(875,793)**	**5,505**	**8,060,787**	**45,700,665**

The attached notes 1 to 25 form part of these interim condensed consolidated financial statements.



NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC AND ITS SUBSIDIARY

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2017

	Notes	30 June 2017 RO	30 June 2016 RO (Unaudited)
Operating activities			
Profit before taxation		**5,516,285**	1,252,947
Adjustments for:			
Net (loss) / gain on investments at fair value through profit or loss		**145,448**	(61,838)
Amortisation of investments carried at amortised cost	6(b)	**377**	1,736
Allowance for impaired debts		**240,116**	55,667
Change in fair value of an investment property	9	**50,000**	-
Accrual for end on service benefits		**75,901**	64,907
Interest income	18	**(1,103,773)**	(616,227)
Finance cost		**67,065**	39,956
Dividend income	18	**(331,366)**	(292,609)
Expense / (income) from investment property	18	**1,991**	(71,673)
Depreciation		**219,179**	165,516
Profit on disposal of property and equipment		**(632)**	(13,164)
		4,880,591	525,218
Changes in working capital:			
Premium and insurance balances receivable		**(7,932,720)**	(10,217,206)
Other receivables and prepayments		**(686,436)**	(370,306)
Reinsurers' share of outstanding claims		**(5,033,815)**	(4,400,322)
Reinsurers' share of actuarial / mathematical and unexpired risk reserve		**(1,926,661)**	(3,508,305)
Gross outstanding claims		**11,750,977**	9,953,807
Actuarial / mathematical and unexpired risk reserve		**9,864,835**	8,472,825
Due to reinsurers		**3,256,247**	3,648,837
Other liabilities		**(10,559,509)**	(5,955,776)
		3,613,509	(1,851,228)
End of service benefits paid		**(40,730)**	(6,404)
Income tax paid		**(553,379)**	(563,961)
Net cash from/ (used in) operating activities		**3,019,400**	(2,421,593)

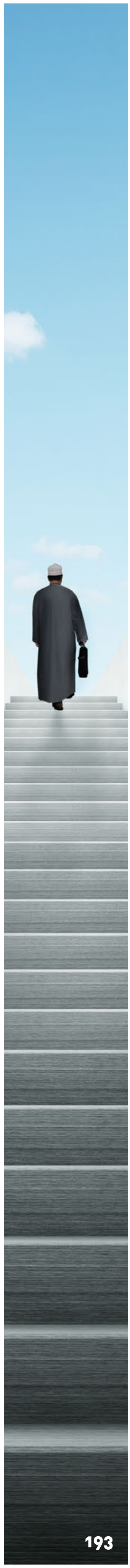
The attached notes 1 to 25 form part of these interim condensed consolidated financial statements.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC AND ITS SUBSIDIARY

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the six months ended 30 June 2017

	Note	30 June 2017 RO	30 June 2016 RO (Unaudited)
Investing activities			
Placement in bank deposits (net)		**392,000**	(1,500,000)
Purchase of property and equipment		**(269,136)**	(930,899)
Purchase of investment securities		**(4,662,505)**	(748,517)
Proceeds from disposal of investment securities		**611,499**	485,942
Proceeds from disposal of property and equipment		**659**	64,017
Interest received		**957,840**	383,310
Dividends received		**290,176**	292,609
Income from investment property received	18	**(1,991)**	71,673
Net movement in loans to policyholders		**46,604**	22,819
Net cash used in investing activities		**(2,634,854)**	(1,859,046)
Financing activities			
Finance cost paid		**(67,065)**	(39,956)
Dividend paid	11	**(3,055,250)**	(54,132)
Short term loans		**(2,900,000)**	3,375,681
Net cash (used in) / from financing activities		**(6,022,315)**	3,281,593
Net changes in cash and cash equivalents		**(5,637,769)**	(999,046)
Currency translation adjustment		**5,505**	-
Cash and cash equivalents at the beginning of the period	4	**16,610,164**	1,235,457
Cash and cash equivalents at the end of the period	4	**10,977,900**	236,411

The attached notes 1 to 25 form part of these interim condensed consolidated financial statements.



NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC AND ITS SUBSIDIARY

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2017

1 Legal status and principal activities

National Life and General Insurance Company SAOC (the Company or the Parent Company) is a closely held joint stock company incorporated in the Sultanate of Oman in 1995 and is engaged in the business of life and general insurance within the Sultanate of Oman and United Arab Emirates (UAE). It commenced its operations with life and health business in Oman and diversified into general insurance business after obtaining general insurance license in 2006. The Group has expanded its operations in UAE with a branch in Dubai to transact life insurance business as per the license dated 13 May 2007 issued by United Arab Emirates Insurance Authority. During 2014, the Parent Company obtained a license dated 8 May 2014 to have a branch in Abu Dhabi issued by United Arab Emirates Insurance Authority and commenced operations in Abu Dhabi during 2015.

The Company is a subsidiary of Oman International Development and Investment Company SAOG (OMINVEST), a public joint stock company incorporated in the Sultanate of Oman.

2 Basis of preparation and accounting policies

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' using the same accounting policies, basis of consolidation and methods of computations as those used in the consolidated financial statements for the year ended 31 December 2016. The interim condensed consolidated financial statements do not contain all the information and disclosures required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and should be read in conjunction with the annual financial statements as at 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards (IFRS). In addition, the results for the six month period ended 30 June 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

The interim condensed consolidated financial statements are prepared for the purpose of Group's Initial Public Offering requirements. The comparative information included in these interim condensed consolidated financial statements as at 30 June 2016 and for the six month period then ended is unaudited.

2.2 Changes in accounting policy and disclosures

(a) New and amended standards and interpretations effective after 1 January 2017 and relevant for the company's operations

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016, except for the adoption of new standards effective as of 1 January 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Although these amendments apply for the first time in 2017, they do not have a material impact on the interim condensed consolidated financial statements of the Group.

(b) Standards, amendments or interpretations to existing standards which are relevant for the group but are not yet effective and have not been early adopted by the group.

Certain new standards, amendments to standards and interpretations are not yet effective for the six months ended 30 June 2017, with the Group not opting for early adoption. These have, therefore, not been applied in preparing these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six months ended 30 June 2017

3 Critical accounting judgment and key sources of estimation uncertainty

The preparation of interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimating uncertainty were the same as those that were applied to the financial statements for the year ended 31 December 2016.

4 Cash and cash equivalents

	30 June 2017 RO	31 December 2016 RO	30 June 2016 RO (Unaudited)
Deposits with banks for less than 90 days	**6,074,202**	-	-
Balances with banks	**4,893,540**	16,599,022	225,217
Cash in hand	**10,158**	11,142	11,194
Cash and cash equivalents	**10,977,900**	16,610,164	236,411

Deposits with banks for less than 90 days include deposits with commercial banks in UAE amounting to RO 6,074,202 which are denominated in US Dollars and UAE Dirhams and carry interest ranging from 0.95% to 1.09%.

Included in balances with banks are balances of RO 3,950,862 (31 December 2016 - RO 13,727,836 and 30 June 2016 – RO 251,620) with commercial banks in Oman, India and GCC Countries, which are denominated in US Dollars, Indian Rupees and various other GCC currencies, and do not carry interest.

5 Bank deposits

	30 June 2017 RO	31 December 2016 RO	30 June 2016 RO (Unaudited)
Deposits (i)	**32,015,859**	32,407,859	29,715,928
Subordinated deposits (ii)	**11,000,000**	11,000,000	6,000,000
	43,015,859	43,407,859	35,715,928

(i) Deposits are held with leasing companies and commercial banks in the Sultanate of Oman and United Arab Emirates, denominated in Rial Omani of RO 25,229,357 (31 December 2016 - RO 27,729,357 and 30 June 2016 – RO 25,317,000), and denominated in UAE Dirhams of RO 6,786,502 (31 December 2016 – RO 4,678,502 and 30 June 2016 – RO 4,398,928) and carry effective annual interest rates ranging between 2% to 5% (31 December 2016 – 1.25% to 5% and 30 June 2016 – 0.83% to 4.75%).

(ii) Subordinated deposits are held with commercial banks in the Sultanate of Oman, denominated in Rial Omani of RO 11,000,000 (31 December 2016 - RO 11,000,000 and 30 June 2016 – RO 6,000,000) and carry annual interest rates ranging between 4.5% to 7% (31 December 2016 – 4.5% to 7% and 30 June 2016 – 4.5% to 5.76%).

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC AND ITS SUBSIDIARY

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six months ended 30 June 2017

6 Investment securities

		30 June 2017 RO	31 December 2016 RO	30 June 2016 RO (Unaudited)
Investments at fair value through profit or loss	6(a)	**2,560,012**	2,740,264	6,624,161
Investments carried at amortised cost	6(b)	**18,662**	500,935	501,144
Investment carried at fair value through other comprehensive income	6(c)	**8,888,668**	4,681,840	4,380,302
		11,467,342	7,923,039	11,505,607

6(a) Investments at fair value through profit or loss

	30 June 2017		31 December 2016		30 June 2016	
	Market value RO	Cost RO	Market value RO	Cost RO	Market value RO (Unaudited)	Cost RO (Unaudited)
Quoted local						
Banking and investment	**1,310,323**	**1,292,343**	1,327,845	1,346,869	1,758,972	1,808,041
Services	**1,249,689**	**1,118,018**	1,412,419	1,118,018	3,158,407	2,343,351
Industrial	**-**	**-**	-	-	1,706,782	1,569,104
	2,560,012	**2,410,361**	2,740,264	2,464,887	6,624,161	5,720,496

(i) Movement in investments at fair value through profit or loss:

	30 June 2017 RO	31 December 2016 RO	30 June 2016 RO (Unaudited)
At 1 January	**2,740,264**	6,795,178	6,795,178
Additions during the period / year	**77,521**	3,146,270	102,493
Disposals during the period / year at cost	**(111,471)**	(7,350,967)	(335,348)
Realised gain on disposal (note 18)	**7,120**	187,247	24,778
Fair value changes (note 18)	**(153,422)**	(37,464)	37,060
At 30 June / 31 December	**2,560,012**	2,740,264	6,624,161

6 (b) Investments carried at amortised cost

	30 June 2017 RO	31 December 2016 RO	30 June 2016 RO (Unaudited)
Bonds - over one year from the date of inception	**18,662**	500,935	501,144
Annual interest rates	**4%**	4% to 5.5%	4% to 5.5%

(i) Movement in investments carried at amortised cost:

	30 June 2017 RO	31 December 2016 RO	30 June 2016 RO (Unaudited)
At 1 January	**500,935**	646,110	646,110
Additions during the period / year	**-**	7,364	7,364
Matured during the period / year	**(482,750)**	(150,594)	(150,594)
Amortisation during the period / year	**(377)**	(1,945)	(1,736)
Realised gain on maturity (note 18)	**854**	-	-
At 30 June / 31 December	**18,662**	500,935	501,144

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six months ended 30 June 2017

6 Investment securities (continued)

6 (c) Investments carried at fair value through other comprehensive income

	30 June 2017		31 December 2016		30 June 2016	
	Market value RO	**Cost RO**	Market value RO	Cost RO	Market value RO (Unaudited)	Cost RO (Unaudited)
Local						
Unquoted	**50,000**	**50,000**	50,000	50,000	50,000	50,000
Quoted	**1,512,268**	**1,678,815**	1,763,544	1,632,115	1,412,330	1,632,115
	1,562,268	**1,728,815**	1,813,544	1,682,115	1,462,330	1,682,115
Foreign						
Unquoted	**314,203**	**1,080,199**	325,976	1,120,661	325,614	1,120,661
Quoted	**7,012,197**	**7,080,605**	2,542,320	2,542,320	2,592,358	2,589,371
	8,888,668	**9,889,619**	4,681,840	5,345,096	4,380,302	5,392,147

(i) Movement in investments carried at fair value through other comprehensive income:

	30 June 2017 RO	31 December 2016 RO	30 June 2016 RO (Unaudited)
At 1 January	**4,681,840**	3,930,303	3,930,303
Additions during the period / year	**4,584,984**	638,660	638,660
Disposals during the period / year	**(17,278)**	(49,948)	-
Realised gain on disposal	**5,504**	2,897	-
Fair value change	**(366,382)**	159,928	(188,661)
At 30 June / 31 December	**8,888,668**	4,681,840	4,380,302

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six months ended 30 June 2017

7 Premiums and insurance balance receivables

	30 June 2017			31 December 2016			30 June 2016		
	Life RO	**General RO**	**Total RO**	Life RO	General RO	Total RO	Life RO (Unaudited)	General RO (Unaudited)	Total RO (Unaudited)
Premium receivable	**37,853,111**	**3,193,743**	**41,046,854**	27,735,627	2,123,179	29,858,806	33,635,117	1,407,123	35,042,240
Premium receivable from a related party (note 21)	**899,259**	**89,073**	**988,332**	98,433	976	99,409	151,803	1,598	153,401
Reinsurance balances receivable	**909,682**	**255,813**	**1,165,495**	4,827,769	507,762	5,335,531	2,471,613	402,967	2,874,580
	39,662,052	**3,538,629**	**43,200,681**	32,661,829	2,631,917	35,293,746	36,258,533	1,811,688	38,070,221
Allowance for impaired debts	**(739,361)**	**(161,694)**	**(901,055)**	(537,672)	(149,052)	(686,724)	(487,639)	(205,591)	(693,230)
	38,922,691	**3,376,935**	**42,299,626**	32,124,157	2,482,865	34,607,022	35,770,894	1,606,097	37,376,991
Movement in allowance for impaired debts									
At 1 January	**537,672**	**149,052**	**686,724**	440,408	197,155	637,563	440,408	197,155	637,563
Provided during the period / year	**223,881**	**16,235**	**240,116**	97,264	7,831	105,095	47,231	8,436	55,667
Written off during the period / year	**(22,192)**	**(3,593)**	**(25,785)**	-	(55,934)	(55,934)	-	-	-
At 30 June / 31 December	**739,361**	**161,694**	**901,055**	537,672	149,052	686,724	487,639	205,591	693,230

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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8 Restrictions on transfer of assets

In accordance with the law governing the operation of insurance companies within the Sultanate of Oman, the Group has identified to the Capital Market Authority certain specific bank deposits, investments and loans to policyholders included in the statement of financial position at a total value of RO 31,871,886 (31 December 2016 - RO 31,367,841 and 30 June 2016 - RO 44,757,957). Under the terms of the legislation, the Group can transfer these assets only with the prior approval of the Capital Market Authority.

In accordance with the law governing the operation of insurance companies within the United Arab Emirates, the Group has identified to the Insurance Authority, Abu Dhabi - UAE certain specific fixed deposits included in the statement of financial position at a total value of RO 441,405 (31 December 2016 - RO 441,405 and 30 June 2016 - RO 441,405). Under the terms of the legislation, the Group can transfer these assets only with the prior approval of the Insurance Authority.

The Group has provided bank guarantee of RO 50,000 (31 December 2016 - RO 50,000 and 30 June 2016 - RO 50,000) to the Oman Unified Bureau for the Orange Card which is secured by a fixed deposit.

The Group has an overdraft facility of RO 1,900,000 with local bank for which the Group has provided negative pledge confirmation over its current assets and an undertaking not to create any encumbrance on its assets to any other lenders.

9 Investment property

Investment property is stated at fair value (level 2), which has been determined based on the valuations performed by Hamptons International as at 30 June 2017. Hamptons International is an industry specialist in valuing these types of investment properties. The property is under lien with Capital Market Authority (CMA).

Movement in value of investment property is set out below:

	30 June 2017	31 December 2016	30 June 2016
	RO	RO	RO (Unaudited)
At 1 January	**1,200,000**	1,300,000	1,300,000
Fair value change	**(50,000)**	(100,000)	-
At 30 June / 31 December	**1,150,000**	1,200,000	1,300,000

10 Share capital

Shareholders in their extraordinary general meeting held on 16 July 2017 have decided to split the share of the Parent Company from RO 1 each to RO 0.100 each.

11 Dividends paid

Shareholders in annual general meeting dated 28 March 2017 (2016 - annual general meeting dated 28 March 2016) approved cash dividend of RO 3,055,250 (31 December 2016 – cash dividend of RO 2,616,000) which was subsequently paid.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six months ended 30 June 2017

12 Claims

Life and general	30 June 2017 Gross outstanding claims RO	30 June 2017 Reinsurers' share of outstanding claims RO	30 June 2017 Net outstanding claims RO	31 December 2016 Gross outstanding claims RO	31 December 2016 Reinsurers' share of outstanding claims RO	31 December 2016 Net outstanding claims RO	30 June 2016 Gross outstanding claims RO (Unaudited)	30 June 2016 Reinsurers' share of outstanding claims RO (Unaudited)	30 June 2016 Net outstanding claims RO (Unaudited)
At 1 January									
- Claims incurred	**12,204,540**	**(5,366,675)**	**6,837,865**	11,521,527	(5,701,711)	5,819,816	11,521,527	(5,701,711)	5,819,816
- Incurred but not reported	**8,375,783**	**(3,398,595)**	**4,977,188**	6,279,518	(2,655,577)	3,623,941	6,279,518	(2,655,577)	3,623,941
	20,580,323	**(8,765,270)**	**11,815,053**	17,801,045	(8,357,288)	9,443,757	17,801,045	(8,357,288)	9,443,757
Add: Claims provided during the period / year	**42,762,948**	**(17,553,137)**	**25,209,811**	83,880,542	(35,414,951)	48,465,591	43,966,654	(18,678,313)	25,288,341
Less: Claims paid during the period / year	**(31,011,971)**	**12,519,322**	**(18,492,649)**	(81,101,264)	35,006,969	(46,094,295)	(34,012,848)	14,277,991	(19,734,857)
At 30 June / 31 December	**32,331,300**	**(13,799,085)**	**18,532,215**	20,580,323	(8,765,270)	11,815,053	27,754,851	(12,757,610)	14,997,241
Analysis of outstanding claims at 30 June / 31 December									
- Claims incurred	**25,400,516**	**(10,985,188)**	**14,415,328**	12,204,540	(5,366,675)	6,837,865	19,240,072	(9,204,746)	10,035,326
- Incurred but not reported	**6,930,784**	**(2,813,897)**	**4,116,887**	8,375,783	(3,398,595)	4,977,188	8,514,779	(3,552,864)	4,961,915
	32,331,300	**(13,799,085)**	**18,532,215**	20,580,323	(8,765,270)	11,815,053	27,754,851	(12,757,610)	14,997,241

Substantially all of the claims are expected to be paid within twelve months of the reporting date. The amounts due from reinsurers are contractually due within three months from the date of submission of accounts to the reinsurer.

The Group estimates its insurance liabilities and reinsurance assets principally based on previous experience. Incurred but not reported (IBNR) estimates for the medical and life business are based on an independent actuary's report. Claims requiring Court or arbitration decisions are estimated individually.

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13 Gross actuarial / mathematical and unexpired risk reserve

	30 June 2017 RO	31 December 2016 RO	30 June 2016 RO (Unaudited)
Actuarial / mathematical and unexpired risk reserve - life assurance			
Gross	**51,484,337**	42,929,303	47,159,999
Reinsurers' share	**(19,391,570)**	(17,408,917)	(16,936,060)
	32,092,767	25,520,386	30,223,939
Unexpired risk reserve – general insurance			
Gross	**5,632,815**	4,323,014	3,312,316
Reinsurers' share	**(454,992)**	(510,984)	(404,567)
	5,177,823	3,812,030	2,907,749
Actuarial / mathematical and unexpired risk reserve – total			
Gross	**57,117,152**	47,252,317	50,472,315
Reinsurers' share	**(19,846,562)**	(17,919,901)	(17,340,627)
	37,270,590	29,332,416	33,131,688

Movement during the period / year:

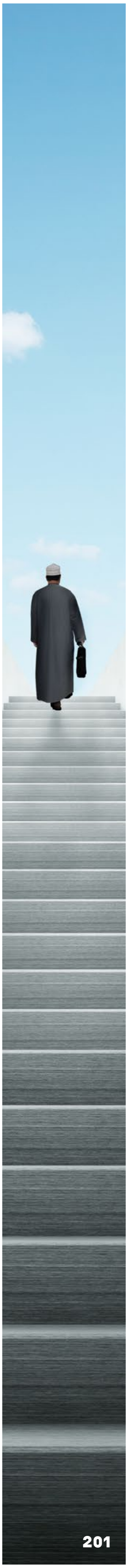
	30 June 2017 RO	31 December 2016 RO	30 June 2016 RO (Unaudited)
Actuarial / mathematical and unexpired risk reserve – life assurance			
At 1 January	**25,520,386**	25,648,902	25,648,902
Net movement in the statement of comprehensive income	**6,572,381**	(128,516)	4,575,037
At 30 June / 31 December	**32,092,767**	25,520,386	30,223,939
Unexpired risk reserve – general insurance			
At 1 January	**3,812,030**	2,518,266	2,518,266
Net movement in the statement of comprehensive income	**1,365,793**	1,293,764	389,483
At 30 June / 31 December	**5,177,823**	3,812,030	2,907,749

14 Due to reinsurers

	30 June 2017 RO	31 December 2016 RO	30 June 2016 RO (Unaudited)
Reinsurance balances payable – life insurance	**4,106,114**	964,818	4,030,913
Reinsurance balances payable – general insurance	**642,228**	527,277	400,967
	4,748,342	1,492,095	4,431,880

15 Other liabilities

	30 June 2017 RO	31 December 2016 RO	30 June 2016 RO (Unaudited)
Accounts payable	**1,382,518**	12,408,018	3,342,933
Accrued expenses	**2,288,578**	2,105,426	1,965,129
Other payables	**2,168,808**	1,946,469	4,565,923
End of service benefits	**513,955**	478,785	450,079
Directors' remuneration and sitting fees (note 21)	**143,262**	141,713	26,884
Amounts due to a related party (note 21)	**69,026**	13,618	105,921
	6,566,147	17,094,029	10,456,869



NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC AND ITS SUBSIDIARY

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for the six months ended 30 June 2017

16 Contingent liabilities

(a) Contingencies

At 30 June 2017, there were contingent liabilities in respect of guarantees issued by commercial banks on behalf of the Group amounting to RO 368,522 (31 December 2016 - RO 475,457 and 30 June 2016 – RO 256,764) given in the normal course of business from which it is anticipated that no material liabilities will arise.

(b) Legal claims

The Group, consistent with the majority of insurers, is subject to litigation in the normal course of its business. The Group, based on independent legal advice, does not believe that the outcome of the court cases will have a material impact on its income or financial position.

17 Net assets per share

Net assets per share is calculated by dividing the net assets attributable to equity holders of the Parent Company at the reporting date by the number of shares outstanding at the reporting date as follows:

	30 June 2017 RO	31 December 2016 RO	30 June 2016 RO (Unaudited)
Net assets (RO)	**45,700,665**	44,377,983	24,492,698
Number of shares outstanding at 30 June / 31 December	**26,500,000**	26,500,000	10,500,000
Net assets per share (RO)	**1.725**	1.675	2.333

18 Investment income – net

	30 June 2017 RO	30 June 2016 RO (Unaudited)
Interest income on bank deposits and other investments	**983,390**	567,058
Interest income on bonds, net of amortisation charge	**101,711**	25,682
Interest income on loans to policy holders	**18,672**	23,487
Dividend income	**331,366**	292,609
(Expense) / income from investment property	**(1,991)**	71,673
Change in fair value of investment property	**(50,000)**	-
Net unrealised (loss) / gain on investments carried at fair value through profit or loss	**(153,422)**	37,060
Net realised gain on investment carried at fair value through profit or loss	**7,974**	24,778
	1,237,700	1,042,347
Investment acquisition cost and portfolio management fees	**(3,708)**	-
	1,233,992	1,042,347

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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19 Income tax

	30 June 2017 RO	30 June 2016 RO (Unaudited)
Statement of comprehensive income:		
Current tax		
- For the year	**859,411**	124,116
- For prior years	**(1,295)**	(31,393)
Deferred tax	**(45,340)**	(6,680)
	812,776	86,043

	30 June 2017 RO	31 December 2016 RO	30 June 2016 RO (Unaudited)
Current liability			
Income tax payable	**859,411**	554,674	95,354
Non-current asset			
Deferred tax asset	**183,044**	107,906	113,499

The tax rate applicable to the Parent Company is 15% (30 June 2016 – 12%).

20 Earnings per share – basic and diluted

Earnings per share is calculated by dividing the profit for the period attributable to equity holders of the Parent Company by the weighted average number of shares outstanding during the six months ended as follows:

	30 June 2017	30 June 2016
Profit for the six months ended 30 June 2017 (RO)	**4,703,509**	1,166,904
Weighted average number of shares outstanding	**26,500,000**	10,500,000
Basic earnings per share (RO)	**0.177**	0.111

No figure for diluted earnings per share has been presented as the Company has not issued any instruments which would have an impact on earnings per share when exercised.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC AND ITS SUBSIDIARY

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21 Related party transactions

(a) Transactions with related parties of the Parent Company or holders of 10% or more of the Parent Company's shares or their family members included in the statements of comprehensive income and statement of financial position are as follows:

	Total	Major shareholders	Directors	Subsidiaries & associates of major shareholder	Key management personnel of major shareholder	Other related parties
30 June 2017	**RO**	**RO**	**RO**	**RO**	**RO**	**RO**
Statement of comprehensive income						
Gross premium income	2,772,324	99,692	582	2,332,936	500	338,614
Claims expense	1,095,682	28,862	-	909,311	-	157,509
Reinsurers' share of claims paid	28,555	-	-	28,555	-	-
Interest income on deposits	101,815	-	-	101,815	-	-
Rent expenses	66,023	66,023	-	-	-	-
Commission expense	191,097	-	-	70,833	-	120,264
Other expenses	125,888	7,000	-	11,352	400	107,136
Director sitting fees	9,800	-	9,800	-	-	-
Directors' remuneration	143,262	-	143,262	-	-	-
Statement of financial position						
Directors' remuneration & sitting fees (Note 15)	143,262	-	143,262	-	-	-
Claims payable to related parties	380,644	18,081	-	269,165	-	93,398
Commission payable	269,968	-	-	8,333	-	261,635
Payable to related parties (Note 15)	69,026	-	-	-	-	69,026
Receivable from related parties	96,900	88,167	-	-	-	8,733
Bank balances	581,221	-	-	581,221	-	-
Fixed deposits balances	5,250,000	-	-	5,250,000	-	-
Premium receivable from related parties	988,332	-	2,232	715,363	-	270,737
Reinsurance balance receivable	56,014	-	-	56,014	-	-
Accrued interest receivable	95,110	-	-	95,110	-	-

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six months ended 30 June 2017

21 Related party transactions (continued)

	Total	Major shareholders	Directors	Subsidiaries & associates of major shareholder	Key management personnel of major shareholder	Other related parties
	RO	RO	RO	RO	RO	RO
30 June 2016						
Statement of comprehensive income						
Premium income	362,543	135,762	622	222,771	3,080	308
Claims expense	117,115	41,085	-	76,030	-	-
Reinsurers' share of claims paid	49,310	-	-	49,310	-	-
Reinsurance outward premium expense	10	-	-	10	-	-
Interest income on deposits	96,584	-	-	96,584	-	-
Rent expenses	66,023	66,023	-	-	-	-
Other expenses	13,374	13,374	-	-	-	-
Directors' sitting fees	6,900	-	6,900	-	-	-
Directors' remuneration	26,884	-	26,884	-	-	-
Statement of financial position						
Directors' remuneration & sitting fees (Note 15)	26,884	-	26,884	-	-	-
Claims payable to related parties	114,715	57,571	-	57,144	-	-
Payable to related parties (Note 15)	105,921	105,921	-		-	-
Bank balances	89,708	-	-	89,708	-	-
Investment in shares	677,580	-	-	677,580	-	-
Fixed deposits balances	5,250,000	-	-	5,250,000	-	-
Premium receivable from related parties	153,401	138,988	2,272	12,085	56	-
Reinsurance payable / receivable net of commission payable	126,778	-	-	126,778	-	-
Accrued interest receivable	98,137	-	-	98,137	-	-

No provision has been required during six months ended 30 June 2017 (30 June 2016 – nil) in respect of amounts due from related parties.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC AND ITS SUBSIDIARY

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21 Related party transactions (continued)

(b) Compensation of key management personnel

The remuneration of members of key management during the year (salaries, incentives, fees, allowances and other statutory payments) was as follows:

	30 June 2017 RO	30 June 2016 RO (Unaudited)
Short-term benefits	**235,173**	188,856
Employees' end of service benefits & leave salary accrual	**63,199**	37,175
	298,372	226,031
Number of key management personnel	**8**	6

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six months ended 30 June 2017

22 Segmental information

22.1 Primary reporting format - business segments

The Group's operating businesses are organised and managed separately according to the nature of the activities and services provided, with each segment representing a strategic business unit that offers different services.

The following table presents premium and profit information and asset and liability information regarding business segments for the six months ended 30 June 2017 and 30 June 2016.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that have been allocated on a reasonable basis.

30 June 2017	Life and medical RO	General RO	Adjustments and eliminations RO	Total RO
Gross premium written	61,850,792	6,581,357	-	68,432,149
Movement in unearned premiums	(8,555,034)	(1,309,801)	-	(9,864,835)
Gross premiums earned	53,295,758	5,271,556	-	58,567,314
Insurance premium ceded to reinsurers	(25,811,134)	(558,749)	-	(26,369,883)
Movement in unearned premiums	1,982,653	(55,992)	-	1,926,661
Premium ceded to reinsurers, earned	(23,828,481)	(614,741)	-	(24,443,222)
Net premiums	29,467,277	4,656,815	-	34,124,092
Claims	(39,022,009)	(3,740,939)	-	(42,762,948)
Reinsurers' share of claims	17,198,009	355,128	-	17,553,137
Net claims	(21,824,000)	(3,385,811)	-	(25,209,811)
Income from policy fees	769,026	100,643	-	869,669
Commission income on premium ceded to reinsurers	4,553,182	119,034	-	4,672,216
Commission expense	(4,619,749)	(657,879)	-	(5,277,628)
Net underwriting results	8,345,736	832,802		9,178,538
Investment income – net	975,420	283,084	(24,512)	1,233,992
Other operating income	24,938	1,800	-	26,738
Third party administration fees	(1,020,931)	-	-	(1,020,931)
General and administrative expenses	(2,863,247)	(971,740)	-	(3,834,987)
Finance cost	(67,065)	-	-	(67,065)
Income tax	(791,369)	(21,407)	-	(812,776)
Profit for the period	4,603,482	124,539	(24,512)	4,703,509

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22 Segmental information (continued)

22.1 Primary reporting format - business segments (continued)

30 June 2016 (unaudited)	Life and medical RO	General RO	Adjustments and eliminations RO	Total RO
Gross premium written	52,875,946	3,665,226	-	56,541,172
Movement in unearned premiums	(8,154,619)	(318,206)	-	(8,472,825)
Gross premiums earned	44,721,327	3,347,020	-	48,068,347
Insurance premium ceded to reinsurers	(23,219,686)	(511,947)	-	(23,731,633)
Movement in unearned premiums	3,579,582	(71,277)	-	3,508,305
Premium ceded to reinsurers, earned	(19,640,104)	(583,224)	-	(20,223,328)
Net premiums	25,081,223	2,763,796	-	27,845,019
Claims	(41,909,827)	(2,056,827)	-	(43,966,654)
Reinsurers' share of claims	18,428,409	249,904	-	18,678,313
Net claims	(23,481,418)	(1,806,923)	-	(25,288,341)
Income from policy fees	864,337	98,608	-	962,945
Commission income on premium ceded to reinsurers	4,444,804	113,015	-	4,557,819
Commission expense	(4,057,617)	(283,372)	-	(4,340,989)
Net underwriting results	2,851,329	885,124	-	3,736,453
Investment income – net	804,375	237,972	-	1,042,347
Other operating income	18,153	86	-	18,239
Third party administration fees	(869,388)	-	-	(869,388)
General and administrative expenses	(1,868,440)	(766,308)	-	(2,634,748)
Finance cost	(39,956)	-	-	(39,956)
Income tax	(61,536)	(24,507)	-	(86,043)
Profit for the period	834,537	332,367	-	1,166,904

	Life and Medical RO	General RO	Adjustments and eliminations	Total RO
30 June 2017				
Segment assets	**127,408,056**	**21,074,010**	**(159,049)**	**148,323,017**
Segment liabilities	**81,431,028**	**21,194,867**	**(3,543)**	**102,622,352**
31 December 2016				
Segment assets	116,077,301	19,174,119	-	135,251,420
Segment liabilities	71,128,499	19,744,939	-	90,873,438
30 June 2016 (unaudited)				
Segment assets	105,036,581	16,543,067	-	121,579,648
Segment liabilities	78,910,376	18,176,574	-	97,086,950

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22 Segmental information (continued)

22.2 Primary reporting format - geographic segments

Geographic Information

The Group has operations in three geographic locations in Middle East - Oman, Dubai and Abu Dhabi and has setup a fully owned subsidiary to provide support services in India in 2016. The businesses are organised and managed separately, with each segment representing a strategic business unit.

The following table presents premium and profit information and asset and liability information regarding business segments for the six months ended 30 June 2017 and 30 June 2016.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that have been allocated on a reasonable basis.

	Oman RO	Dubai RO	Abu Dhabi RO	India RO	Adjustments and eliminations RO	Total RO
30 June 2017						
Gross premium written	30,444,801	28,071,504	9,915,844	-	-	68,432,149
Movement in unearned premiums	(6,471,646)	(1,609,342)	(1,783,847)	-	-	(9,864,835)
Gross premiums earned	23,973,155	26,462,162	8,131,997	-	-	58,567,314
Insurance premium ceded to reinsurers	(11,430,623)	(10,994,104)	(3,945,156)	-	-	(26,369,883)
Movement in unearned premiums	3,051,049	(1,266,448)	142,060	-	-	1,926,661
Premium ceded to reinsurers, earned	(8,379,574)	(12,260,552)	(3,803,096)	-	-	(24,443,222)
Net premiums	15,593,581	14,201,610	4,328,901	-	-	34,124,092
Claims	(17,208,349)	(19,967,295)	(5,587,304)	-	-	(42,762,948)
Reinsurers' share of claims	6,291,784	8,741,529	2,519,824	-	-	17,553,137
Net claims	(10,916,565)	(11,225,766)	(3,067,480)	-	-	(25,209,811)
Income from policy fees	352,980	355,887	160,802	-	-	869,669
Commission income on premium ceded to reinsurers	1,639,183	2,232,183	800,850	-	-	4,672,216
Commission expense	(1,843,792)	(2,655,978)	(777,858)	-	-	(5,277,628)
Net underwriting results	4,825,387	2,907,936	1,445,215	-	-	9,178,538
Investment income – net	1,001,126	246,771	10,607	-	(24,512)	1,233,992
Other operating (loss) / income	8,893	18,469	(624)	-	-	26,738
Third party administration fees	(104,060)	(754,343)	(266,118)	103,590		(1,020,931)
General and administrative expenses	(2,513,078)	(1,005,463)	(241,654)	(74,792)		(3,834,987)
Finance cost	(55,087)	(11,978)	-	-		(67,065)
Income tax	(808,490)	-	-	(4,286)		(812,776)
Profit for the year	2,354,691	1,401,392	947,426	24,512	(24,512)	4,703,509

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22 Segmental information (continued)

22.2 Primary reporting format - geographic segments (continued)

Geographic Information (continued)

	Oman RO	Dubai RO	Abu Dhabi RO	Adjustments and eliminations RO	Total RO
30 June 2016 (unaudited)					
Gross premium written	29,136,660	20,513,251	6,891,261	-	56,541,172
Movement in unearned premiums	(7,457,104)	639,074	(1,654,795)	-	(8,472,825)
Gross premiums earned	21,679,556	21,152,325	5,236,466	-	48,068,347
Insurance premium ceded to reinsurers	(10,277,609)	(10,010,383)	(3,443,641)	-	(23,731,633)
Movement in unearned premiums	2,616,964	158,067	733,274	-	3,508,305
Premium ceded to reinsurers, earned	(7,660,645)	(9,852,316)	(2,710,367)	-	(20,223,328)
Net premiums	14,018,911	11,300,009	2,526,099	-	27,845,019
Claims	(17,068,408)	(21,761,404)	(5,136,842)	-	(43,966,654)
Reinsurers' share of claims	6,214,554	9,938,374	2,525,385	-	18,678,313
Net claims	(10,853,854)	(11,823,030)	(2,611,457)	-	(25,288,341)
Income from policy fees	508,886	356,195	97,864	-	962,945
Commission income on premium ceded to reinsurers	1,559,298	2,212,732	785,789	-	4,557,819
Commission expense	(1,736,857)	(2,264,575)	(339,557)	-	(4,340,989)
Net underwriting results	3,496,384	(218,669)	458,738	-	3,736,453
Investment income - net	996,938	41,555	3,854	-	1,042,347
Other operating income	17,037	1,202	-	-	18,239
Third party administration fees	(46,947)	(601,819)	(220,622)	-	(869,388)
General and administrative expenses	(1,897,260)	(570,374)	(167,114)	-	(2,634,748)
Finance cost	(37,120)	(2,836)	-	-	(39,956)
Income tax	(86,043)	-	-	-	(86,043)
Profit / (loss) for the period	2,442,989	(1,350,941)	74,856	-	1,166,904

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six months ended 30 June 2017

22 Segmental information (continued)

22.2 Primary reporting format - geographic segments (continued)

Geographic Information (continued)

	Oman RO	Dubai RO	Abu Dhabi RO	India RO	Adjustments and eliminations RO	Total RO
30 June 2017						
Segment assets	**85,233,378**	**49,448,064**	**13,621,018**	**179,606**	**(159,049)**	**148,323,017**
Segment liabilities	**55,965,925**	**35,587,738**	**11,048,132**	**24,100**	**(3,543)**	**102,622,352**
31 December 2016						
Segment assets	78,711,934	41,947,692	14,548,316	43,478	-	135,251,420
Segment liabilities	48,977,476	33,159,406	8,728,335	8,221	-	90,873,438
30 June 2016 (Unaudited)						
Segment assets	81,674,468	33,626,946	6,278,234	-	-	121,579,648
Segment liabilities	61,418,694	28,472,506	7,195,750	-	-	97,086,950

23 Risk management

The Group's activities expose it to a variety of risks: capital management risk, credit risk, reinsurance risk, liquidity risk, financial risks, market risk (includes currency risk interest rate risk and equity price risk), and insurance risks (includes frequency and severity of claims, sources of uncertainty in the estimation of future benefit payments and premium receipts, process used to decide on assumptions and change in assumptions). The interim condensed financial statements do not include all information and disclosures required relating to risk management and should be read in conjunction with the annual financial statements as at 31 December 2016. There have been no material changes in the risk management policies since year ended 31 December 2016.

24 Fair values

The fair values of the Group's financial assets and liabilities are not materially different from their carrying values as of the reporting date.

There were no level 3 financial instruments measured at fair value.

30 June 2017	**Level 1**	**Level 2**	**Total**
Investments	**11,084,477**	**364,203**	**11,448,680**
31 December 2016	Level 1	Level 2	Total
Investments	7,046,128	375,976	7,422,104
30 June 2016 (unaudited)	Level 1	Level 2	Total
Investments	10,628,849	375,614	11,004,463

There were no transfers between any levels mentioned above.

NATIONAL LIFE AND GENERAL INSURANCE COMPANY SAOC AND ITS SUBSIDIARY

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six months ended 30 June 2017

25 Prior year adjustments

During the six months ended 30 June 2017, an amount of RO 2,542,320 has been reclassified from subordinated deposits to investments carried at fair value through other comprehensive income considering the nature of the investment. Certain other insignificant corresponding information has also been reclassified to conform to the presentation adopted in these financial statements. Such reclassifications have not resulted in change in last year's reported profit and equity.

16. DIVIDEND POLICY

16.1 Dividends

The Offer Shares will rank equally with all other Shares in respect of any dividends that may be declared and paid relating to the Financial Year ending in December 2017 and any subsequent Financial Years. Following the Offer, the shareholder register of the Company maintained by the MCD will be updated to enable new Shareholders to receive future dividends declared.

In accordance with the CCL, 10% of the profits of every company incorporated in Oman must be transferred to a legal reserve until the reserve is made up of at least one third of the corporation's share capital. The legal reserve cannot be distributed to a company's shareholders by way of dividend.

Further, in accordance with Article 10(bis)(2)(c) and 10(bis)(3)(b) of the Insurance Regulations, 10% of the net outstanding claims for general insurance business and 1% of the life assurance premiums for the period in case of life insurance business at the reporting date is transferred from retained earnings to a contingency reserve. The Company may discontinue this transfer when the reserve equals to the issued share capital. No dividend shall be declared in any year until the deficit in the reserve is covered from the retained profits. The reserves shall not be used except by prior approval of the CMA.

Currently as on 30 June 2017, the Company's Issued and Paid Up Share Capital is RO 26.5 million and the Contingency Reserve is RO 7.12 million.

16.2 Dividend Policy

The Company proposes to follow a reasonable dividend payout policy, subject to debt repayments, working capital, investment portfolio and operational expenditures requirements. The amount of annual dividends and the determination of whether to pay dividends in any year may be affected by a number of other factors including the Company's business prospects, financial performance, free cash availability, facilities agreements' covenants, regulations and the outlook for the sector.

Any decision to pay dividends to the Shareholders and the amount of such dividends will be at the discretion and upon the recommendation of the Board and subject to the Articles, the proposed dividend payment being approved by the passing of the shareholders' resolution at an AGM, applicable laws and regulatory approvals and the provisions of any facilities agreement, if any, entered into in respect of loans to the Company (including any prepayment clauses).

The Company has declared around Baizas 12 per share cash dividend (amounting to 11.5% of the Issued and Paid Up Capital of the Company) in March 2017, relating to the financial year ended December 2016.

The Company's estimates of dividends (as set out in Chapter "Projected Financial Statements - 2017 - 2020") for the next four years are as follows (subject to Shareholder and regulatory approvals):

Dividend Paid in the year (relating to the previous year ending 31st December)	Dividend Rate (% of share capital)	Expected dividend amount per Share (Baizas)	Total dividend amount (RO million)
2018	15%	15	4.00
2019	18%	18	4.67
2020	20%	20	5.37
2021	25%	25	6.50

The Company's forecast dividends are only estimates and the actual dividend distribution for any given year may vary. The amount of annual dividends and the determination of whether to declare dividends in a given year may be affected by a number of factors including the Company's regulatory requirements, business prospects, financial performance, credit rating, capital expenditure requirements, financial covenants, market trends and the outlook for the local and regional insurance sector. The forecast estimated dividends as per above are based on various assumptions and forecasts as set out in "Chapter 14 – Projected Financial Statements" of this Prospectus. The above table should also be read in conjunction with the risk factors relating to the dividend payment under " Chapter 11 – Risk Factors and Mitigants" of this Prospectus

17. VALUATION AND PRICE JUSTIFICATION

The equity valuation of the Company takes into account various factors that affect its business and performance which includes:

- Historical growth witnessed in the GWP, NUR and EPS and estimated future projected growth in the same.
- Historical returns witnessed to the Shareholders and estimated future projections on the same.
- Continuing diversification by the Company in terms of Product segment and geography.
- Continuing expansion of business operations in the GCC region
- Comparison of PE, PB multiples with other listed companies having a business similar to the Company.

The following qualitative and quantitative factors lay the foundation for the Offer pricing methodology:

A. Qualitative Factors

Core Operational Strength

- Market Leader in Health Insurance with ~50% (considering only Oman operations) market share in Oman and aggregate market share in Health Insurance of 74%, including UAE operations, as on 31st December 2016.
- Witnessing growing portfolio in motor insurance. Insurance products are intensively researched to provide customized life & non-life insurance policies to the customers.
- Well recognised brand in the Sultanate of Oman, providing insurance protection to nearly 200,000 individuals.
- Strong network of 19 branches, 17 direct sales team and 176+ intermediary brokers and agencies aggregating 200+ combined touch point for policy sales and servicing in Oman and UAE.
- Strong workforce of 317 dedicated and professional employees, well trained in the insurance business.
- Increasing regional presence with branch offices already opened in Abu Dhabi and Dubai and further expansions planned in the GCC market. The UAE branches contributed ~50% of the GWP as on 30 June 2017. NLGIC is in the process of obtaining license for Kuwait operations.
- Bancassurance tie up with Oman Arab Bank to offer Insurance to their customers
- Strong Tie up with leading reinsurers such as SwissRe, GenRe, PartnerRe and GICRe all having a current rating above B+ from A.M. Best.
- Equipped information technology infrastructure with latest software systems and applications.

Financial Strength & Quality

- Total Assets of RO 148 million and Shareholder Equity of RO 45.7 million as on 30 June 2017
- B++ (Good) financial strength rating and Issuer credit rating of bbb from A.M Best in April 2017
- ISO 9001:2008 certified

With a B++ (Good) financial strength rating from A.M Best, and an international quality rating of ISO 9001:2008 from BSI, the Company demonstrates sound financial strength while offering an innovative and comprehensive range of Life & General Insurance Products to its customers. A.M Best's Financial Strength Rating is an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. The rating is based on a comprehensive quantitative and qualitative evaluation of a company's balance sheet strength, operating performance and business profile. B++ (Good) Rating is assigned to companies that have, in A.M Best's opinion, a good ability to meet their ongoing insurance obligations.

Strong Parentage

NLGIC is a subsidiary of OMINVEST.

Established in 1983, OMINVEST is one of the long established investment companies in the Middle East and one of the first to be listed both in Oman and the region. Its success is based on solid foundations of consistent performance from its investment portfolio of more than 30 years of its existence. OMINVEST is quoted on the Muscat Securities Market with up to 70% of its shares are open to foreign ownership. OMINVEST has more than 2,500 shareholders comprising both institutional and individual investors mainly from Oman and the GCC region. OMINVEST's market capitalization stands at RO 348 million as at 26 July 2017. OMINVEST concluded one of the most efficient & successful mergers with ONIC Holding in August 2015. OMINVEST's merger with ONICH has made OMINVEST much stronger, well diversified, and one of the largest investment companies in Oman.

Strategic Outlook

NLGIC business strategy has been focused upon creating new markets through launch of innovative products and expanding distribution sales points. The future growth strategy of NLGIC is focused on the following three areas:

- Business Growth in Existing Markets
  - Increase market share in Oman motor insurance segment
  - Increase market share in Credit Life for the bank & leasing company loans
  - Mass selling of retail products through Bancassurance
  - Getting a Participating insurer licence in UAE

- Cost Reduction Initiatives
  - Backward integration into medical networks through purchase of a TPA

- New Markets
  - Enter new GCC markets through Branch and/or Associate model
  - GCC & Non- GCC markets access through Facultative inward reinsurance

B. Quantitative Factors

The Company past and projected (select) financials and ratios are provided below:

Key Financials (RO Million unless stated otherwise)	2013	2014	2015	2016	2017	2018	2019	2020	2021
GWP	56.0	67.3	90.6	101.2	119.1	135.0	153.9	172.7	191.6
GWP % Growth		20.2%	34.5%	11.8%	17.6%	13.4%	14.0%	12.2%	10.9%
Net Premium Earned	19.0	27.4	45.9	57.4	70.3	83.9	96.3	110.2	124.0
Net Underwriting Results	7.0	8.9	10.6	10.6	15.6	17.5	20.3	23.8	27.3
NUR % Growth		27.8%	18.7%	0.1%	47.4%	12.1%	16.1%	17.4%	14.3%
Investment Income - Net	2.9	0.4	1.3	2.1	2.8	3.4	3.8	4.3	4.8
Profit after tax	4.4	3.7	4.4	4.7	8.0	9.3	10.7	13.0	15.1
PAT % Growth		(14.1%)	16.4%	7.8%	70.2%	16.6%	15.1%	21%	16.2%
Return on equity (%)	24.5%	17.6%	17.8%	16.0%	17.1%	17.9%	18.5%	20.0%	20.6%
EPS*	0.042	0.036	0.042	0.037	0.030	0.035	0.041	0.049	0.057
Book Value*	0.189	0.217	0.249	0.168	0.186	0.207	0.231	0.260	0.293
Combined Operating Ratio (overall)	93%	93%	95%	96%	94%	94%	94%	93%	93%
Claims/loss Ratio (overall)	74%	69%	80%	86%	78%	78%	78%	77%	77%

**EPS and Book Value has been computed assuming nominal value of Baizas 100 per share.*

Note: Applicants are advised to carefully read and evaluate the assumptions regarding the financial projections as set out in Note 4 - Key assumptions in the Chapter "Projected Financial Statements 2017-2020" and also, in particular, the information stated in Para 11.8 Investment Risk, in the Chapter "Risk Factors and Mitigants". Applicants are also advised to take note of the statement set out in the accountant's report accompanying the financial projections.

The major growth in GWP, NUR and PAT is expected during 2017 as a result of the Company's expansion in regional markets and increasing share in the non-life insurance business.

Growth in Gross Written Premium:

The Company's GWP has been increasing consistently over the past years and the trend is expected to continue in the future with expanding operations in the GCC region and diversification into non-life insurance. GWP is expected to grow at a CAGR of 14% during 2017-2021. The Company registered a GWP of RO 68.4 million (57.4% of 2017 full year estimations) during first half of 2017.

During 2016, NLGIC started offering motor insurance and the GWP from the segment was RO 8.2 million which NLGIC expects to grow over 50% to RO 12.5 million in 2017. The Company has already achieved ~RO 6 million in GWP from motor business during the first half of 2017 (June 30, 2017).

UAE market contribution in the GWP is estimated at RO 71 million (~60% of GWP), during 2017. The Company has already achieved RO 38 million (~53%) of the estimated GWP contribution from the UAE market, during the first half of 2017.

Growth in Net Underwriting Results:

The net underwriting results have been increasing consistently in the past, except during 2016 when the NUR was impacted due to higher claims against the GWP during 2015 in the UAE market. The Company has since re-strategized the insurance premium pricing by improvement in underwriting of loss making schemes (by price increase or rejections of business) and overall claim control measures, for the UAE market which has resulted in reduction in loss ratio from 97% in 2016 to 73% in first half of 2017. The UAE medical insurance operations have achieved an NUR of RO 4.3 million in first half of 2017 which is 58% of the total projected NUR of RO 6.8 million for 2017 (UAE operations). The Company estimates the claims ratio for UAE market to drop to 81% in 2017 against 97% in 2016. Further, NLGIC is in the process of acquiring a controlling interest in a UAE based TPA provider licenced by the UAE Insurance Authority which will provide enhanced control over claims costs. The Company has already achieved RO 9.2 million (~59%) as on 30 June 2017, out of the estimated NUR of RO 15.6 million for 2017.

Investment Income:

NLGIC investment allocation as on 30 June 2017 is ~79% into fixed deposits with highly rated regional banks, ~7% in Bonds and ~11% in equity instruments. The Company has achieved RO 1.2 million (~43%) as on 30 June 2017, out of the estimated investment income of RO 2.8 million for 2017. NLGIC has since 2014 increased its allocation to fixed term deposits and bonds and reduced its allocation to equity instruments.

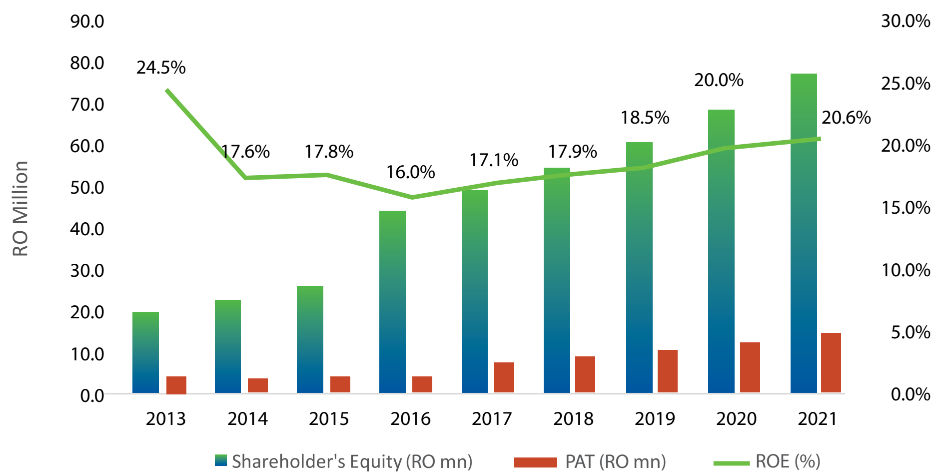
Profit after Tax:

NLGIC has recorded a profit after tax of RO 4.7 million in 2016 which the Company estimates to reach RO 8.0 million in 2017 primarily out of increase in GWP, NUR and Investment income as explained above. Further advancement in cost reduction initiatives such as own TPA is expected to further enhance the profitability of the Company.

The Company has achieved RO 4.7 million profit after tax, as on 30 June 2017, which is ~59% of the estimations for 2017 full year.

Return on Equity:

The Company has been a market leader in health insurance in the Sultanate and solidifying its footing in UAE and other regional markets. This has resulted in some distinct results for the Company, especially the returns to equity. Resultantly the shareholder's worth has been increasing consistently i.e. from RO 19.8 million in 2013 to RO 44.4 million in 2016 (which includes Issued and Paid Up Share Capital increase of RO 16 million during 2016). The Company believes that with the Company's current market standing, and further by application of carefully crafted strategies for various operational segments, the shareholders' worth will increase to RO 77.7 million by 2021. The movement in Shareholders Equity, Profit After Tax and Return on Equity during historical 2013-2016 and projected period 2017-2021 is provided below:



C. Peer Group Comparison:

NLGIC's quantitative analysis for the purpose of Valuation has been done in comparison to the peer set. The peer set has been arrived at based on the nature of business and geographies in which these companies operate and other market characteristics. The peer group reference ratios is also provided below:

Description	Country	PE	PB	Dividend Yield (%)
Oman United Insurance Company	Oman	12.2	1.3	9.0
Muscat National Holding Co.	Oman	5.9	0.5	5.8
Dhofar Insurance Company	Oman	N/A	2.4	N/A
Al Ahlia Insurance Company	Oman	13.0	0.8	1.9
Vision Insurance Company	Oman	6.3	1.1	5.2
Average (Omani)		**9.4**	**1.2**	**5.5**
Median (Omani)		**9.2**	**1.1**	**5.5**
Dubai Insurance	UAE	9.6	0.7	7.5
Oman Insurance Company	UAE	12.6	0.5	5.0
Gulf Insurance Group	Kuwait	15.0	2.1	4.6
Bupa Arabia for Cooperative Insurance	Saudi Arabia	18.3	4.8	1.2
The Company for Cooperative Insurance (Tuwuniya)	Saudi Arabia	14.2	4.3	4.1
Mediterranean & Gulf Insurance	Saudi Arabia	N/A	3.1	N/A
Average (Regional)		**13.9**	**2.6**	**4.5**
Median (Regional)		**14.2**	**2.6**	**4.6**

Source: Bloomberg, Company publications and stock exchange data

Notes:

(1) PE multiple data for peer group is based on the trailing 12 months EPS ending June 30, 2017 of these respective companies.

(2) PB multiple data for peer group is based on BV as on 30 June 2017.

(3) Dividend yield data for peer group is based on twelve trailing months dividend received.

(4) Peer group data is based on the share prices as on 13 September 2017.

D. Valuation

The equity valuation for the Company is based on relative valuation and dividend discounting methodologies described below. The same considers the historical and projected performance of the Company as well as the current market conditions.

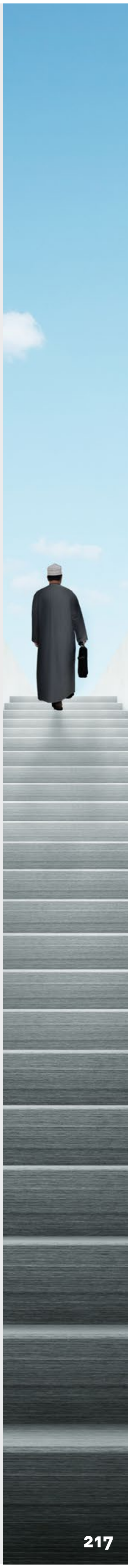
Relative Valuation

Under the relative valuation approach, the valuation is benchmarked against other listed comparables which represent similar risk return profile i.e. operations, cash flows, capital structure, growth plans, etc. The relative valuation is generally based on current financial results or projections for the next one to two years. The benchmarks which are frequently used for relative valuation include price to earnings multiple, price to book multiple and dividend yield. It captures the prevailing market sentiment and should reflect investor perception of publicly available information. Its effectiveness depends on the ability to identify an appropriate peer set and an active stock market that has sufficient liquidity and trading conditions for the peer set.

The Valuation of NLGIC for the purpose of the IPO is arrived at by considering the PE multiple, PB multiple and the Dividend Discounting Model and applying an IPO discount for arriving at the Offer Price.

Price to Earnings (PE) Multiple

The average PE multiple for local insurance companies is 9.4 while that for the regional peer group is 13.9. As of June 30, 2017 around



50% of the Company's earnings was from the UAE market and the Company continues to expand its footprint in the GCC region. The average PE for local and regional peer group insurance companies is 11.6.

The twelve trailing months (TTM) earnings per share for NLGIC is RO 0.040 per share. At the Offer Price of Baizas 320 per share, the PE multiple (TTM) is 8.0 times, which is at a discount to the relative local and regional peer group average PE multiple.

Price to Book (PB) Multiple

The average PB multiple for local insurance companies is 1.2 times, while that for the regional peer group insurance companies it is 2.6 times. The average PB multiple for local and regional peer group insurance companies is 1.9 times.

The book value per share of NLGIC as on 30 June 2017 is RO 0.173 (restated at a nominal value of RO 0.100 per share). At the Offer Price of Baizas 320 per Share, the PB multiple is 1.8, which is at a discount to the relative local and regional peer group average PB multiple.

Dividend Yield

The historical dividend payments made by the Company during 2013-17 and the projected dividend yield, at the Offer Price of Baizas 320 per share, during the period 2018-2021 is provided below:

Particulars	2014	2015	2016	2017	2018	2019	2020	2021
Dividend per Share – in Baizas (relating to previous year, paid during the year)	7	7	25	12	15	18	20	25
Dividend yield*					*9.4%	5.5%	6.3%	7.7%

*Note: 2018 dividend payment is annualized for calculating yield, considering 6 months of Post-IPO holding

Dividend Discount Model (DDM) Valuation Method

The DDM method of valuation captures the value of a company based on projected future dividend payments, discounted to the present value. The key components for DDM include:

- Dividends: The projected dividends expected to be received by the investors
- Terminal value: Value at the end of the projections period. The terminal value is estimated by capitalizing the dividends of the last year of projections by using the discount rate and terminal growth rates
- Discount rate: The rate used to discount projected dividends and terminal value to their present values

For companies expected to operate as a going concern like NLGIC, the terminal value is estimated and discounted to present value. This present value is then used to evaluate the attractiveness of an investment opportunity at a given price.

The Value per share in Baizas based on projected dividends and under various scenarios and terminal value assumptions is as follows:

Discount Rate	Expected Terminal Growth Rate		
	3%	4%	5%
10%	322	368	432
11%	281	315	360
12%	250	275	308

The Company is in a growth phase and proposes to retain 50% of its earnings each year for future growth purpose. Accordingly, the returns to the Investors would be a combination of dividend yield and price returns, on account of EPS and Book Value growth.

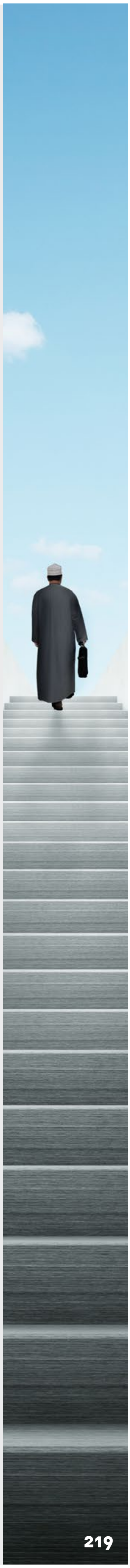
18. RELATED PARTY TRANSACTIONS AND MATERIAL CONTRACTS

18.1 Related Party Transactions

These represent transactions with related parties, i.e. parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions and directors of the Company and companies of which they are key management personnel. Related parties comprise the shareholders, directors, key management personnel and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions. Pricing policies and terms of these transactions are approved by the Company's management and are on mutually agreed terms.
Significant transactions were:

a) Transactions with related parties
Transactions with related parties or holders of 10% or more of the Company's shares or their family members, included in the statement of comprehensive income are as follows. These are relating to directors and other companies where the directors of the companies have shareholding:

	2016	2015
	RO	RO
From Major Shareholders		
Gross Premium written	100,938	93,968
Gross claims paid	54,310	46,777
Rent expenses	132,046	33,011
Other expenses	18,105	85,578
From directors		
Gross premiums written	650	2,378
Gross claims paid	---	---
Director sitting fees	11,800	9,600
Director's remuneration	141,113	171,753
From Subsidiaries & Associates of major Shareholders		
Gross Premium written	243,891	327,282
Gross claims paid	134,945	51,405
Reinsurer's share of claim paid	66,142	257,641
Reinsurance outward premium	---	7,869
Interest income on deposits	200,113	9,596
Commission expenses	219,583	---
Other expenses	17,237	---
Dividend Income	---	30,725
Reinsurance commission income	---	31,758
From Key Managerial Personnel of major Shareholders		
Gross Premium written	3,080	185
From other related parties		
Gross premiums written	504,207	---
Gross claims paid	305,498	---
Commission expense	381,400	---
Total	**2,535,058**	**1,159,526**



b) Other Transactions:

	2016	2015
	RO	RO
From Subsidiaries & Associates of major Shareholders		
Movement in bank balances	215,121	12,176
Fixed deposit placed with related party	1,000,000	4,000,000
Total	**1,215,121**	**4,012,176**

c) Balances with related parties included under the following heads are as follows:

	2016	2015
	RO	RO
From Major Shareholders		
Claims payables	5,120	2,514
Payable to related parties	12,557	---
Portfolio fee payable	---	119,129
Premium receivable from related parties	---	1,077
From directors		
Premium receivables	1,650	1,650
Provision for director's remuneration & sitting fees	141,713	172,353
From Subsidiaries & Associates of major Shareholders		
Claims payable	39,557	20,150
Commission payable	140,000	---
Bank balances	271,677	56,556
Fixed deposit balances	5,250,000	4,250,000
Premium receivables	19,829	334,360
Reinsurance balance receivable	140,383	103,890
Accrued interest receivable	41,800	4,990
From other related parties		
Claims payable	34,221	---
Commission payable	259,522	---
Premium receivables	77,930	---
Total	**6,435,959**	**5,066,669**

d) Compensation of the key management personnel
The key management personnel compensation for the year comprises:

	2016	2015
	RO	RO
Short term employment benefits	599,115	524,685
End of service benefits	62,230	54,308
Total	**661,345**	**578,993**

18.2 Agreements

The following table provides details of some of the key material contracts and related party transactions (other than reinsurance agreements) of the Company:

Particulars / Agreement	Counterparty	Date of Execution	Date of Expiry
Tenancy Agreement and Addendum to Tenancy Agreement	*OMINVEST	10/12/2015	09/12/2018
Bancassurance agreement and Addendum	*Oman Arab Bank SAOC	01/06/2016	30/5/2020
Capital (Finance Application) AMC	Information Dynamic L.L.C	01/01/2017	31/12/2017
EzyNsure – Software Licence and AMC	Beyontec Solutions DMCC	22/02/2013	30/06/2018
TOSHFA – Software Licence	Access Meditech FZE	26/02/2015	Automatic renewal clause
Avaya & Ameyo System AMC	Middle East Telecommunication Company L.L.C	01/01/2017	31/12/2017
TAS System AMC	Khimji Ramdas LLC	01/01/2017	31/12/2017
Database Administration and Maintenance AMC	Agratta Techstar Pvt. Ltd.	01/01/2017	31/12/2017

*Related Parties

Major Reinsurance Agreements entered into by the Company include the following:

Line of Business	Name of Document	Date of Execution	Date of Expiry
Individual Life Insurance	Life Reinsurance Treaty for Individual Business	01/01/2003	Automatically renewed unless terminated
Retail	Reinsurance Agreement - Comprehensive Protection Plan	12/11/2006	Automatically renewed unless terminated
Retail	Reinsurance Agreement - Personal Accident Plan	09/04/2011	Automatically renewed unless terminated
Group Life Insurance	Facultative Obligatory Group Life Quota Share & Surplus Reinsurance Treaty - Partner Re	09/02/2012	Automatically renewed unless terminated
Group Life Insurance	Facultative Obligatory Group Life Quota Share & Surplus Reinsurance Treaty - GenRe	01/06/2013	Automatically renewed unless terminated
Group Life Insurance	Facultative Obligatory Group Life Quota Share & Surplus Reinsurance Treaty-SCOR	01/01/2015	Automatically renewed unless terminated
Credit Life	Reinsurance Contract - Individual Credit Life	01/01/2014	Automatically renewed unless terminated
Life Business	Life Catastrophe Treaty	01/01/2017	31/12/2017
Individual Medical	Individual & Family Medical Expenses Reinsurance Treaty - Oman	01/01/2017	31/12/2017
Group Medical Insurance	Medical Expenses Reinsurance Treaty - Oman	01/01/2017	31/12/2017

Line of Business	Name of Document	Date of Execution	Date of Expiry
Group Medical Insurance	Medical Expenses Reinsurance Treaty - Dubai	01/01/2017	31/12/2017
Group Medical Insurance	Medical Expenses Reinsurance Treaty - Abu Dhabi	01/01/2017	31/12/2017
Group Medical Insurance	Quota Share Facultative Reinsurance Agreement - Liberty Syndicate -Dubai & Abu Dhabi	01/01/2017	31/12/2017
Marine Cargo	Combined Quota Share Reinsurance Agreement for Marine Cargo Business	01/01/2017	31/12/2017
Property	Combined Quota Share and Surplus Reinsurance Agreement for Property Business	01/01/2017	31/12/2017
Engineering	Combined Quota Share and Surplus Reinsurance Agreement for Engineering Business	01/01/2017	31/12/2017
Casualty	Excess of Loss Reinsurance Agreement - Motor & Casualty XOL	01/01/2017	31/12/2017
Non-Motor	Excess of Loss Reinsurance Agreement – Fire, Engineering, Accident & Marine Cargo	01/01/2017	31/12/2017

19. CORPORATE GOVERNANCE

Certain sections of this chapter summarize the issues relating to corporate governance based on the Articles, the CCL and the rules and regulations issued by the CMA, in particular, the Code. The description provided in this chapter is only a summary and does not purport to give a complete overview of the Articles or of the relevant provisions of the CCL, the Code or the CMA rules and regulations.

19.1 Management Overview

The respective roles and responsibilities of the management bodies of the Company are in large part governed by the provisions of CCL, the Articles and, after listing on the MSM, by the Code and circulars issued by the CMA in respect thereof.

The management of strategic issues of the Company is entrusted to its Board. The Board may perform all acts necessary for achieving the corporate purposes of the Company, with the exception of those acts that are by Applicable Law or the Articles subject to approval in the Shareholders' general meeting. The day-to-day management of the Company is carried out by the Management.

19.2 Board

The Directors' term of office shall expire in three years from the date of election pursuant to Article 95 of the CCL. The current Board has five members and the details are provided below.

S.No.	Name	Title/ Designation	Representing	Executive/ Non-Executive	Independent/ Non-Independent
1	Anwar Hilal Hamdoon Al Jabri	Chairman	Personal capacity	Non-Executive	Non-Independent
2	H.E. Sheikh Khalid Hilal Al Mawaali	Vice Chairman	Personal capacity	Non-Executive	Independent
3	Abdul Aziz Mohammed Al Balushi	Director	OMINVEST	Non-Executive	Non-Independent
4	Mohammed Taqi Al Jamalani	Director	Personal capacity	Non-Executive	Independent
5	Hussain Mohamed Redha Ali	Director	Personal capacity	Non-Executive	Independent

Notes:

a) Mr. Abdul Aziz Mohammed Al Balushi & Mr. Mohammed Taqi Jamalani were appointed as members to Board of Directors w.e.f 19.11.2015 and 13.01.2016 respectively and their appointment was confirmed in the AGM held on 28.03.2016 for a period of 2 years. The membership duration of all other directors is for a period of 3 years from the date of appointment i.e. 29.03.2015.

b) In the EGM held on 16 July 2017, the Shareholders of the Company have resolved to increase the size of the Board from 5 members to 7 members. The entire Board will be due for re-election in March 2018.

Brief profile of the Directors is given below:

Mr. Anwar Hilal Hamdoon Al Jabri
Designation: Chairman
Mr. Anwar Al-Jabri has over 18 years of experience in investments, banking and financial services. He is the CEO of National Pioneer Investment and Development Company, a subsidiary of Oman Investment Fund. He previously held the position of an Investment Director at Oman Investment Fund (OIF). He serves in various public and non-public company boards locally and internationally. Previously, he worked for Oman Refinery Company and the CBO, holding various senior posts in Investment and Finance fields. He holds a Bachelor's of Science in Accounting Degree (BS.A), Masters of Business Administration (MBA), and Certified Public Accountant (CPA). He is currently on the Board of Ahli Bank SAOG., Taageer Finance Company SAOG and OMINVEST.

H.E. Sheikh Khalid Bin Hilal Bin Nasser Al Maawali
Designation: Deputy Chairman
H.E. Sheikh Khalid Bin Hilal Bin Nasser Al Maawali has over 21 years of business experience and holds a Masters degree in Computer Science. He is currently on the Board of Oman Orix Leasing as Chairman.

Mr. Abdul Aziz Mohammed Al Balushi
Designation: Director
Mr. Abdul Aziz Mohammed Al Balushi has been the Group CEO of Oman International Development and Investment Company SAOG (OMINVEST) since January 2014. With experience of more than 30 years, he has extensive in-depth knowledge of global financial

services industry. At OMINVEST, Mr. Abdul Aziz was the key driver behind the merger of OMINVEST and ONIC Holding, which has created the largest publicly listed investment company in Oman.

Before joining OMINVEST, Mr. Abdul Aziz was the CEO of Ahlibank SAOG from 2007 to 2013 and was primarily responsible in converting a single product mortgage bank into a full-fledged commercial bank. Mr. Abdul Aziz started his career with Oman International Bank and prior to joining Ahlibank, he was Deputy CEO of National Bank of Oman.

Mr. Abdul Aziz holds Master of Science Degree in Finance from the University of Strathclyde (UK) and a Fellow Chartered Institute of Bankers (UK). Mr. Abdul Aziz is the Chairman of Board of Directors at Oman Electricity Transmission Company SAOC (a wholly government-owned entity), Oman Real Estate Investments and Services SAOC and Oman National Investment Corporation SAOC. He is also a Board member at Oman Arab Bank SAOC, National Finance Company SAOG and National Life & General Insurance Company SAOC.

Mr. Mohammed Taqi Al Jamalani
Designation: Director
Mr. Mohammed Al Jamalani is an experienced and professional in regulatory, financial legal fields and capital markets industry with more than 29 years of practice. In addition he has knowledge and experience in real estate development and construction also, in trading businesses. He was Vice President for insurance sector at Capital Market Authority beside various positions through heading and/or participating and managing different directorates, committees and official delegations. He holds Bachelors of Science in Economics and Finance from UK and has completed post graduate certificate in International Capital Markets Qualification from London Institute of Securities. In addition to participating in variety of courses, conferences, workshops and seminars including program in IMD.

Mr. Mohammed Al Jamalani was appointed as director of Oman Centre of Governance and Sustainability. The Oman Centre of Governance and Sustainability was established upon issuance of Royal decree in 2015. He serves as chairman of Horizon Capital Markets SAOC and director member in its audit committee. He is also member of investment committee of Oman Chamber of Commerce and Industry. In addition Mohammed is chairing a charitable Investment and Finance committee. He supervises the management of a family group of companies.

Mr. Hussain Mohamed Redha Ali Al Lawati
Designation: Director
Mr. Hussain Mohamed Redha Ali Al Lawati has experience in the Private Equity and Investment Management industry for over 10 years, focusing on the financial services sectors. He is currently an Investment Manager with Oman Investment Fund. He member of the Board and Investment Committee of Petro Vietnam Insurance Company, Vietnam, Board member of Retail Arabic International, UAE and Board and Audit Committee member of a newly formed company in Oman called Strategic & Precious Metal Processing Company. He holds a Bachelor's degree in Accountancy from the University of Carleton, Canada. He is also a Chartered Financial Analyst (CFA).

19.3 Post-IPO Board Composition

As per the Articles approved at the EGM held on 16 July 2017, the Company shall be managed by a Board comprising seven members, appointed from amongst the Shareholders and non-Shareholders, provided that the Shareholder candidate owns at least 200,000 Shares. Post-IPO, it is intended that the current members of the Board will continue to hold their position and the entire Board will be due for re-election in March 2018. The current number of directors is five.

The Company intends to have a Board of seven members that complies with applicable CMA, Insurance Law, the Code of Corporate Governance and CCL requirements, within 2 months of the date of listing of the Company on the MSM, including with respect to the number of Independent Directors and non-executive Directors, and that represents the interests of all Shareholders, including those who subscribe for Offer Shares.

19.4 Appointment of Board

The term of office of a member of the Board shall be for a period of three years, subject to his re-election more than once. The period stipulated for election to the Board shall be calculated from the date of the AGM or EGM at which the Director is elected to the date of the third AGM or EGM following it. Where the date of such meeting exceeds the term of three years, the membership shall be extended by Applicable Law to the date on which the meeting was convened, it shall not exceed the period stipulated in the CCL for convening an AGM. Subject to Article 95 of the CCL and the Election of Directors Rules for SAOGs issued by the CMA and without prejudice to the Articles, nominees to the membership of the Board must:

a. Possess good conduct and reputation;
b. Be at least 25 years old;
c. Not have been declared insolvent or bankrupt unless his insolvency or bankruptcy has come to an end in accordance with the law;
d. Not have been convicted of a felony or dishonourable crime unless he has been rehabilitated;
e. Not be unable to discharge his debts to the Company;
f. Not be a member or a representative of a juristic person in more than four SAOGs whose head offices are in Oman, once appointed to the board in question.
g. In case he is representing a juristic person, be authorised by such juristic person to stand for election.
h. Not be a employee or member of the board of directors of an SAOC or SAOG the objects of which are similar to those of the Company, with its principal office based in Oman.
i. Present a declaration which contains a statement of the number of Shares he has if he is a Shareholder and that he will not dispose of them to the extent that he shall be deprived of his status as a Shareholder throughout the term of his office.

If a member of the Board ceases to satisfy any of the conditions necessary for the membership, he shall be required to notify the Board, immediately of it. Accordingly, his position shall be treated as vacant effective from the date of such notice. Otherwise, his membership shall become cease from the date the Company comes to know of it, without prejudice to his liability as per the provisions the CCL. Consequently, his office shall be filled in accordance with the Articles and the CCL.

The Directors shall be elected by direct secret ballot by the Shareholders of the Company. Each Shareholder shall have a number of votes equal to that of the Shares held by him. A Shareholder shall have the right to use the entirety of his votes in support of one nominee or divide his Shares among other nominees of his choice through the voting card. It follows from that the total number of votes given to the nominees by one Shareholder must not exceed the total number of Shares owned by him.

The restrictions stipulated by the CCL, Capital Market Law, the Code, the Insurance Law and the Executive Regulations shall be observed upon the election of the Board.

19.5 Composition and Liabilities of the Board

1. The Directors are severally and jointly liable before shareholders in achieving the Company's goals and objectives. They shall be primarily concerned with the Company's interests and give them precedence over other interests including the interests of the shareholders they represent.
2. The general meeting may remove any Director or all Directors if they fail in performing their duties and responsibilities.
3. The Directors and Chairperson of the Board are prohibited from interfering in the daily routine and direct operational matters of the Company.
4. Subject to the provisions of the CCL and the Rules and Conditions for Electing Directors of Public Joint Stock Companies and their Responsibilities, the Company shall comply with the following when forming its Board:
    a) All Directors shall be non-executive directors.
    b) Percentage of independent Directors to the total number of Board members shall not be less than one third, with a minimum of two independent Directors.
    c) A juristic person shall not be represented on the Board by more than one Director. Where a juristic person's representative has been elected as a member of the Board, such juristic person may from time to time replace the elected member with another person by written notice to be submitted to the Company.
    d) Directors, who have been elected for the first time or re-elected, must undergo some qualification in corporate governance and sustainability through training programmes at the Company's expense.
5. The opinion of the Nomination and Remuneration Committee shall be taken into consideration when electing directors to ensure that elected directors possess the required skills and abilities.

19.6 Responsibilities of the Board

The Board of directors shall be responsible for the following:

The Board shall be, inter alia, responsible for the following:

a. Approve the commercial and financial policies and estimated budget of the Company, so as to achieve its objects and preserve and enhance the rights of the Shareholders;
b. Prepare, review and update from time to time the plans necessary to accomplish the Company's aims and perform its activities, in light of its objects;
c. Adopt the Company's disclosure policies and monitor their application in accordance with the rules and conditions for disclosure issued by the CMA;
d. Supervise the performance of the Management and ensure that work is properly attended to, so as to achieve the Company's aims and perform its activities, in light of its objects;
e. Provide information to the Shareholders accurately and at the times required by the rules of the CMA;
f. Appoint the CEO or the general manager and appoint the employees who report to each of them pursuant to the organizational structure of the Company and determine their authorities and rights;
g. Assess the performance of the employees mentioned in the previous paragraph and assess the work carried out by committees formed by the Board pursuant to article 102 of the CCL and pursuant to the Code;
h. Approve the financial statements related to the activities of the Company and the results of its activities that are submitted by the Management every three months, so as to disclose its true financial position;
i. Include, in the annual report submitted to the general meeting of the Shareholders, a reasoned affirmation of the Company's ability to continue to carry on its activities and achieve its aims;
j. Appoint a secretary for the Board in the first meeting held by it and hold at least four meetings per year provided that the period between any two consecutive meetings shall be a maximum of four months;
k. Include in the financial statements full details of the amounts received by any Director during the year.
l. To recommend an appointment of auditors and their remuneration for the next financial year.
m. To make a recommendation to the Annual General Meeting of the dividend to be distributed amongst the shareholders

19.7 Powers of Board

The Board shall have extensive authority to perform all acts for the management of the Company to achieve its objects and to execute the resolutions adopted at a general meeting of the Company. This authority shall not be limited or restricted except to the extent provided for in the Applicable Law, the Articles and the relevant Shareholder resolutions.

In accordance with the Articles, a Board meeting shall be deemed valid if a simple majority of its members are present or represented by proxy. Within the scope of authority detailed above, and in accordance with the Articles, the Board shall decide on all matters and the Board shall adopt its resolutions by a simple majority of the members present or represented by proxy at the meeting.

The Board shall not perform the following acts unless authorized to do so by a resolution of a general meeting of the Company:

a. To make donations unless they are small and customary amounts;
b. To sell all or a substantial part of the assets of the Company;
c. To mortgage or pledge the assets of the Company except to secure its debts incurred in the normal course of its business; or
d. To guarantee debts of third parties with the exception of the guarantees made in the normal course of business for the purpose of achieving the objects of the Company.

Subject to the provisions of the CCL, the members of the Board shall be liable to the Company, the Shareholders and third parties for damages arising from their acts in violation of the Applicable Law or their acts beyond the scope of their authority or for any fraud or negligence in the performance of their duties or for their failure to act as prudent men in the specific circumstances. In such cases, the Company has the right to litigate against any member of its Board for the damages sustained by the Company. The decision to appoint a person to pursue the case on behalf of the Company shall be made by resolution of the Board or a general meeting of the Company and shall authorise him to meet the cost of the proceedings out of the funds of the Company.

Any Shareholder may propose a resolution to commence proceedings against the Directors and if his proposal is not adopted by a general meeting of the Company, may himself pursue the case on behalf of the Company. If the case is successful, such Shareholder shall receive reimbursement of the costs and expenditure incurred by him in the proceeding and out of the proceeds of the judgment and any outstanding balance of such proceeds shall be paid to the Company.

The Company shall be bound by all acts performed by its Board, its Chairman and the deputy Chairman when acting within the scope of their authority. Any third party acting in good faith shall be entitled to assume that any act performed by the Board, Chairman and the deputy Chairman of the Company in pursuance of its business was within the scope of such person's authority and the Company shall be bound thereby unless the limitation of such person's authority was registered in the registry at the MOCI.

A member of the Board or any other party related to the Company shall not have any direct or indirect interest in the transactions or contracts made for the account of the Company, except those concluded in accordance with the regulations issued by the CMA.

A member of the Board may not participate in the management of a business competitive with that of the Company, except with the prior consent of a general meeting of the Company and such consent shall be renewed annually. Also, a member of the Board or any of the key employees of the Company may not make use of any information available to them by virtue of their position for their own interest or for the interest of their dependents or immediate relatives up to the fourth degree as a result of dealing in the Company's securities. Further, they may not have any interest directly or indirectly in any entity involved in activities which may affect the price of securities issued by the Company. Should they be in breach of the above then Articles 109 and 110 of the CCL shall be applied.

19.8 Remuneration of the Board

The remuneration and sitting fees for members of the Board and any sub-committees of the Board shall be determined in accordance with the Applicable Laws.

Details of sitting fees and remuneration for the years 2014, 2015 and 2016 of the Board is given below:

Name of the Director	Sitting fee (RO)			Remuneration (RO)			Total (RO)		
	2014	2015	2016	2014	2015	2016	2014	2015	2016
Anwar Hilal Hamdoon Al Jabri	3,800	2,900	2,100	41,927	53,673	35,278	45,727	56,573	37,378
H.E. Sheikh Khalid Hilal Al Mawaali	3,200	1,300	1,500	31,107	39,360	26,459	34,307	40,660	27,959
Hussain Mohamed Redha Ali	3,200	2,900	3,300	31,107	39,360	26,459	34,307	42,260	29,759
Abdul Aziz Mohammed Al Balushi	---	---	2,700	---	---	26,459	---	---	29,159
Mohammed Taqi Al Jamalani	---	---	2,200	---	---	26,459	---	---	28,659
Lakhdar Moussi	1,600	2,500	---	31,107	39,360	---	32,707	41,860	---
Al Sayyida Rawan Ahmed Al Said	1,200	---	---	---	---	---	1,200	---	---
Emmanuel Deschamps	1,500	---	---	---	---	---	1,500	---	---
Total	**14,500**	**9,600**	**11,800**	**135,248**	**171,753**	**141,114**	**149,748**	**181,353**	**152,913**

19.9 Board Committees

The Company has established the following Committees in accordance with the provisions of the Code of Corporate Governance:

a. Audit Committee
b. Human Resource Committee
c. Executive Committee

Audit Committee

The terms of reference of the Audit Committee are as per the CMA guidelines. In particular, the Audit Committee reviews the internal control systems in place, reviews the audit plan and reviews the appointment of external auditors. The Audit Committee also reviews the Annual audited financial statements, submissions of returns and solvency margin computations submitted to the CMA. The current members are:

Name	Designation	Independent/ Non-Independent
Mohammed Taqi Al Jamalani	Chairman	Independent
Abdul Aziz Mohammed Al Balushi	Member	Non-Independent
Hussain Mohamed Redha Ali	Member	Independent

Within a period of 2 months from the date of listing, the Company shall ensure that to the extent required the composition of the Audit Committee is in line with the requirements of the Code.

Human resources committee

The terms of reference for Human Resource Committee include setting HR and remuneration policy, procedure and guidelines, succession planning policy and recommending the same to the Board. It also includes recommending appointments, annual performances and bonus policy, compensation structure, terminations, omanisation and related matters to the Board. The current members are:

Name	Designation	Independent/Non-Independent
Anwar Hilal Hamdoon Al Jabri	Chairman	Non-Independent
H.E. Sheikh Khalid Hilal Al Mawaali	Member	Independent
Abdul Aziz Mohammed Al Balushi	Member	Non-Independent

Executive Committee

The executive committee decides matters which are beyond the powers of the management, but which require an in-depth study and prolonged deliberations. The terms of reference also include reviewing the long term business strategy of the Company and budgets presented by the Management and making appropriate comments and recommendations to the Board. The current members are:

Name	Designation	Independent/Non-Independent
H.E. Sheikh Khalid Hilal Al Mawaali	Chairman	Independent
Anwar Hilal Hamdoon Al Jabri	Member	Non-Independent
Hussain Mohamed Redha Ali	Member	Independent

On conversion to an SAOG company, as per current regulations, the Board will constitute Nomination and Remuneration Committee within 2 months from the date of listing.

CMA Rules and Regulations

In addition to the requirements of the CCL, Insurance Law, Code of Corporate Governance for Insurance Companies, Code of Practice for Insurance Companies, Insurance Regulations and Licensing Regulations, as an SAOG NLGIC would need to ensure compliance with following laws and regulations which do not currently apply to NLGIC:

i) Capital Market Law;
(ii) the Executive Regulations;
(iii) the Code;
(iv) CMA Disclosure Rules for public listed companies;
(v) CMA Board Election Rules for public listed companies;
(vi) Board Remuneration Rules and Regulations regarding annual remuneration and sitting fees ;

(vii) Internal Audit Rules and Regulations related to formation of audit committees and appointment of internal audit department.
(viii) Internal Regulations Guidelines

19.10 Internal Regulations

In accordance with the provisions set out in Article 68 of the CCL, the Company is required to lay down internal regulations for regulating the management of the Company, its business and personnel affairs through its Board. The Company has already put in place some of the policies and regulations prescribed by the CMA and shall appropriately review the same in the light of its transformation into an SAOG and also formulate such additional policies and procedures that may be required in this context. These regulations shall cover at least the following:

a. Organizational structure of the Company stating therein the responsibilities related to the various posts of the Company and the reporting structure/procedures.
b. Specifying the extent of the authority vested with each post with regard to approval of the financial expenditure.
c. Fixing the allowance for the meetings, remuneration and other privileges as prescribed in respect of the members of the Board and committees constituted under its auspices and the basis for their calculation.
d. The policies related to the purchases and service contracts.
e. The minimum level of information required to be submitted to the Board.
f. The authorities, duties and responsibilities relevant to the Management and subcommittees.
g. The policies related to human resources including the salaries, appointment, development, training, promotions and termination of the services etc., covering other relevant aspects.
h. Investment policies of the Company.
i. Policies for related party transactions.
j. Policies and measures for submission of material information in a transparent manner, to the CMA and the MSM within the specified time including a definition of "material information".
k. Any other regulations that the Board of the Company may deem necessary to add for achieving adequate level of corporate governance.

19.11 Other Details

The Company is not informed of any instance, other than that declared by the Board members in their nomination forms submitted to the Company, where:

a. Any director of the Company is also a shareholder in any other company carrying out the same business as the Company
b. Any direct or indirect interests of the directors and top management in the Company.
c. Any director is or was a member of the Board or top management of any other SAOG company that has been liquidated or distressed within the last five years

19.12 Senior Management of the Company

Details of the Management is set out in the table below:

S.No	Name	Designation	Nationality	Academic qualification	Years of service in the Company	Total Experience (in years)
1	S. Venkatachalam	Chief Executive Officer	Indian	Chartered Accountant , Cost Accountant	14	33
2	G. Gopinath	DGM- Operations	Indian	Chartered Accountant , Cost Accountant, Certified Internal Auditor, Associate Member of Insurance Institute of India	13	20
3	Sameer Nair	AGM Life & Health Under-writing	Indian	B.E. Electronics & Communication	14	16
4	Bader Salim Al Marzouqi	AGM – Business Development	Omani	Insurance Diploma, High National Diploma in Marketing	12	22
5	Ravi Iyer	Financial Controller	Indian	Cost Accountant, CIMA (UK), Company Secretary	3	19

S.No	Name	Designation	Nationality	Academic qualification	Years of service in the Company	Total Experience (in years)
6	Uma Venkatesan	Head - Risk & Internal Control	Indian	Cost Accountant , Associate Member of Insurance Institute of India, PGDBA	11	20
7	Seetharaman Srinivasan	Country Head- UAE	Indian	B.Com, Associate member of Insurance Institute of India	3 months	25

19.13 Senior Management of the Company

A brief profile of the current management team is give below:

S Venkatachalam, Chief Executive Officer
Mr Venkatachalam joined NLGIC in July 2003 as General Manager. He is a Fellow Member of the Institute of Chartered Accountants of India. In addition he has a degree in Cost accountancy from The Institute of Cost Accountants of India. He was promoted to the position of Chief Executive Officer in 2009. He has previously held senior management positions in Oman National Investment Corporation Holding SAOG, Arab Insurance Group BSC and Alliance Insurance.

G. Gopinath, Deputy General Manager, Operations
Mr Gopinath joined NLGIC in January 2004. He is an Associate Member of the Institute of Chartered Accountants of India and of the Insurance Institute of India. In addition he is the Associate member of The Institute of Cost Accountants of India and has a Certified Internal Auditor degree from Institute of Internal Auditors, USA. He was promoted as Deputy General Manager in 2017 and heads the entire operations of the company. He has varied industry experience with prestigious organizations such as Price Waterhouse and Oil and Natural Gas Corporation Ltd.

Sameer Nair, AGM Life & Health Underwriting
Mr. Sameer Nair joined NLGIC in November 2003. He is an engineering graduate and also holds an Associate Diploma by Insurance institute of India. He has 16 years of experience of which around 14 years is with NLGIC. Previously he was associated with ICICI Bank, India. He was promoted as Assistant General Manager in 2017

Badar Salim Al Marzouqi, Assistant General Manager, Business Development
Mr Badar joined NLGIC in March 2017 as AGM- Business Development. He brings with him over 22 years of tenured work experience in Insurance sector. He started his career with NLGIC and worked for 12 years handling various portfolios and ensuring value addition. In his previous assignment, he was working with Vision Insurance Company as senior manager in motor claims and legal department. He holds Insurance Diploma, High National Diploma in Marketing and various professional certifications and training courses related to Insurance and Marketing

Ravi Iyer, Financial Controller
Mr Ravi joined NLGIC in January 2014 as Financial Controller. He is Associate member of The Institute of Cost Accountants of India, the Institute of Company Secretaries of India and the Chartered Institute of Management Accountants, UK. He has 19 years in Finance of which 12 years of experience is in Insurance Industry. His insurance industry experience includes multinational organisations such as Prudential, Abbott, UCB and Rhone Poulenc.

Uma Venkatesan, Head - Risk & Internal Control
Ms Uma joined NLGIC in January 2006. She is an Associate member of The Institute of Cost Accountants of India, Associate of Insurance Institute of India and has Post Graduate Diploma in Business Administration. She is in charge of Risk and Internal Control function of the Company since 2012. She has over 10 years of varied industry experience with Public sector companies and software firms in ERP field and over 10 years of experience is in Insurance Industry with NLGIC.

Seetharaman Srinivasan, Country Head – UAE
Mr. Srinivasan joined NLGIC in May 2017. He is a Graduate in Commerce and Associate of Insurance Institute of India. He is in charge of UAE country operations. He has over 25 years of industry experience with various multinational insurance companies and Broking firms.

20. RIGHTS AND LIABILITIES OF SHAREHOLDERS

20.1 Shareholder's Responsibilities

The responsibility of a Shareholder shall be limited to payment of the value of the Offer Shares subscribed. He/she shall not be liable for the debts of the Company except to the limit of the nominal value of the Offer Shares subscribed.

Any person whose shareholding along with his dependent's shareholding, reaches 10% or beyond 25% of the Company's share capital, shall obtain written approval from CMA. Further, he/she shall inform the CMA regarding any transaction or dealing which leads to an increase beyond 25% immediately after it happens.

No person shall independently or acting in concert with other person shall acquire 25% or more of the shares of an SAOG without obtaining written approval of Executive President of CMA.

20.2 Shareholder's Rights

All Shares shall enjoy equal rights in regards to declared profits at a general meeting of the Company in accordance with the CCL. These rights include the following:

a. To receive the dividends declared by a general meeting of the Company;
b. The preferential right to subscribe for the Shares;
c. The right to participate in the distribution of the surplus assets of the Company in the event of liquidation;
d. The right to dispose of the Shares in accordance with Applicable Law;
e. The right to peruse the balance sheet and profit and loss account of the Company and the Shareholders' register;
f. The right to be notified through invitation for a general meeting of the Company and to participate and vote in such meetings either in person or through proxy;
g. The right to apply for annulment of any resolution adopted by a general meeting of the Company or Board if it is in breach and violation of the Applicable Law, or the Articles and
h. The right to sue the members of the Board and auditors of the Company on behalf of the Shareholders or the Company in accordance with the provisions set out in Article 110 of the CCL.

The Board of Directors of CMA may, upon material reasons raised by Shareholders who own at least 5% of the Shares, suspend the resolutions of a general meeting of the Company which are made in favour of a certain category of Shareholders or in the interest of the members of the Board or others in accordance with Article 8 of the Capital Market Law.

20.3 Reports and Statements

The Board shall prepare un-audited quarterly financial statements for the first, second and third quarter of each Financial Year. It shall also prepare an annual report within two months from the end of the Financial Year comprising of the audited balance sheet, profit and loss statement, cash flow statement, changes in Shareholder's equity, report of the Board, report on the discussions held by the Board and their analysis and report on the organization and management of the Company. These statements should be disclosed at least two weeks prior to the AGM through the electronic transmission system through the MSM website.

The un-audited quarterly financial statements and results shall be forwarded to the Information Centre of the MSM within thirty days from the end of each quarter or any other legal period prescribed by the disclosure rules and conditions issued by CMA through the private Electronic Transmission System of the Centre. The said Centre shall also be provided with two copies duly endorsed by the Board. The Company shall also have it published within the aforementioned period.

On 29 May 2014, the CMA issued a circular to all SAOGs obliging them to disclose their initial quarterly results within 15 days from the end of each quarter, approved by the executive management and prior to the approval by the board. The Company shall comply with this directive.

20.4 AGM

The Board shall extend an invitation to the Shareholders to attend the AGM within three months from date of end of the Financial Year. The AGM shall be responsible for the deliberation of the following:

a. To study and approve the report of the Board.
b. To study and approve the report on the management and organization.
c. To review the auditor's report and approve the balance sheet and profit and loss statement.
d. To study and approve the corporate governance report.
e. To review the report on declaration of dividend. However, such dividend shall be distributed only from the net profit generated or from the special reserves accounts subject always to the provisions set out in Article 106 of the CCL.
f. To review the report on the sitting allowance for the meetings of the members of Board and committees constituted under it for the forthcoming Financial Year and approve the same.
g. To review the annual remuneration (if any) of the members of the Board for the Financial Year.
h. To look into the transparency of any transactions held with the related parties during the previous Financial Year (if any).
i. To make a note of any expected transactions with the related parties during the present Financial Year (if any).
j. To appoint auditors for the next Financial Year and fix their fees, taking into consideration the provisions laid down in Applicable Law.
k. Approve the criteria for evaluating the Board of Directors and appointing an independent body to evaluate their performance.
l. To elect members to the Board in case of expiry of the term of office of one or more of them or in the case of a vacancy that has arisen on the Board.

20.5 Ordinary General Meeting

The Board may convene a general meeting of the Company at any time and such meeting shall be convened whenever required by Applicable Law or the Articles, or upon request of one or more Shareholders who represent at least 25% of the capital of the Company.

The Board shall establish the agenda of a general meeting of the Company. If the meeting is convened by the auditors, the agenda shall then be established by them. The Board, or the auditors if necessary, shall include in the agenda any proposal put forward by the Shareholders who represent more than 10% of the capital of the Company provided that such proposal is submitted for inclusion in the agenda at least one month before the date of the meeting.

The resolutions of a general meeting of the Company shall be void unless the meeting is attended by Shareholders or their proxies who represent at least half the capital of the Company. If such a quorum is not formed within the time stipulated for the start of the meeting, a second meeting shall be called to discuss the same agenda. The second ordinary meeting of the Company shall be notified to the Shareholders in the same manner as the first meeting, at least one week prior to the date set for the second meeting. The resolution of the second meeting shall be valid regardless of the number of Shares represented, provided that such meeting is held within one month from the date of the first meeting. The resolutions of a general meeting of the Company shall be adopted by relative majority of the vote cast in respect of a given resolution.

20.6 Extraordinary General Meetings

An EGM shall be convened to decide on the following issues:
a. Reduction or increase in the authorised share capital of the Company;
b. Dissolution, liquidation or merger of the Company;
c. Sale of the Company's business or its disposal in any form or manner;
d. Amendment of the Articles;
e. Allotment of shares in the increased capital of the Company to one or more persons pursuant to Article 82 of the CCL
f. Issuance of debt instruments such as Bonds and Sukuk by the Company
g. Transform or change the legal form of the Company to another legal form; and
h. Any other matter reserved to the EGM by Applicable Law

The resolutions of the EGM shall not be valid unless the meeting is attended by Shareholders or proxies representing at least three-quarters of the Company's capital. If a quorum is not present, a second meeting shall be convened to discuss the same agenda. The Shareholders shall be notified of the second EGM in the same manner as the first EGM, at least two weeks prior to the date set for the second meeting.

The resolutions of the second meeting shall be valid if the meeting is attended by Shareholders or proxies representing more than half of the Company's capital, provided such meeting is held within six weeks of the date of the first meeting.

The resolution of the EGM shall be adopted by a majority of three-quarter of the votes cast in respect of any given resolution, provided such resolution shall always receive votes representing more than fifty percent of the Company's capital.
Any Shareholder or any interested party may refer to the Commercial Court (the competent department) within five years from the date on which the EGM was held, to decide on nullification of any decision taken during the meeting in violation of the CCL, or to the provisions of the Articles or by-laws or through fraud or misuse of authority.

20.7 Lock-up Period - Exemption from the applicability of Article 77 of the CCL

Article 77 of the CCL restricts the founders of a public joint stock company from disposing of their shares in such company, before it has published two balance sheets for two consecutive financial years, starting from the date of commencement of actual production or actual business by the company. As the Company has met the requirements of the above Article, therefore there is no restriction on the Selling Shareholders from disposing of their shares in the Company after listing the shares in the market.

20.8 Transfer of Ownership of the Shares

The transfer of ownership of the Shares shall take place through disposition in accordance with the instructions laid down by the MSM. Shareholders may sell and transfer their Shares without restrictions in accordance with the CCL, with the condition that the foreign shareholding shall not exceed 70% of the share capital of the Company under any circumstances.

Similarly, the shareholding of each individual shall not exceed the maximum limit prescribed and provided for in the CCL and Capital Market Law and the Executive Regulations respectively, unless necessary approvals are secured.

21. SUBSCRIPTION CONDITIONS AND PROCEDURES

21.1 Eligibility for the Subscription to the Offer Shares

The subscription to the Offer Shares will be open to Omani and non-Omani individuals and juristic persons, who have their accounts with the MCD. All GCC individuals and juristic persons are treated as Omani individuals and juristic persons for the purpose of owning shares in Omani companies.

Post listing on the MSM, non-GCC Shareholders are permitted to own Shares equal to no more than 70% of the paid up capital of the Company.

No person shall independently or acting in concert with other person shall acquire 25% or more of the shares of an SAOG except in accordance with the approval from Executive President of CMA.

The Company, the Issue Manager and the Legal Advisers are not liable for any changes in the Applicable Law or regulations that occur after the date of this Prospectus.

Applicants are advised to make their own independent investigations to ensure that their Applications comply with the Applicable Law.

21.2 Prohibitions with Regard to the Applications for Subscription:

The following are prohibited from subscribing to the Offer:

A. **Sole proprietorship establishments.** However, the owners of sole proprietorship establishments may submit Applications in their personal names.
B. **Trust accounts.** Customers registered under trust accounts may only submit Applications in their personal names.
C. **Multiple Applications.** An Applicant may not submit more than one Application.
D. **Joint Applications.** Applications made in the name of more than one individual, including Applications made on behalf of legal heirs. These Applications should only be made in their personal names.

All Applications falling in one of the above categories will be rejected without contacting the Applicant.

21.3 Applications on behalf of Minor Children:

1. For the purpose of this Offer, any person under 18 years of age on the date of submission of an Application will be considered as a minor.
2. Only the father may subscribe on behalf of his minor children.
3. If the Application is made on behalf of a minor by any person other than the minor's father, the person submitting the Application will be required to attach a valid, duly notarised Shari'a (Legal) power of attorney authorising him or her to deal in the funds of the minor through sale, purchase and investment.

21.4 Shareholder's (Applicant's) Number with the MCD:

- Any Applicant who subscribes for the Offer Shares must have an account and shareholder number with the MCD. Any Applicant may apply to obtain an investor number and open an account by completing the MCD application form. This may be obtained from the MCD's Head Office or its website at http://www.mcd.gov.om, or from brokerage companies licenced by the MSM. The completed form may be submitted by an Applicant through any of the following channels:
    - At the head office of the MCD based in the Commercial Business District, Muscat, Oman.
    - At the branch of the MSM based in Salalah, Oman, Tel: +968 23299822, Fax: +968 23299833
    - At the office of any brokerage company licenced by the MSM.
    - By sending a facsimile to the MCD at +968 24817491.
    - By opening an account through the MCD website at http://www.mcd.gov.om
- In order to receive an investor number with MCD, a juristic person will be required to furnish a copy of its constitutional documents, in the form prescribed by the MCD, along with a completed MCD application form.

- Applicants who already hold accounts with the MCD are advised, before the Offer, to re-confirm their MCD account particulars such as full name, postal address, civil ID number or passport number and particulars of bank account. Applicants may update their particulars through any of the channels mentioned above.

- All correspondence including allocation notices and dividend cheques will be sent to Applicant's address as recorded at the MCD. Applicants should ensure that their address as provided to the MCD is correct.

- Applicants after opening their accounts and updating their particulars must obtain from MCD the correct investor number to be recorded in the Application Form. Verification of the number is the responsibility of the Applicant. **Applications not bearing the correct investor number will be rejected without contacting the Applicants.**

For more information on these procedures, Applicants should contact the MCD:
Muscat Clearing & Depository Co. SAOC
Tel. 24822222- Fax. 24817491
http://www.mcd.gov.om

Applicants may please note that MCD has updated the account number (investor number) to a new format. All Applicants are required to reference the new number in the Application Form and forms bearing the old number may be rejected.

21.5 Subscription Period:

The Subscription shall commence on the 22 October 2017 and end on the 20 November 2017 with the end of the official working hours of the Collecting Banks.

21.6 Minimum Limit of Public Subscription

The minimum number of Offer Shares is as set out below:
For Category I investors: 1,000 Shares and in multiples of 100 thereafter.
For Category II investors: 250,100 Shares and in multiples of 100 thereafter.

21.7 Maximum Limit of Public Subscription

For Category I investors: 250,000 offer shares.
For Category II investors: 10% of the total Offer size which equates to 6,625,000 Offer Shares.

For the purpose of calculation of this percentage the Application of a father (or guardian) shall be merged with the Applications of his minor children. If the volume of the Shares subscribed exceeds the said percentage, the Shares applied under each Application shall be reduced proportionately before making the allotment.

21.8 Terms of Payment

Applicants are required to make payment of the full Application Money in Omani Rials (equal to the number of shares applied multiplied by the Offer Price per Share), at the time of submission of the duly completed Application Form to the Collecting Bank. Each Applicant can pay by cash, draw a cheque or demand draft for the amount payable at the time of submission of the Application.

Each Collecting Bank will open an escrow account entitled the **"National Life & General Insurance Company SAOG (Under transformation) - IPO"** account for the collection of the Application Money. This account will be managed by each Collecting Bank who, after allotment and refunds, will transfer the balances in such account to the account(s) specified by the Issue Manager.

21.9 Particulars of the Bank Account

1. Each Applicant is required to furnish the particulars of its bank account (registered in the name of the Applicant). The Applicant must not use the bank account number of any other person except in the case of minor children only.

2. If the bank account of the Applicant is registered with a bank other than where the Application is submitted, the Applicant will be required to submit a document to confirm the correctness of the bank account particulars. This can be done by submitting any document from the bank of the Applicant that states the account number and name of the account holder. Documents that may be accepted include account statements or a letter or any document issued by the bank confirming this information. The Applicant is responsible for ensuring that the evidence submitted is legible and contains the required information. The Applicant is not obliged to submit any evidence with regard to the accuracy of its bank account if it is subscribing through the Collecting Bank where it maintains its account. In this case, the bank will be required to verify and confirm the correctness of the Applicant's account through its own system and procedures or through the evidence submitted to it by the Applicant.

3. In accordance with the instructions of the CMA, the details of the bank account will be listed in the records of the MCD for transferring any refund as well as for crediting any dividends paid by the Company in future. For Applicants who already have bank accounts registered with the MCD the account mentioned in the Application will be used for the transfer of refunds only.

4. The Application containing the bank account number of a person other than the Applicant will be rejected, with the exception of the Applications made on behalf of minors that contain bank accounts particulars of their father.

21.10 Documentation Required

1. A document confirming the accuracy of the bank account number as provided for in the Application (only where the Application is made through a Collecting Bank other than where the Applicant has the account).

2. A copy of a valid power of attorney duly endorsed by the competent legal authorities in the event the Application is on behalf of another person (with the exception of the Application made by a father on behalf of his minor children).

3. In case of Applications by juristic persons (non-individuals) which are signed by a person in his or her capacity as an authorised signatory, a copy of adequate and valid document (such as company registration certificate and authorized signatory form) should be attached.

21.11 Mode of Application

1. The Applicant will be responsible for satisfying all the particulars and the validity of the information set out in the Application. Collecting Banks have been instructed to accept only the Applications satisfying all the requirements of the Application Form and the Prospectus.

2. The Applicant, before completing the Application, shall read the Prospectus including the Offer terms and conditions.

3. The Applicant shall fill in the Application with all the relevant details as required by the Application and the Prospectus including the Applicant's number with MCD, civil number and date of birth for minor children.

4. The Applicant shall submit the Application to one of the Collecting Banks as referred to in the Prospectus, together with the Application money and any relevant documents in support of the Application.

5. Cheques or demand drafts shall be made in favour of **"National Life & General Insurance Company SAOG (Under transformation) - IPO".**

21.12 Bank Receiving the Subscription (Collecting Banks)

The Applications shall be accepted by one of the following commercial banks during the official working hours only:

Oman Arab Bank SAOC
Bank Dhofar SAOG
National Bank of Oman SAOG
bank muscat SAOG

The Collecting Bank receiving the Application is required to accept the Application after confirmation of compliance of the procedures set out in the Prospectus. The Collecting Bank must instruct the Applicants to comply and fulfil any requirements set out in the Application.

The Applicant must submit an Application to one of the Collecting Banks on or before the Subscription Closing Date. The Collecting Bank shall refuse any Application received after the official working hours on the Subscription Closing Date.

21.13 Rejection of Applications

The Collecting Banks shall reject Applications in the following circumstances:

1. If the Application is not signed by the Applicant.
2. If the Application Money is not paid by the Applicant in accordance with the conditions set out in the Prospectus.
3. If the Application Money is paid by cheque and the cheque is dishonoured for whatever reason.
4. If the Application is submitted in joint names.
5. If the Applicant is a sole proprietorship or trust account.
6. If the Application does not include the Applicant's investor number registered with the MCD.
7. If the investor number furnished in the Application is incorrect i.e. it does not match with the Applicant's name.
8. If the Applicant submits more than one Application in the same name, all of them will be rejected.
9. If the supporting documents are not enclosed with the Application.
10. If the Application does not contain all the particulars of the bank account of the Applicant.
11. If the particulars of the bank account provided for in the Application are found to be incorrect.
12. If the bank account in the Application does not belong to the Applicant, with the exception of Applications submitted in the names of minor children, who are allowed to make use of the particulars of the bank accounts held by their father or their legal representatives holding valid power of attorney.
13. If the power of attorney is not attached to the Application in respect of an Applicant who subscribes on behalf of another person (with the exception of the fathers who subscribe on behalf of their minor children).
14. If the Application does not comply with the legal requirements or other requirements as provided for in the Prospectus.

If the Collecting Bank observes, after receipt of an Application and before the expiry of the time schedule prescribed for handing over of the Applications to the Issue Manager, that the Application has not been complied with the procedures set out in the Prospectus, due effort will be taken to contact the Applicant so that the mistake may be corrected. If the Applicant does not rectify the Application within the period referred to, the Collecting Bank will return the Application together with the Application money to the Applicant and it will not be considered for allotment.

The Issue Manager may reject any Application under any of the conditions referred to above, subject to securing the approval of the CMA and submission of a comprehensive report furnishing the details of the Applications that are rejected and the reasons behind the rejections.

If it appears from the final subscriber register made by all the Collecting Banks that there are Applications with the same investor number or civil number or the same bank account (except for minor children) all the Applications shall be rejected for belonging to the same subscriber.

21.14 Enquiry & Complaints:

Applicants who intend to seek clarification or file complaints with regard to the issues related to the allotment or rejected Applications or refund of the Application money in excess of the subscription, may contact the branch of the bank where the Application was made. In case of the absence of any response from the branch, the Applicant may contact the Collecting Banks as under:

Bank	Contact Name	Postal Address	Contact Details
Oman Arab Bank SAOC	Marwan Al Khouli	P.O. 2010, Postal Code 112, Ruwi, Sultanate of Oman	Tel: +968 2475 4500 Fax: +968 2412 5128 Email: marwan.alkhouli@omanarabbank.com
Bank Dhofar SAOG	Ali Redha Al Lawati	P.O. 1507, Postal Code 112, Ruwi, Sultanate of Oman	Tel: +968 2472 6368 Fax: +968 2472 6262 Email: ibo@bankdhofar.com
National Bank of Oman SAOG	Hussain Ali Abdullah Al Lawati	P.O. 751, Postal Code 112, Ruwi, Sultanate of Oman	Tel: +968 2477 8757 Fax: +968 2477 8993 Email: hallawati@nbo.co.om
bank muscat SAOG	Hamid Said Hashmat	P.O. 134, Postal Code 112, Ruwi, Sultanate of Oman	Tel: +968 2476 7990 Fax: +968 2478 8864 Email: hamids@bankmuscat.com

If the Collecting Bank fails to resolve the complaint with the Applicant, it will refer the subject matter to the Issue Manager and keep the Applicant informed of the progress and development in respect of the subject matter of the dispute. The Applicant may contact the Issue Manager on the following address:

Bank Dhofar SAOG
Person(s) in charge:

Mr. Majid Qamarudeen	Mr. Prakash Saraogi
Phone: +968 99320502	Phone: +968 99233928
Email: MQamar@bankdhofar.com	Email:PrakashS@bankdhofar.com
PO Box: 1507, Postal Code 112, Ruwi, Sultanate of Oman	

21.15 Overall Offer Split and Allotment Procedures:

In the case of over-subscription of the Offer, the eligible Applications shall be segregated into two Categories and the Offer Shares will be allotted among the eligible Applicants as follows:

Category I:
43,062,500 (Forty three million sixty two thousand five hundred) Shares, being 65% of the Offer Shares will be allocated on a pro-rata basis to investors applying for 250,000 Offer Shares or less.

Category II:
23,187,500 (Twenty three million one hundred eighty seven thousand five hundred), being 35% of the Offer Shares will be allocated on a pro-rata basis to investors applying for 250,100 Offer Shares or more.

The CMA in co-ordination with the Issue Manager will finalise the actual basis of allocation. The CMA may decide to allocate a minimum number of Offer Shares equally to all eligible Applicants, taking into consideration the small subscribers, and the remaining Offer Shares shall be distributed on a pro-rata basis.

Any under subscription in any category shall be carried over to the other category as described in more detail in the Chapter “Subscription Conditions and Procedures” of this Prospectus.

Allotment for foreign investors will be limited to a maximum of 70% of the paid up capital of the Company, after taking into account the existing shareholders.

21.16 Basis for Undersubscribed Offer Shares:

In case of a shortfall in subscription, the unsubscribed Offer Shares shall be retained by the respective Selling Shareholders and the Company will list on the parallel market of the MSM based on the actual subscription of the IPO. The Company will in consultation with the CMA agree on a suitable course of action regarding the unsubscribed shares.

21.17 Allotment Letters and Refund of Money:

The Issue Manager will arrange to allot the Offer Shares to the Applicants within 15 days after the end of the Subscription Period after receiving the approval of the CMA on the basis of allotment. The Issue Manager will arrange to send allotment letters to the Applicants who have been allotted Shares as per the addresses registered with the MCD immediately after obtaining CMA approval for the allotment.

Where an Applicant has been allocated fewer Shares than indicated in the Application, the excess amount (if any) paid on Application, will be refunded to the Applicant from the escrow account of the respective Collecting Bank(s). The Issue Manager will also instruct the Collecting Banks to refund the excess money to the eligible Applicants within 15 days after the end of the Subscription Period and after receiving the approval of the CMA. The Applicant shall immediately after the announcement of the allotment verify with MCD the Shares allotted to him because allotment notices may take time to reach the Applicant and the listing of the Shares will be as per the proposed timetable.

21.18 Proposed Timetable:

The following table shows the expected time schedule for completion of the subscription procedures:

Procedure	Date*
Commencement of subscription	22 October 2017
Closing of subscription	20 November 2017
Due date for the Issue Manager to receive the subscription data and final registers from the Collecting Banks	28 November 2017
Notifying the CMA of the outcome of the subscription and the proposed allotment	29 November 2017
Approval of the CMA with regard to the proposed allotment	30 November 2017
Completion of the allotment procedures and commencement of refund	3 December 2017
Listing of the Offer Shares on the MSM	6 December 2017

*The above are only expected dates and are subject to change.

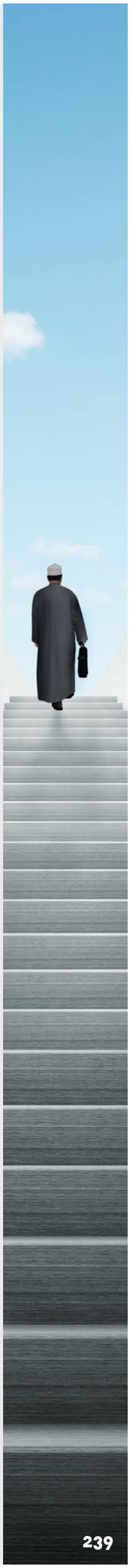
21.19 Listing and Trading of Offer Shares:

The Offer Shares shall be listed on the MSM in accordance with the Applicable Law and procedures that are in force on the date an application is made for the listing and registration. The above listing date is an estimated date and the exact date will be published on the MSM website.

21.20 Responsibilities and Obligations:

The Issue Manager, Collecting Banks and the MCD shall abide by the responsibilities and obligations set out by the directives and regulations issued by the CMA. The Issue Manager and the Collecting Banks must also abide by any other responsibilities that are provided for in the agreements entered into among them and the Company and/or any Shareholders.

The parties concerned will be required to take remedial measures with regard to the damages arising from any negligence committed in the performance of the functions and responsibilities assigned to them. The Issue Manager will be the body responsible before the regulatory authorities in taking suitable steps and measures for repairing such damages.



22. UNDERTAKINGS

22.1 The Company

The Directors of National Life & General Insurance Company SAOG (under transformation) jointly and severally hereby confirm that, to the best of their knowledge:

1. The information provided in this Prospectus is true and complete.
2. Due diligence has been taken to ensure that no material information has been omitted, the omission of which would render this Prospectus misleading.
3. All the provisions set out in the Insurance Law, Capital Market Law, the CCL, and the rules and regulations issued pursuant to them have been complied with.

Directors who are authorized to sign the Prospectus pursuant to the EGM held on 16 July 2017:

Name	**Signature**
Anwar Hilal Hamdoon Al Jabri	-sd-
Mohammed Taqi Al Jamalani	-sd-

22.2 Issue Manager

Pursuant to our responsibilities under Article 3 of the Capital Market Law, Article 13 of the Executive Regulations and the directives issued by the CMA, we have reviewed all the relevant documents and other material required for the preparation of the Prospectus.

The Board of National Life & General Insurance Company SAOG (under transformation) will bear the responsibility with regard to the correctness of the information provided in the Prospectus, and they have confirmed that to the best of their knowledge no material information has been omitted, the omission of which would have made the Prospectus misleading.

We confirm that we have conducted due diligence required by our profession with regard to the Prospectus which was prepared under our supervision and, based on the reviews and discussions with the Company, the Directors, the Shareholders and other related parties, we confirm the following:

1. We have conducted reasonable due diligence to ensure the information given to us by the Shareholders/Board and included in the Prospectus is conformant with the facts in the documents and other material of the Offer.

2. To the best of our knowledge and from the information available from the Company, the Company has not omitted any material information, the omission of which would render the Prospectus misleading.

3. The Prospectus and the Offer to which it relates, is conformant with all the rules and terms of disclosure stipulated for in the Insurance Law, Capital Market Law, the Executive Regulations, the prospectus models applied by the CMA, the CCL and the directives and decisions issued in this regard.

4. The information contained in this Prospectus in Arabic (and the unofficial translation into English thereof) is true, sound and adequate to assist the Applicants to make the decision as to whether or not to invest in the Shares offered and in case of any discrepancy, the Arabic version shall be referred to.

-sd-

Bank Dhofar SAOG

22.3 Legal Adviser

The Legal Adviser, hereby confirms that all the procedures taken for the offering of the Offer Shares the subject matter of the Prospectus are in line with the Applicable Laws including the CCL, the Capital Market Law and the regulation and directives issued pursuant to them, the requirement and rules for the offer of the Offer Shares issued by the CMA and the Articles. The Company has obtained all the consents and approvals of the official authorities required to carry out the Offer.

-sd-

Al Busaidy Mansoor Jamal & Co.

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