VISION INSURANCE SAOG

(Under Transformation)

الرؤية للتأمين ش.م.ع.ع

(قيد التحويل)

Redefining Insurance

Prospectus

VISION INSURANCE SAOG (under transformation)

Initial Public Offering of 25,000,000 Shares ("Offer Shares"); Offer price: Bzs 162 per Share

(Comprising a nominal value of Bzs 100 per Share, Share Premium of Bzs 60 per Share and Offer Expenses of Bzs 2 per Share)

Issue Opens: 9 July 2017 | Issue Closes: 7 August 2017

SUBSCRIPTION BANKS	EXTERNAL AUDITOR	LEGAL ADVISOR TO THE COMPANY	ISSUE MANAGER
ahlibank, NBO, Bank Sohar	EY	DENTONS	ahlibank

His Majesty Sultan Qaboos Bin Said

Vision Insurance SAOG (Under Transformation)
الرؤية للتأمين ش.ع.ع (قيد التحويل)

P.O.Box: 1882, P.C: 114, Jibroo, Sultanate of Oman
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PROSPECTUS

Initial Public Offering of 25,000,000 Shares ("Offer Shares")

At a Price of Bzs 162 per Share
(With the Nominal Value of each Share being Bzs 100,
Share Premium of Bzs 60 per Share and Offer Expenses being Bzs 2 per Share)

OFFER OPENS: 9 July 2017
OFFER CLOSES: 7 August 2017

Issue Manager

ahlibank البنك الأهلي

P.O.Box 545, Mina Al Fahal, P.C 116, Sultanate of Oman
Tel: +968 24653024 , Fax: +968 24562120
URL: ahlibank.om

Subscription Banks

ahlibank البنك الأهلي | Arab Bank | NBO البنك الوطني العماني | Bank Sohar بنك صحار

This prospectus contains information provided in accordance with the requirements prescribed by the Capital Market Authority (the "CMA"). This is an unofficial English translation of the original Prospectus prepared in Arabic and approved by the CMA in accordance with Administrative Decision No. خ/32/2017 dated 20 June 2017.

The CMA assumes no responsibility for the accuracy or adequacy of the statements and information included herein and shall not assume any liability for any damage or loss caused due to reliance or use of such information by any person.

Important notice to investors

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

This Prospectus includes all material information and data, and as far as the Company (represented by the Board) is aware, does not contain any misleading information or omit any material information that would have a positive or negative impact on the decision of a prospective Applicant with respect to whether or not to invest in the Offer Shares.

The Board of Directors are jointly and severally responsible for the accuracy and adequacy of the information contained in this Prospectus and confirm that, to their knowledge, appropriate due diligence has been performed 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 Applicants should carefully examine and 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. Investors should not consider this Prospectus as a recommendation by the Company, by the Directors, the Issue Manager or the Legal Advisor to buy the Offer Shares. Every investor is responsible for obtaining their own independent professional advice for any investment in the Offer Shares and for conducting an independent evaluation of the information and assumptions contained herein using appropriate analysis or projections.

No Person has been authorised to make any statements or provide information in relation to the Company or the Shares other than the Persons whose names are indicated in this Prospectus. Where any Person makes any statement or provides information concerning matters included in this Prospectus, it should not be taken as authorised by the Board, the Company, the Issue Manager or the Legal Advisor.

The CMA neither assumes 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.

Additional points to be noted

References to documents

Any summaries of documents or extracts of documents contained in the Prospectus may not provide an accurate or complete summary of such documents and should not be relied upon as being comprehensive statements in respect of such documents.

Scope of Information

The information contained in this Prospectus is intended to provide a prospective Applicant with adequate information relating to the Company and the investment opportunity and background information on the IPO. 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 Offer Shares.

Investor Due Diligence

Prior to making any decision as to whether to subscribe for the Offer Shares, prospective Applicants should read this Prospectus in its entirety. In making an investment decision, prospective Applicants 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 market conditions, financial performance and other factors beyond the control of the Company or the Board.

Projected financial statements

It is not possible to predict the future, either for the Company, the industry or the economy as a whole. Accordingly, no opinion, implied or otherwise, on the attainability of the results contemplated in the projected financial statements is made. The projected financial statements contained in this Prospectus have been prepared by the management using a set of hypothetical assumptions about future events and management's actions in relation thereto. Assumed future events may not necessarily occur, and if such events do occur, actual results may differ from the projected financial statements since anticipated events frequently do not occur as expected. Variations between actual and expected results may be material. Economic conditions may change and affect the operations and, consequently, the outcome.

Restriction 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 Board or the Company to subscribe to any of the Offer Shares in any jurisdiction outside of Oman. This Prospectus may not be distributed in any jurisdiction where such distribution is, or may be, unlawful. The Board, the Company, the Issue Manager and the Subscription Banks require persons into whose possession this Prospectus comes, to inform themselves of and observe all such restrictions. None of the Board, the Company, the Issue Manager or the Subscription 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, and whether such offer or solicitation was made orally or in writing, including by electronic mail.

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 Issue Manager.

Disclaimer of implied warranties

Save and except as required under applicable law and regulations, no representation or warranty, express or implied, is given by the Board, the Company, the Subscription Banks, the Issue Manager, the Legal Advisor 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.

FORWARD LOOKING STATEMENTS

This Prospectus contains "forward-looking statements". These forward-looking statements can generally be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "goal", "intend", "objective", "plan", "project", "may, "shall", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe the Company's strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual outcomes to differ materially from those contemplated by the relevant forward-looking statement.

Factors that could cause actual results to differ materially from the Company's expectations include (but are not limited to):

- The Company's ability to accurately estimate future performance
- The Company's ability to successfully implement its strategy, growth and expansion plans
- The monetary policies of Oman, local and international inflation and interest rates and their impact on the Company's financial results
- General economic and business conditions in Oman, which have an impact on the Company's business activities
- General economic and business conditions globally which may impact on the Company's business activities
- Events of unprecedented catastrophic nature in Oman or internationally impacting on the Company and its business activities
- Changes in laws and regulations that apply to insurance companies in Oman
- Changes in accounting standards and practices that apply to insurance companies
- Increasing competition in the Omani insurance sector
- Trends in international reinsurance markets
- Movements in equities and bonds in Oman, regional and global markets

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could be materially different from those that have been estimated in this Prospectus.

Where the CMA directs any amendment to be made to this Prospectus or the information contained therein after this Prospectus has been approved by the CMA, such amendments will be published in two daily newspapers (one of which must be an Arabic publication). Except in this instance, none of the Company, the Board or the Issue Manager, have any obligation to update or otherwise revise any statements in this Prospectus to reflect circumstances arising after the Prospectus Date or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition or differ from actuality.

For a further discussion of factors that could cause actual results to differ, see Chapter 15 of this Prospectus. After listing on the MSM, the Company will adhere to the disclosure rules and regulations issued by the CMA, which include the requirement to make timely disclosures of the Company's results of operations. The Company advises prospective Shareholders to track any information or announcements made by it after listing, through the MSM website at www.msm.gov.om.

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET INFORMATION

Financial Information

Unless stated otherwise, the financial information in this Prospectus is derived from Company's historical and projected financial statements prepared in accordance with the requirements of IFRS. Copies of the historical and projected annual financial statements are set out in Chapters 11 and 12 respectively of this Prospectus. The Financial Year commences on 1 January and ends on 31 December. In this Prospectus, any discrepancy in any table between the total and the sum of the relevant amounts listed is due to rounding.

Currency of presentation

The base currency of presentation in this Prospectus is OMR.

OMR 1 = Bzs 1,000

Industry and market information

Unless stated otherwise, industry and market information used throughout this Prospectus has been obtained from third party industry publications and/or websites. Although it is believed that industry information used in this Prospectus is reliable, it has not been independently verified and therefore its accuracy and completeness is not guaranteed and its reliability cannot be assured. Accordingly, no liability, legal or otherwise, will be accepted by the Company, the Board, or the Issue Manager as to the accuracy or completeness of such information. The extent to which the market and industry information used in this Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such information.

Table of Contents

Chapter 1: Abbreviations/Definitions

ACII	Associate of Chartered Insurance Institute
AGM	Annual General Meeting
Applicant	A Person who applies for allotment of Offer Shares pursuant to the terms of this Prospectus
Application	The application form used to apply for allotment of the Offer Shares pursuant to the terms of this Prospectus
Application Money	The amount to be paid by the Applicant with the submission of the Application as specified in Chapter 18 of this Prospectus
Articles	The Articles of Association of the Company as registered with MOCI
Auditors	The auditors of the Company appointed by a General Meeting
Bbl	Barrel
BMI	Business Monitor International Ltd.
Bn	Billions
Board	The board of directors of the Company
Bzs	Refers to Baizas (Bzs 1000 = OMR 1)
CAGR	Compounded Annual Growth Rate
Cap	Capitalization
Capex	Capital Expenditure
Category I Investors	Omani and non-Omani Persons who apply for a minimum of [1,000] Offer Shares and in multiples of [100] Offer Shares thereafter up to a maximum of [100,000] Shares
Category II Investors	Omani and non-Omani Persons who apply for a minimum of [100,100] Offer Shares and in multiples of [100] Offer Shares thereafter up to a maximum of [2,500,000] Offer Shares or [10] % of the Offer
CCL	The Commercial Companies Law issued by Royal Decree 4/74 (as amended)
CEO	Chief Executive Officer of the Company
CMA	The Capital Market Authority of Oman established pursuant to the CML
CML	The Capital Market Law issued by Royal Decree 80/98, (as amended)
Code of Corporate Governance	The Code of Corporate Governance for MSM listed companies issued by Circular E/4/2015 (as amended)
Commercial Register	Commercial Register maintained by the MOCI pursuant to the Commercial Register Law issued by Royal Decree 3/74
Company/Issuer/Vision Insurance/VIC	Vision Insurance SAOG (Under Transformation)
DAE	Diploma in Automobile Engineering
Date of Registration	Date on which the Company is registered on the Commercial Register
DDM	Dividend Discount Model
Director	A member of the Board
EPS	Earnings Per Share
EGM	Extraordinary General Meeting
Executive Regulations	Executive Regulations issued by the CMA pursuant to Decision 1/2009 as amended

Facultative Reinsurance	A reinsurance arrangement which is not automatic and is done on individual risk and / or policy basis where terms and conditions of reinsurance are specifically agreed for that particular transaction
FIII	Fellow of Insurance Institute of India
Financial Year/ FY	The financial year of the Company, comprising twelve months starting on 1 January and ending on 31 December of that particular year
Foreign Person	Refers to a Person who is not an Omani Person
GCC	Gulf Cooperation Council comprising of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates
GDP	Nominal Gross Domestic Product unless otherwise stated
General Meeting	An AGM, EGM or OGM of the Company
Government	The Government of Oman
GWP	Gross Written Premium is the amount of premium or contribution that the company charges the client before making any adjustment for brokerage or acquisition cost, reinsurance, policy fee and government tax
HRM	Human Resource Management
HVAC	Heating, Ventilation, Air Conditioning
IBNR	Incurred But Not Reported
IFRS	International Financial Reporting Standards
Independent Director	As defined in the CMA's Code of Corporate Governance
Investor Number	The unique folio number of the investor as registered with the MCD
Insurance Code	Code of corporate governance for insurance companies issued by the CMA
IPO	Initial Public Offering
Issue Manager	Refers to the issue manager for the IPO, Ahli Bank SAOG
IT	Information Technology
Legal Adviser	Refers to the legal adviser for the IPO, Dentons & Co, Oman Branch
Legal Reserve	The legal reserve which the Company is obliged to maintain pursuant to Article 106 of the CCL, which mandates for the allocation of 10% of the post tax net profits of the Company to a non-distributable reserve until such time as the legal reserve equates to one-third of the paid up share capital of the Company
LLB	Bachelor in Law
LLC	Limited Liability Company
MCD	Muscat Clearing & Depository SAOC
Memorandum	Memorandum of Association of the Company
MENA	Middle East and North Africa
MIAE	Member of Automobile Engineering
Mn	Millions
MIS	Management Information System
MLM	Master of Labour Management

MOCI	The Ministry of Commerce and Industry of Oman
MONE	The Ministry of National Economy, Oman (erstwhile)
MOU	Memorandum of Understanding
MSM	The Muscat Securities Market of Oman
NWP	Net Written Premium is Gross Written Premium after deduction of premium ceded towards reinsurance
Nominal Value	Bzs 100 per Share
Non Proportional Reinsurance	A type of reinsurance in which the reinsurer does not share similar proportions of the premiums earned and the claims incurred by the reassured plus certain associated expenses.
Offer / Offering	The public offer of [25,000,000] Shares of a nominal value of Bzs 100 each of the Company for cash at a price of Bzs [162] per Share (inclusive of Bzs 2 as Offer Expenses)
Offer Closing Date	The closing date of the Offer, which is described in Chapter 18 of this Prospectus
Offer Expenses	Bzs 2 per Share to be collected as part of the Offer Price
Offer Opening Date	The opening date of the Offer, which is described in Chapter 18 of this Prospectus
Offer 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
Offer Price	Bzs. [162] per Share which includes Bzs 2 as Offer Expenses
Offer Proceeds	The proceeds of the Offer that will be available to the Selling Shareholders
Offer Shares	[25,000,000] Shares which are offered for public subscription at the Offer Price
OGM	Ordinary General Meeting
OMR	Omani Rials, the lawful currency of Oman
P/E	Price to Earnings ratio
Person	A natural or juristic person
PGDIM	Post Graduate Diploma in Insurance Management
Policyholder	A person or entity who owns an insurance policy and has the privilege to exercise the rights stated in the insurance contract. This party is often, but not always, the insured, and may or may not be one of the policy's beneficiaries.
Pre-IPO Shareholders	Collectively all the current shareholders of the Company
Proportional Reinsurance	A type of reinsurance in which the reinsurer shares similar proportions of the premiums earned and the claims incurred by the reassured plus certain associated expenses
Prospectus	This prospectus document which contains complete particulars of the Offer Price and the size (in terms of value) of the Offer
Prospectus Date	The date on which this Prospectus is approved by the CMA
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.

Reinsurance Treaty	A reinsurance contract under which the reassured agrees to offer and the reinsurer agrees to accept all risks of certain size within a defined class.
Related Party	As defined in the Code of Corporate Governance (unless the meaning or context otherwise requires)
Retention	The proportion of risk and the risk premium that is retained and not reinsured. It is the amount of any loss or combination of losses which is either fully retained or the reassured must bear itself under a reinsurance contract before the reinsurer becomes liable to make any payment under that contract.
Royal Decree	A Royal Decree issued by His Majesty, the Sultan of Oman
SAOC	Société Anonyme Omanaise Close, an Omani closed joint stock company
SAOG	Société Anonyme Omanaise Générale, an Omani public joint stock company
SDFI	Special Diploma in Fire Insurance
Selling Shareholders	Pre IPO Shareholders offering their shares to those subscribing to the IPO
Share	Ordinary share of the Company
Shareholder	A common shareholder of the Company
Share Capital	The pre-IPO issued and paid up share capital of the Company is OMR 10,000,000 (Omani Rials Ten million)
Share Premium	Bzs [60] per Share
SME	Small and Medium Enterprise
Solvency	The Company's ability to meet its total obligations, including its obligation towards the Policyholders.
Subscription Banks	• Ahli Bank SAOG • Bank Sohar SAOG • National Bank of Oman SAOG • Oman Arab Bank SAOC
Technical Reserves	Amounts to be set aside by the Company towards premium and loss reserves in accordance with the insurance laws and CMA directives and assigned in favour of CMA as security to cover its obligations to Policyholders
TEU	Twenty Feet Equivalent Unit
UAE	United Arab Emirates
USD	Unites States Dollar

Chapter 2: General information on the Offer and the Company

Name of the Company	Vision Insurance SAOG (under transformation)
Commercial Registration	1025783
Date of Registration	01/09/2007
Registered Address	P.O.Box 1882, P.C 114, Jibroo, Muscat, Sultanate of Oman
Financial Year	Commences on January 1 and ends on December 31 each year
Authorised Share Capital	OMR 15,000,000 divided into 150,000,000 Shares with a nominal value of Bzs 100 per Share
Issued and Paid up Share Capital	OMR 10,000,000, divided into 100,000,000 Shares with a nominal value of Bzs 100 per Share
Number of Offer Shares	[25,000,000] Shares, which will constitute [25]% of the Share Capital of the Company
Type of Shares offered for Subscription	Ordinary shares with each single Share carrying the right to one vote at a General Meeting
Offer Price	Bzs [162] per Share. This comprises a Nominal Value of Bzs 100, Share Premium of Bzs [60] and Offer Expenses of Bzs 2.
Purpose of the IPO	To comply with the provisions of Royal Decree 39/2014 which requires insurance companies to change their legal status to public joint stock companies no later than August 2017. The Offer is a divestment of a proportion of the Shares currently held by the Selling Shareholders and proceeds from the IPO (including the premium) [net of the issue expenses (upto Bzs 2 per Share)] will accrue to the Selling Shareholders.
Persons eligible to subscribe for Shares	The subscription will be open to Omani and non-Omani individuals and juristic persons (subject to the "Restrictions to Persons" set out below) having an investor account with the MCD.
Offer Opening Date	9 July 2017
Offer Closing Date	7 August 2017
Restrictions to Persons subscribing for Shares	The following Applicants shall not be permitted to apply for the Offer: • Sole proprietorship establishments cannot apply for the Offer Shares: The owners of sole proprietorship establishments may submit Applications in their personal names. • Trust accounts cannot apply for the Offer Shares: Customers registered under trust accounts may submit Applications in their personal names. • Multiple Applications are not permitted: An Applicant may not submit more than one Application. • Joint Applications: Applicants may not submit applications in the name of more than one individual (including on behalf of legal heirs). All such Applications will be rejected without contacting/notifying the Applicant.

Names of Selling Shareholders and number of Shares being sold	Details of the Selling Shareholders and the number of Shares being offered by them for sale are given below: • Vision Investment Services SAOC: [6,500,000] Shares • Al Wathba National Insurance Co.: [5,000,000] Shares • Tawoos LLC: [2,500,000] Shares • Sheikh Salim Said Ahmed Al Fannah Al Araimi: [2,500,000] Shares • Darwish bin Ahmed & Sons: [2,500,000] Shares • Mohammed Juma Sultan & Company LLC.: [1,250,000] Shares • Mr. Mehdi Jawad Salman: [1,250,000] Shares • Al Sharqiya Investment Holding Co. S.A.O.G: [1,250,000] Shares • Al Salah Commercial Co. LLC: [1,250,000] Shares • Mr. Maqbool Ali Salman: [312,500] Shares • Mr. Hassan Ali Salman: [312,500] Shares • Mr. P R Ramakrishnan: [375,000] Shares In case of under subscription, the number of shares being offered by the Selling Shareholders will be reduced proportionately by the extent of any under subscription.
Proposed allocation of Shares	In the event that the Offer is oversubscribed, Shares will be allotted between the eligible investor groups as follows: • Category I Investors: [16,250,000] Shares, representing [65]% of the Offer, will be allotted amongst Category I Investors, in proportion to the number of Shares applied for by each Applicant in this category • Category II Investors: [8,750,000] Shares, representing [35]% of the Offer, will be allotted amongst Category II Investors, in proportion to the number of Shares applied for by each Applicant in this category Any under-subscription in relation to the Shares allocated for allotment in a category will be carried over to the other category as described in Chapter 18 of this Prospectus. Allotment to Foreign Persons will, in all cases, be limited to a maximum of 70% of the Share Capital. The final allocation of Offer Shares on the above basis will be decided by the Issue Manager in consultation with the CMA. In accordance with Article 65 of the CCL, the CMA may allot a minimum number of Offer Shares equally among the Applicants, taking into consideration Applicants subscribing for small number of Offer Shares and the remaining Offer Shares shall be allocated on a pro-rata basis.
Minimum Limit for the Subscription under one Application	1 Category I Investors: 1,000 Shares and in multiples of 100 Shares thereafter 2 Category II Investors: 100,100 Shares and in multiples of 100 Shares thereafter
Maximum Limit for the Subscription under one Application	• Category I Investors: 100,000 Shares • Category II Investors: [2,500,000] Shares which is 10% of the Offer

Date of the EGM for approval of the IPO	4 May 2017
Issue Manager	Ahli Bank SAOG P.O.Box 545, P.C 116, Mina Al Fahal, Sultanate of Oman Tel: +968-24653024, Fax: +968-24562120
Subscription Banks	Ahli Bank SAOG P.O.Box 545, P.C 116, Mina Al Fahal, Muscat, Sultanate of Oman Tel: +968-24577830, Fax: +968-24567841 Email: amin.albalushi@ahlibank.om Bank Sohar SAOG P.O.Box 44, P.C 114, Hayy Al Mina, Muscat, Sultanate of Oman Tel: +968 24730000, Fax: +968 24730010 Email: customerservice@banksohar.net National Bank of Oman SAOG P.O.Box 751, P.C 112, Ruwi, Sultanate of Oman Tel: 24778757, Fax: 24816763 / 24778993 Email: nbobackoffice@nbo.co.om Oman Arab Bank SAOC P.O.Box 2010, P.C 112, Ruwi, Sultanate of Oman Tel: +968 24754101, Fax: +968 24125104 Email: ruqaiya.albalushi@oman-arabbank.com
Legal Adviser	Dentons & Co Oman Branch PO Box 3552, Ruwi PC 112, Muscat, Sultanate of Oman Tel: +968-24573000, Fax: +968-24573097 Email: muscat.office@dentons.com
Reporting Accountant	KPMG – Muscat Branch (Branch of KPMG Lower Gulf Limited) 4th Floor, HSBC Bank Building, MBD, P.O. Box 641, P.C. 112 Sultanate of Oman.
Issue Expenses	Details provided in Chapter 3

Chapter 3: Summary of issue expenses

The maximum expenses of the IPO are estimated at OMR 132,000, which would equate to approximately 3.3% of the total proceeds of the Offer (on the assumption that the Offer is fully subscribed). The breakdown of the estimated expenses is detailed in the table below:

Estimated Expenses of the IPO	**OMR**
Issue management fees, other professional advisors fee (Arabic translator, Legal Adviser, other advisors)	60,000
Collecting Banks fees	32,000
CMA & MCD fees	25,000
Marketing, printing & advertising fees	15,000
Total estimated expenses of the IPO	**132,000**
Offer expenses collected at Bzs 2 per Share	50,000
Difference between estimated expenses of the IPO, and the summation of the Offer Expenses collected from IPO	82,000

The above are indicative estimates only. The actual expenses of the IPO will depend on the number of Shares subscribed for under the Offer. The total issue expenses will be met partially out of the issue expenses of Bzs 2 per Share paid by the Applicants towards expenses in connection with this IPO. Any excess will be borne by the Company. The Company has received an amount of OMR 80,100 from existing shareholders which is available to pay any excess expenses related to the IPO that may have to be borne by the Company.

Chapter 4: Purpose of the issue and use of the proceeds

Purpose of the Offer

Royal Decree 39/2014 requires Omani insurance companies to change their legal status to public joint stock companies no later than August 2017. The Selling shareholders are undertaking this IPO in order to comply with the Royal Decree and related CMA directives.

Use of Offer Proceeds

The Offer Shares do not represent an issuance of new Shares. The Offer Shares represent the sale/divestment of a part of the Shares currently held by the Selling Shareholders. The proceeds of the Offer (including the premium) estimated at OMR [4,000,000], [net of issue expenses (upto Bzs 2 per Share)], shall therefore accrue to the Selling Shareholders in the ratio of Shares offered. The Bzs 2 per Share collected towards the Issue Expenses will cover a portion of the expenses incurred in relation to the IPO. Any excess expense is to be borne by the Company.

Chapter 5: Objects and approvals

Overview

Vision Insurance was incorporated and registered as a closed joint stock company in the Commercial Register on 1 September 2007. At an EGM held on 04th May 2017, it was resolved to convert Vision Insurance into an SAOG.

The core business of Vision Insurance is to offer insurance products, solutions and services to Persons in the Sultanate of Oman and their interests abroad.

Company's objects as set out in the Articles of Association

The objectives for which the Company was established are:

First: Life Insurance

Second: General Insurance

1 Industrial Insurance
2 Insurance against liability
3 Land, air, marine and transport insurance
4 Vehicle insurance
5 Pecuniary loss insurance
6 Personal accident insurance
7 Property insurance
8 Marine Hull Insurance
9 Fidelity Guarantee Insurance
10 Travel Insurance
11 Insurance of construction projects such as roads
12 Health Insurance
13 Other types of insurance not included in any of the above

In order to achieve its objectives the Company has the right to perform the following:

1 To own or acquire the right of disposal of anything which it deems necessary in terms of moveables or immovables or any rights or liens the company deems necessary or suitable for its work nature. It can register all this in its name with the concerned authorities and invest them in any aspect it deems suitable.

2 To create, withdraw, accept, endorse or dispose off otherwise promissory notes, drafts, bills of lading and other bills which can be traded or other securities.

3 To accept business through every channel that is customary for acceptance of insurance companies including direct sales, branches, intermediaries and offers from other insurance companies.

4 To conduct all transactions and enter into all contracts in addition to doing all acts, which it deems necessary and suitable to achieve and facilitate its purposes pursuant to the conditions, which it deems appropriate.

5 To make arrangements with the government, municipalities, official or local authorities or others to obtain from them the rights, privileges and benefits which could help the company in achieving all or some of its purposes.

6 To re-conduct the guarantee or to obtain a guarantee in order to counter all or any of the risks. To do all kinds of reinsurance or counter insurance, which is related to any of the company's works.

7 To lend money in return of guarantees or without guarantees including lending money on policies issued by the company bearing in mind that the company is responsible for them. The company can cancel, amortize or discharge with regard to any policy, contract or liability.

8 To pay, settle or reconcile with regard to any claims against the company bearing in mind that it is appropriate to pay, settle or reconcile in this regard. It can resort to arbitration or any other method known to people.

9 To borrow and obtain money for the company's purposes and to secure this using the method it deems appropriate.

10 To mortgage and issue liens or guaranteed bonds with regard to all or some of the company's money, assets and projects or non-guaranteed.

11 To invest its money in bonds, deposits, property, shares and other financial and investment methods.

In general, the Company may perform any activity necessary to achieve the objectives related to it or which fulfil it. Nothing shall restrict the Company's objectives unless prohibited by the laws prevailing in the Sultanate of Oman or by any directives from CMA or other relevant regulatory authorities or the Articles of Association or a by a resolution passed at a general meeting of the Company.

Licences and Approvals

Vision Insurance presently holds the following material licenses which are renewed periodically at expiry:

Ministry of Commerce & Industry: Commercial Registration
Commercial registration number: 1025783
Date of registration: 1 September 2007
Expiry date: 31 August 2017

Capital Market Authority: Insurance licenses

License to carry-out general insurance and life assurance business issued on 14 November 2012.
Expiry date: 1 September 2017

Oman Chamber of Commerce & Industry: Membership

Registration number: 1025783
Expiry date: 31 August 2017

Statement of all issues of securities by the Company in the last three years:

On 26th March 2017, the Board approved an increase of the issued share capital of the Company from 5,995,000 Shares of OMR 1 per Share (aggregating to OMR 5,995,000) to 10,000,000 Shares of OMR 1 per Share (aggregating to OMR 10,000,000) through issuance of 4,005,000 Shares of OMR 1 each to the Shareholders of the Company by way of a rights issue on a pari passu basis; and

On 4 May 2017, the EGM approved an increase of the authorised share capital of the Company from OMR 10,000,000 to 15,000,000.

Resolutions Passed

At the EGM held on 4 May 2017, the following resolutions were unanimously passed:

- to change the nominal value of the Company's shares, from one Omani Rial per share to one hundred baiza (100 bzs), and to amend Article 5 of the Articles of Association accordingly;
- to increase the authorised share capital of the Company, from ten million Omani Rials (OMR 10,000,000) to fifteen million Omani Rials (OMR 15,000,000), and to amend Article 5 of the Articles of Association accordingly.

- to convert the Company from a closed joint stock company (SAOC) to a public joint stock company (SAOG), in connection with which the shareholders of the Company will offer part of their shares for sale in an initial public subscription, as set out below.
- to approve the form of the amended Articles of Association of the Company to make them consistent with the new structure of the Company, which has been approved (in principle) by the CMA.
- to approve the offer to the public of upto 40% (or any lower percentage decided by the Board and approved by the applicable regulatory authority) of the issued share capital of the Company by the shareholders at a price to be determined by the Board. The shareholders of the Company shall sell their shares in proportion to their shareholdings as at 4 May 2017.
- to authorise any two members of the Board, acting jointly, to carry out the following:
    - to approve and sign, on behalf of the Board of Directors and the Company, the prospectus and other documents relating to the IPO; and
    - to take all other actions, sign any documents, and file and register any documents with any relevant authority, and to obtain, on behalf of the Company and the shareholders, any approvals that may be deemed appropriate or necessary in connection with the IPO, including listing the Company's shares on the MSM.
- to confirm the appointment of KPMG as the reporting accountants for the IPO.
- to confirm the appointment of Dentons & Co, Oman Branch, as the legal adviser for the IPO.
- to confirm the appointment of Ahli Bank SAOG as the issue manager for the IPO.
- to confirm the appointment of the following banks as the banks through which the IPO will be conducted:
    - Ahli Bank SAOG
    - Bank Sohar SAOG
    - National Bank of Oman SAOG
    - Oman Arab Bank SAOC
- to approve and ratify all actions taken or delegated by the Board of Directors in relation to the IPO prior to the date of the EGM.

Continuing Obligations

In accordance with the CCL, all existing obligations of the Company, prior to its transformation to a public joint stock company, shall continue in the SAOG.

Chapter 6: Shareholder details

a) Pre-IPO shareholding structure

The Pre-IPO shareholders of the Company are as follows:

Names of the Shareholders	Nationality/ Headquarters	%	Number of Shares
Vision Investment Services Co. SAOC	Oman	26.0%	26,000,000
Al Wathba National Insurance Co.	UAE	20.0%	20,000,000
Tawoos LLC	Oman	10.0%	10,000,000
Sheikh Salim Said Ahmed Al Fannah Al Araimi	Omani	10.0%	10,000,000
Darwish bin Ahmed & Sons	UAE	10.0%	10,000,000
Mohammed Juma Sultan & Company LLC	Oman	5.0%	5,000,000
Mr. Mehdi Jawad Salman	Omani	5.0%	5,000,000
Al Sharqiya Investment Holding Co. S.A.O.G	Oman	5.0%	5,000,000
Al Salah Commercial Co. LLC	Oman	5.0%	5,000,000
Mr. Maqbool Ali Salman	Omani	1.25%	1,250,000
Mr. Hassan Ali Salman	Omani	1.25%	1,250,000
Mr. P R Ramakrishnan	Indian	1.5%	1,500,000
Total		**100.00%**	**100,000,000**

b) Post-IPO shareholding structure

The Post- IPO shareholders of the Company, assuming the issue is fully subscribed, will be as follows:

Names of the Shareholders	Nationality/ Headquarters	%	Number of Shares
Vision Investment Services Co. SAOC	Oman	19.5%	19,500,000
Al Wathba National Insurance Co.	UAE	15.0%	15,000,000
Tawoos LLC	Oman	7.5%	7,500,000
Sheikh Salim Said Ahmed Al Fannah Al Araimi	Omani	7.5%	7,500,000
Darwish bin Ahmed & Sons	UAE	7.5%	7,500,000
Mohammed Juma Sultan & Co. LLC	Oman	3.75%	3,750,000
Mr. Mehdi Jawad Salman	Omani	3.75%	3,750,000
Al Sharqiya Investment Holding Co. SAOG	Oman	3.75%	3,750,000
Al Salah Commercial Co. LLC	Oman	3.75%	3,750,000
Mr. Maqbool Ali Salman	Omani	0.9375%	937,500
Mr. Hassan Ali Salman	Omani	0.9375%	937,500
Mr. P R Ramakrishnan	Indian	1.125%	1,125,000
Public	Various	25.00%	25,000,000
Total		**100.00%**	**100,000,000**

Pre-IPO top 5 Shareholders

Name of the Shareholder	Description
Vision Investment Services Co. SAOC	Vision Investment Services S.A.O.C is a leading Omani asset management company. It has subsidiaries and associates spread across the GCC region. For further information, visit www.investvis.co.om
Al Wathba National Insurance Co.	Al Wathba National Insurance Company P.J.S.C was incorporated in Abu Dhabi in 1996 and is one of the leading national insurance companies in the UAE. Al Wathba is supported by a highly rated panel of reinsurers and underwrites all classes of business in general insurance. For further information, visit www.awnic.com
Tawoos LLC	Tawoos L.L.C was established in 1982 and initially concentrated on trading interests in the defence and hydrocarbon industries. Over a period of time, the conglomerate established companies in various fields, including agriculture, education, training, medical and pharmaceutical, oil and petrochemicals, media services, leisure and entertainment, industrial catering, operations & maintenance, computer hardware, software & communications, energy and marine and shipping. Further information can be obtained from their website www.tawoos.com
Sheikh Salim Said Ahmed Al Fannah Al Araimi	Sheikh Salim Said Ahmed Al Fannah Al Araimi is the Chairman of a prominent Omani contracting company, Galfar Engineering and Contracting. He is one of the founders of Galfar Engineering, which started in 1972 and converted to a public joint stock company in 2007. He holds an honorary doctorate from Glasgow Caledonian University in the United Kingdom. Sheikh Al-Araimi's previous experience includes working as vice president of Oman Chamber of Commerce & Industry, a member of the Franco-Arab Chamber of Commerce, and president of the Oman Football Association.
Darwish bin Ahmed & Sons	Darwish Bin Ahmed is a well diversified group and one of United Arab Emirates' prominent business houses. The group's main operations include construction, automotive & equipment, HVAC, fire & safety, real estate & heavy equipment. For further information, visit www.dbasons.com

Chapter 7: Oman economic overview

The table below presents selected key indicators for Oman for the period 2012 - 2016.

Oman - key macro-economic indicators

Macroeconomic Indicators	Unit	2012	2013	2014	2015	2016
GDP (current prices)	OMR billion	29.4	30.1	31.5	26.9	25.5
Inflation (Consumer Price Index)		2.9%	1.1%	1.0%	0.1%	1.1%
Oil production	Million barrels	336.2	343.8	344.4	358.1	367.6
Growth over previous year		4.0%	2.2%	0.2%	4.0%	2.7%

Source: CBO annual reports and quarterly statistical bulletins

The rate of decline in Oman's GDP slowed in 2016 as compared to 2015. Also, inflation has been benign at circa 1% in the last 3-4 years.

Oil production has increased from 336.2 million barrels in 2012 to 367.6 million barrels in 2016 at an average annual growth rate of 2.2% due to various measures including Enhanced Oil Recovery (EOR) techniques.

The Government has been taking various positive measures to shore up its revenues and economic activity in the country, such as:

- diversification away from oil sector – focus on tourism, manufacturing, logistics, fisheries and mining
- widening the withholding tax net
- changes in corporate income taxes
- reducing the fuel subsidies
- increasing the rates for power for large consumers
- plans to introduce Value Added Tax (VAT)

These measures are expected to bode well for the overall fiscal situation of Oman in the coming years.
The Government has also recently successfully borrowed funds from the international markets for maturity periods ranging from 5 to 30 years, reflecting the confidence of the international financial institutions in Oman's economy in the medium to long term.

Oman Population

Oman's population as of February 2017 was approximately 4.6 million, of which 54.1% (2.5 million) were Omanis and 45.9% (2.1 million) were expatriates. The population is expected to grow further by around 1 million by 2040. Oman has a relatively younger population with over 65% of population in the age group of 15 to 64 years. The country will continue to have a large productive work force/ population over the medium term (Source: NCSI, OBG report Oman 2016).

Ninth Five Year Plan

The table below summarizes the key figures from the Ninth Five Year plan for 2016 to 2020.

Highlights of Oman's Ninth Five Year Plan

Particulars	Unit	2016	2017	2018	2019	2020	Annual Average
Revenues	OMR billion	8.6	9.8	10.3	11.1	11.3	10.2
Oil revenues	%	53%	56%	53%	54%	53%	54%
Expenditure	OMR billion	11.9	12.7	13.3	13.9	14.1	13.2
Deficit	OMR billion	3.3	2.9	3.0	2.8	2.8	3.0
Average Oil Price	USD / bbl	45	55	55	60	60	55
Daily average oil production	'000 bbl	990	990	990	990	990	990

Source: Analysis of Oman's ninth five year plan - KPMG Oman - January 2016

The key message of Oman's ninth five year plan is sustainable development with focus on social and regional development and economic diversification. The government has accounted for the decline in oil prices while estimating its revenue stream for the next five years with the average oil price for five years at USD 55 per barrel resulting in an average annual budgetary deficit of OMR 3.0 billion.

Oman government has laid emphasis to reduce reliance on oil and encourage other promising sectors such as manufacturing, transportation and logistics, tourism, fisheries and mining. It also aims to increase private participation in infrastructure and other development projects, making way for public-private partnership, improving overall investment climate and encourage investments in SME sectors. The total investments in the country are estimated at OMR 41 billion for the plan period 2016-2020, which translates to an average annual investment of OMR 8.2 billion. The focus is also to rationalize costs, curtail non-essential expenditure and reduce subsidies to ensure that critical developmental projects are executed for economic diversification.

2017 Budget

The table below summarizes Oman's budget for 2017 and compares it to 2016 (actuals and budget).

2017 budget and 2016 actuals (vs budget) OMR million

Particulars	2017 budget	2016 actuals	2016 budget
Total revenue	8,700	7,350	8,600
Total expenditure	(11,700)	(12,650)	(11,900)
Deficit	(3,000)	(5,300)	(3,300)
Deficit (% of revenue)	35%	72%	38%

Other highlights of the budget

Tanfeedh programme which has been initiated by the Government is expected to boost GDP by OMR 1.7 billion and generate 30,000 jobs for Omanis over a period of time.

The government has identified some major projects such as:

- Railway project Duqm-Shuwaymiyah sector of 337 kms
- The capacity of container berths at Salalah port is proposed to be increased from 5 million TEUs to 7.5 million TEUs
- Proposed development of cargo village at Muscat airport
- Integrated dairy farm and a poultry project
- Fishing fleet project (fishing vessels)
- Muttrah water front
- New financial instrument planned for the real estate sector (REITS)
- Plans for further divestment of government assets through privatization schemes

(Source: KPMG analysis of 2017 budget)

In addition, the Government of Oman is making significant investments to develop the port city of Duqm into a major industrial and manufacturing hub, with large projects proposed to be developed in the Duqm free zone and industrial area, such as the oil refinery and an industrial city to be developed by Chinese companies, among others.

The various strategic and diversification initiatives of the Government are expected to be positive for the overall growth of the insurance sector with various opportunities becoming available to offer insurance services which will be required by these projects and initiatives.

Chapter 8: Insurance sector overview

Overview:

The insurance sector in Oman comprises 22 companies split equally between local companies and foreign insurers. Overall market premium for 2016 was estimated at around RO 470 million. Non-life premium was approximately RO 406 million, a 5% growth over 2015. 76% of this growth was estimated to have been contributed by motor business. Motor segment was estimated to constitute approximately 43% of the total non-life market premium in 2016 with a CAGR of 5.2% between 2013 and 2016. Life and medical premium have grown by 204% to RO 125 million from RO 41 Million over the past 5 years with a CAGR of circa 25%.

No major losses of a severe or catastrophic nature were known to have been reported in 2016. The continuing tough law enforcement by Royal Oman Police reflected favourably on the accident numbers. The motor sector loss ratio has hovered around 87% during 2013 - 15.

The net real GDP growth rate of around 2.5% projected for the medium term, the population growth and per capita income levels in the region of USD 14,000 over the medium term and projects planned for execution are factors that support the expectations for sustenance of growth in the insurance market premium over the coming five years at a CAGR of circa 8%. Retail lines are expected to grow relatively more than corporate business. Motor accident numbers have dropped by almost 25% between 2015 and 2016. Sustenance of this trend is key to sustenance of sector profitability.

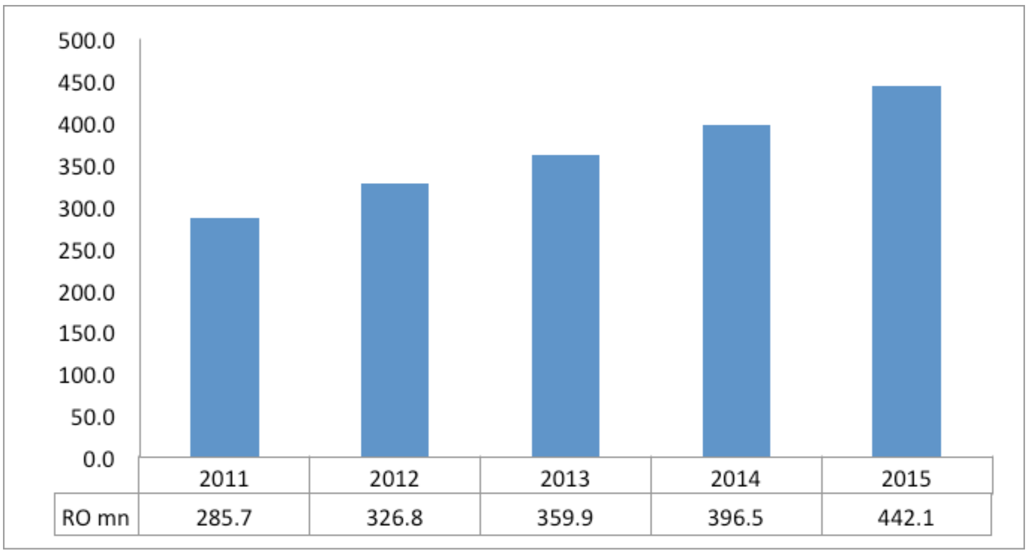
From an estimated market premium of circa RO 470 million at end of 2016, BMI Research projects insurance market premium to grow to RO 657 million by 2020. Life premium is projected to grow at an average rate of 8.9% per annum between 2016 and 2020 and non-life premium is projected to increase at an average annual growth rate of 7.9% during the same period.

A more detailed analysis of key elements follows. Based on availability of published data, historical analysis for these elements has been presented upto year 2015.

Gross Written Premiums

The trend in Gross Written Premiums of insurance companies in Oman for the period 2011 to 2015 is graphically shown below.

Gross Written Premiums (OMR million)



Source: CMA

Gross Written Premiums have increased from OMR 285.7 million in 2011 to OMR 442.1 million in 2015 at an annual average growth rate of 11.5%. Further, gross premiums have touched OMR 357.2 million for the first nine months of 2016, a growth of 3.1% over the same period for 2015.

Gross Written Premiums by class of business

The table below shows the Gross Written Premiums by class of business for the period 2013 - 2015.
Gross Written premiums by class of business (OMR millions)

Insurance Type	2013	% of total	2014	% of total	2015	% of total	CAGR
Life	37.8	9.3%	41.6	10.5%	53.0	12.0%	18.4%
Motor	147.4	40.7%	159.1	40.1%	162.7	36.8%	5.1%
Property	50.5	14.2%	50.4	12.7%	46.5	10.5%	(4.0)%
Marine	14.5	3.5%	14.5	3.7%	14.3	3.2%	(0.7)%
Engineering	22.9	6.6%	24.4	6.2%	23.9	5.4%	2.1%
Liability	10.6	2.9%	11.1	2.8%	12.3	2.8%	7.7%
Health	58.2	17.3%	78.1	19.7%	102.5	23.2%	32.7%
Others	18.1	5.5%	17.3	4.4%	26.9	6.1%	21.9%
Total	**359.9**	**100%**	**396.5**	**100%**	**442.1**	**100%**	**10.8%**

Source: CMA

Motor insurance constitutes the largest share of the Gross Written Premiums though its share has been declining during the analysis period as other insurance lines have grown at a faster rate in comparison.

Health insurance and life insurance comprise the next two largest categories after motor insurance. Their share in the total premiums has been increasing during the analysis period. These two categories have shown a relatively higher growth than others at 32.7% p.a. and 18.4% p.a. respectively during the analysis period.

A combination of softening rates and contraction in trade volumes have contributed to negative growth in Property and Marine insurance volumes.

Retention ratios

The table below shows the Retention ratios of the industry.

Retention ratios by insurance type

Insurance type	2013	2014	2015
Motor	87%	87%	87%
Property	8%	9%	10%
Marine	21%	21%	17%
Engineering	28%	24%	21%
Liability	44%	40%	40%
Health	37%	50%	58%
Others	38%	47%	31%
Total	**54%**	**57%**	**58%**

Source: CMA

Retention ratios of national and foreign insurance companies

Companies	2013	2014	2015
National	46%	51%	53%
Foreign	77%	74%	72%
Total	**54%**	**57%**	**58%**

Source: CMA

Retention ratios have been increasing during the analysis period, from 54% in 2013 to 58% in 2015, driven primarily by the increase in the retention ratios of health and property segments.

Motor business is written substantially to the net account as reflected in the Retention ratio of 87% for this line of business. Health insurance was split evenly between Retention and Reinsurance (average retention ratio of 48% for the three years). However, the trend is towards greater retention in the category as reflected in the retention ratio of 58% in 2015 for this line of business (as compared to 37% in 2013).

Property segment had the least retention ratio among all categories, ranging between 8%-10% during the period, followed by the marine segment with a retention ratio between 17%-21%.

Retention ratios of foreign insurance companies ranged between 72%-77% and have been declining during the period. In comparison, retention ratios of national insurance companies have been in the range of 46%-53% and increasing during the period, a reflection of the change in the business mix of these two categories of companies.

Loss ratios

The overall loss ratios for the industry have remained in the range of 56%-57% during 2014–15.

Accident statistics taken from the monthly statistical bulletins published by the National Centre for Statistics & Information (NCSI) indicate a 17% drop in the number of casualties from accidents between 2014 and 2015. The number of persons injured from accidents have also declined by 12.5% over this period. These are reflected in the drop in the motor loss ratio to 73% in 2015. The absence of any major catastrophic events in the recent past have also contributed to favourable loss ratios for non motor business with the exception of Health and Engineering Insurance. The table below presents the loss ratios of the industry for 2014 – 15.

Loss ratio by class of business

Insurance Type	2014	2015
Motor	77%	73%
Property	18%	12%
Marine	52%	20%
Engineering	2%	28%
Liability	18%	14%
Health	76%	82%
Other	37%	22%
Total	**56%**	**57%**

Source: CMA

Loss ratios of national and foreign insurance companies

Companies	2014	2015
National	56%	58%
Foreign	56%	56%
Total	**56%**	**57%**

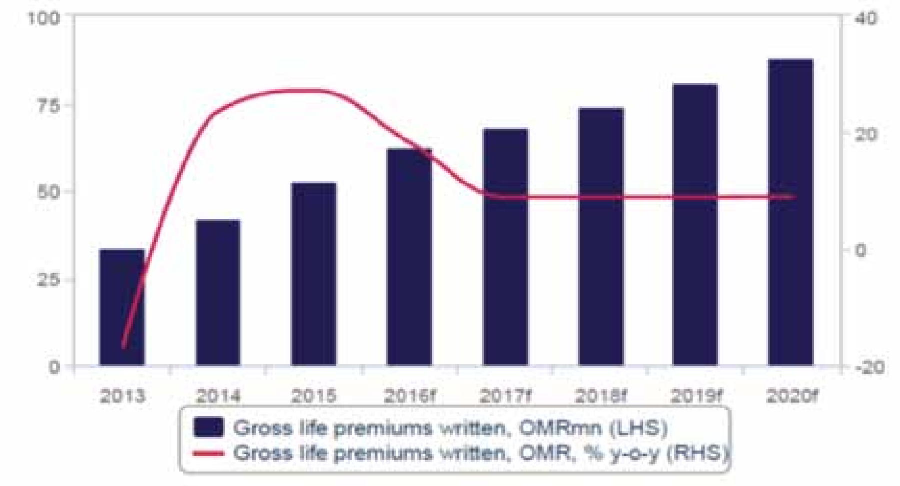
Source: CMA

Loss ratios of national and foreign insurance companies have broadly been in the range of 56%-58% during the period.

Market projections

The projected growth in the Omani insurance market (life and non-life) is graphically shown below:

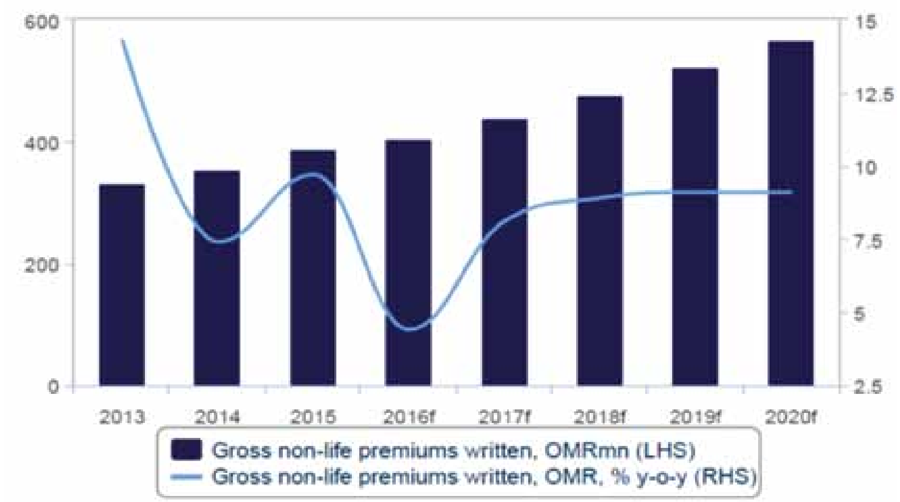
Projected growth in life premiums



Source: BMI Research

BMI Research projects life premiums to grow by 18.2% in 2016 and then at an average rate of 8.9% per annum to reach circa OMR 88 million in 2020, driven by more nucleur families, greater awareness among the Omani population about the benefits of life insurance, growth in Omani nationals in middle income group and demand from the expatriate community.

Projected growth in non-life premiums



Source: BMI Research

BMI Research projects non-life premiums to increase from OMR 389.1 million in 2015 to OMR 569.3 million in 2020, at an average annual growth rate of 7.9%, driven by an environment of steady economic growth, combined with the low base that the insurance industry is developing from and government policies such as compulsory health insurance for expatriates, among others. BMI also projects the penetration rate for non-life insurance to increase from 1.4% of GDP in 2015 to 1.6% by 2020.

Chapter 9: Description of the Company

Background

Vision Insurance has evolved as a leading Omani national insurer offering both non-life and life insurance products. Vision Investment Services Co. SAOC, a leading asset management company in Oman combined with Al Wathba National Insurance Co. PSC from Abu Dhabi to promote Vision Insurance in association with prominent business groups from Oman and United Arab Emirates. Vision Insurance thus presents the combined expertise in both insurance and investment management to its valued clients.

The Company's founder Chairman, Mr. Ali Mohammed Juma, has a long track record as a successful business promoter and brings to Vision Insurance his expertise in the overall financial services sector. Mr. P R Ramakrishnan, Chief Executive Officer, has a proven track record of successful turnaround management, growth and value enhancement with over 35 years in key management positions including over 30 years in leading Omani insurance companies. The Company's core strength is its team of highly qualified and experienced employees committed to providing innovative solutions for diverse client needs.

2017 marks the 10th anniversary of Vision Insurance since incorporation of the Company in 2007. Key achievements of the Company over these 10 years are highlighted below:

- Evolved into a dominant local insurer with an overall market share of circa 5%; market leader for certain high end niche lines such as industrial insurances, project insurance, casualty, marine and aviation.
- Offers solutions for every insurance need across client profiles
- Premium book of around RO 22 million (equating to around 57 million US Dollars)
- Close to 200,000 clients including over 1,000 corporate and business entities
- The Company is proud to have a very strong client base of prestigious establishments including Royal Office, ministries and Government bodies, mega industries, energy sector companies, construction companies, leading corporates and major business establishments, telecommunication companies, banks and financial institutions.
- Countrywide network of branches - expanded from 5 at inception to 13 currently
- Impressive growth in employee strength from 60 in 2008 to 115 as of 31st March 2017
- Rise in Omanization percentage from 62% at inception to 67% that will grow further; the Company is proud to have key functions led by competent heads of Omani nationality.
- Increase in invested assets to RO 15 million from RO 5 million at inception
- Authorised Capital increased to RO 15 million and Paid Up Capital increased to RO 10 million

The company has outpaced the market growth. Since 2012, Oman market has grown at a CAGR of circa 7%. In the same period, Vision Insurance has grown at a CAGR of 12.5%. The Company has successfully built a strong infrastructure of people, technology and assets to support its growth aspirations.

Company's mission:

To build Vision Insurance into a model Omani financial institution that gains the stature of a preferred partner by all and offers the assurance of:

- Professionalism and transparency in all its interactions
- Comfort of financial strength and stability
- Empathy for customer expectations and sensitivities
- Prudence in risk selection and risk management
- Continuous pursuit of enhancement in operational efficiency
- Optimal leveraging of technology with balance between resource allocation and value add

Vision Insurance key strengths:

- Strong promoter group of leading financial institutions and business groups
- A Board that comprises accomplished professionals with expertise in insurance, investment and overall

business management committed to governing the Company based on professional standards with non-compromising emphasis on ensuring compliance with all regulatory requirements

- Core management team of high calibre professionals with strong credentials in respective functional areas capable of providing solutions to diverse client needs
- Strong relationships with clients and intermediaries and all business partners that has been key to the growth achieved and will remain the fulcrum to the Company's growth aspirations
- Excellent rapport with reinsurers and reinsurance intermediaries, well respected in the international markets that has translated into exclusive special reinsurance facilities for Vision Insurance

Vision Insurance statement of commitment:

To the Shareholders:

- Commitment of efforts towards ensuring judicious deployment of capital, generate optimal returns with emphasis on protection of capital
- Transparency in financial disclosures

To the clients:

- Vision Insurance is a partner capable of offering customized solutions for their specific needs. Structuring tailored insurance solutions is Vision Insurance's speciality.
- Access to every official including the CEO to respond to the client's needs at speed
- Dependable partner in the event of claims – the true test of delivering promises

To the reinsurer

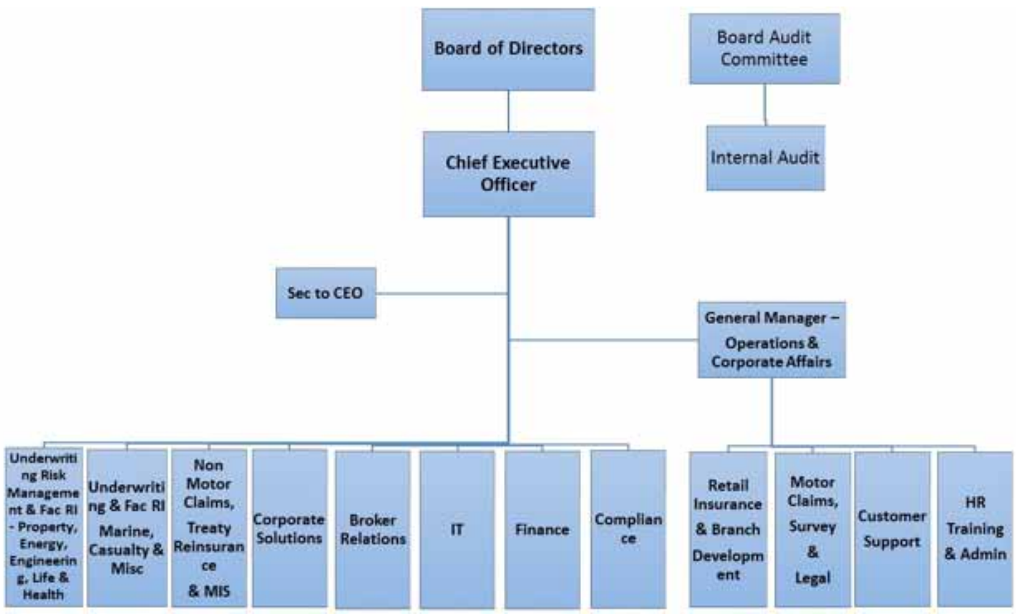
- Comfort of transparency and professionalism, Vision Insurance presents itself as their extended arm
- A philosophy that reinsurance is an option for sourcing capital for financial risk transfer, however, retention of accountability and knowledge is 100% with Vision Insurance

Insurance products may be common; Vision Insurance makes a difference by adding more value in the product offering. "Redefining Insurance and Delivering Promises" is the Company's motto.

Organization structure

The organization structure of the Company and the key departments are shown below.

Organization structure



Following listing of the Shares on the MSM and reconstitution of the Board, the Company shall form a remuneration and nomination committee of the Board in accordance with the Code.

Number of employees and Omanization ratio

The Company had 115 employees as at 31st March 2017 with an Omanization ratio of approximately 67%.

Key Products

Vision Insurance offers various insurance products, both for the retail and corporate segments. These products are briefly described below:

Retail segment offerings

Insurance covers offered as retail product lines include such covers as stated below:

- Motor Insurance (Comprehensive and third party)
- Home Insurance
- Personal Accident Insurance
- Housemaid Insurance
- Travel Insurance
- Fine Art Insurance

Corporate segment offerings

Insurance covers offered for corporate clients and business entities include the following:

Property

Vision Insurance offers a range of Property insurance products and "tailor made annual programs" to suit its clients' specific needs.

Oil & Energy

Vision Insurance insures diverse risks, ranging from relatively smaller operations to highly complex operations, associated with Oil & Energy activities such as prospecting and exploration of oil, production, storage and transportation of crude, downstream activities such as refining and marketing of refined petroleum products and gas derivatives, among others.

The products under this category include :

- Off-shore construction Risks
- On-shore construction Risks
- Operational Risks

Engineering

Vision Insurance offers specific innovative solutions for its clients in the engineering sector, covering the areas of civil, mechanical and electrical contracts such as construction of buildings, dams, bridges, towers, power stations, infrastructure projects, erection of machinery & equipment, among others. These are generally complex projects exposed to accidental or unforeseen loss, damage or liability by a variety of external and internal causes during the course of erection, operation or construction.

The products under this category include the following:

- Erection All Risk
- Contractor's All Risk
- Contractor's Plant and Machinery
- Machinery Breakdown

- Electronic Equipment
- Deterioration of Stock

Marine and aviation

Vision Insurance offers a wide range of solutions for the marine and aviation sector. This sector is international in character and has experienced significant growth and expansion in the last decade. Advancement in technology associated with higher safety standards and growing awareness has contributed to increase in marine and aviation values and liability limits. Vision Insurance solutions conform to international standards and practices.

The products under this category include the following:

- Cargo in transit
- Hauler's liability
- Hull, machinery and liabilities including special vessels, super yachts and ocean going vessels
- Pleasure yachts
- Port operators liability
- Aviation, hull and liability
- Airport operator's liability

Motor

Vision Insurance offers a range of products/solutions to choose from in this category. Motor insurance is available for different types of vehicles depending upon:

- Profile and specific requirements of the owner of the vehicle(s) and
- Statutory/mandatory requirements under the laws/contracts.

Products offered in the motor category cover the following:

- Comprehensive Insurance
- Third Party Only

Liability

Vision Insurance offers a range of tailor made liability insurance products to organizations which are bound by duty towards the company itself, shareholders, employees, customers, general public, government and other regulatory bodies. Any negligent act can result in claims against the organization and/or management by reason of any wrongful act in their respective capacity.

Products offered in this category cover the following:

- Workmen compensation
- Employer's liability
- Public and Product liability
- Medical Malpractice
- Professional Indemnity
- General Third Party Liability

Financial Lines

Vision Insurance offers specific products under tailor made annual programs that cater to various types of financial setbacks. These products help an organization to insure against any untoward financial contingency without placing it in a financial crunch, given the high cost of claims and compensation.

Key products offered in this category cover the following:

- Banker's Blanket Bond

- Directors and Officers Liability Insurance
- Stock Broker's Comprehensive Insurance

Life and Health
Vision Insurance offers a variety of life and health related products to mitigate the financial burden of unforeseen emergencies on the insured and their families.

Products offered under this category cover the following:
- Employee Group Life
- Group Medical Insurance

Miscellaneous lines
In addition to the above lines, Vision Insurance offers various products to ensure individuals and business entities have the right protections for their emerging specific requirements.

Products offered under this category cover the following:
- Individual Personal Accident
- Group Personal Accident
- Money
- Fidelity Guarantee
- Special Contingency
- Fine Art Insurance

Future Business Strategy

Vision Insurance will continue to pursue growth in premium and profitability based on key components of its business plan, which include:
- Growth in motor portfolio through increase of target vehicle segments.
- Expansion of branch network and growth in premium from existing branches
- Dedicated marketing unit within the direct marketing team with specific targets for Life and Health Premium base
- Consolidate relationship with direct clients and broking intermediaries, sustain the Company's historical record of near complete retention of renewals
- Selective sale through bancassurance channels, tie up with selected banks for selling policies through their network.
- Widen customer base, aim for higher conversions in non-motor lines
- Leverage technology to widen the reach
- Expand range of special reinsurance facilities
- Control over receivables
- Active management of investment portfolio to enhance investment yields

Chapter 10: 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.

Overview

The respective roles and responsibilities of the Board and management team of the Company are, in large part, governed by provisions of the CCL, the Articles and after listing on the MSM, the Code and relevant circulars issued by the CMA.

Responsibility for the strategic issues of the Company is entrusted to its Board. The Board may perform all acts necessary or useful for achieving the corporate objectives with the exception of those acts that are prohibited by law or the Articles explicitly reserve for the shareholders general meeting. The day-to-day management of the Company is performed by its management team.

Current Board of Directors

The current Board of Directors is set out in the table below and was elected at the AGM held on 28th March 2016 for a further term of 3 years pursuant to Article 95 of the CCL. A brief profile of the Board members is as under:

Name	Representing	Executive / Non- Executive	Independent / Non-Independent *
Mr. Ali Mohammed Juma	Mohammed Juma Sultan Co.	Non-Executive	Non Independent
Mr. Mohammed Mehdi Jawad Al Lawati	Self	Non-Executive	Non Independent
Mr. Mustafa Ahmed Jaffer Al Lawati	Vision Investment Services Co. SAOC	Non-Executive	Non Independent
Mr. Bassam Adib Amin Chilmeran	Al Wathba National Insurance Co. PSC	Non-Executive	Non Independent
Mr. Khalifa Saif Darwish Al Ketbi	Darwish Bin Ahmed & Sons	Non-Executive	Non Independent
Mr. Vikas Dixit	Tawoos LLC	Non-Executive	Non Independent
Mr. S K Agarwal	Self	Non-Executive	Independent

*Note: As per criteria for SAOG companies; the Company will achieve compliance with the criteria within two months of listing.

Source: Company

1 Mr. Ali Mohammed Juma
Chairman

Mr. Ali Mohammed Juma is a Mathematics and Computing graduate and holds an MBA from London Business School. He is the co-founder & CEO of Vision Investment Services Co. SAOC, the co-founder & Chairman of Vision Insurance SAOC, Board Member of Oman Development Bank and founder and Executive Director of Al Arkan Construction Co LLC.

2 Mr. Mohammed Mehdi Jawad Al Lawati
Deputy Chairman

Mr. Mohammed Mehdi Jawad Al Lawati completed his BS in Finance and Banking from Jordan in 1992. He has also done a short course in textile manufacturing and stitching from United Kingdom. He has attended many courses in different business and non-business sectors. After a very brief stint in the banking sector, he joined the Mehdi Group to steer their family business.

3 Mr. Mustafa Ahmed Jaffer Al Lawati
Member

A finance graduate from USA, Mr. Mustafa Ahmed Jaffer Al Lawati has over 25 years of experience, out of which he was with Petroleum Development of Oman (PDO) for 8 years as Head of Financial Support for Government Gas projects. He is the co-founder and Executive Director of Vision Investment Services Co. SAOC. He is a board member in Al Khair GCC Fund and Vision Real Economy Fund.

4 Mr. Bassam Adib Amin Chilmeran
Member

Mr. Chilmeran is a holder of a BSc. degree in Economics and a Master Degree in Business Administration and obtained his Associateship from the Chartered Institute in London. Mr. Bassam Adib Chilmeran is the CEO of Al Wathba National Insurance Company, United Arab Emirates where he joined in the year 2000. Prior to joining Al Wathba, he worked for the Arab Insurance Group (ARIG) for 11 years. Mr. Bassam Chilmeran is also the co-founder and board member of Ur International Insurance Company, Iraq, Chairman of the reinsurance committee of the Emirates Insurance Association since 2003, Chairman of the Technical Committee of Gulf Insurance Federation since 2003, member of the Technical Committee of the Arab War Risk Syndicate "AWRIS" since 2006 and a member of the Insurance Working Group of the Abu Dhabi Chamber of Commerce 2008.

5 Mr. Khalifa Saif Darwish Al Ketbi
Member

Mr. Khalifa Saif Darwish Al Ketbi has a Bachelor degree in Business Management from Marylhurst, United States of America. He is currently the Managing Director of Darwish bin Ahmed & Sons Group of Companies. He is also on the Board of Al Hassan Engineering Co. SAOG and Chairman of Vision Investment Services Co. SAOC in Muscat, Sultanate of Oman.

6 Mr. Vikas Dixit
Member

Mr. Vikas Dixit is the Chief Investment Officer of Tawoos LLC, an Omani conglomerate. He is responsible for the management of group's subsidiaries engaged in businesses ranging from agriculture, oilfield services, telecom and power infrastructure to a boutique hotel in France. Mr. Dixit also heads the investment activities for the group managing a broad based investment portfolio across all asset classes with particular focus on the emerging markets. Mr. Dixit is a CFA Charterholder (CFA Institute) and also holds an MBA in Finance degree.

7 Mr. S K Agarwal
Member

Mr. S K Agarwal is a holder of M.Sc (Physical Sciences) and Diploma in Management from United Kingdom, Advanced Management Programme (AMP) from IIM, Ahmedabad with work experience spanning 51 years in key positions in leading corporates and business groups.

Post-IPO Board composition

The number of members constituting the Board is intended to remain unchanged as seven members subsequent to its conversion into an SAOG.

Following listing of its Shares on the MSM, the Company shall reconstitute its Board in a manner that complies with applicable requirements of the Code especially with respect to the number of independent Directors and non-executive Directors. The applicable requirements are briefly summarised in the section 'Appointment of the Board', below.

Appointment of the Board

As noted above, the duration of the membership of the Board is for a period of 3 years and their re-election is permitted for a similar period calculated from the date of the General Meeting in which this election was held until the date of holding the third General Meeting. If the date of this General Meeting exceeds the period of 3 years, the membership will be extended by law until the date of such meeting but it should not exceed the period specified in Article 120 of the CCL for holding General Meetings.

Subject to Article 95 of the CCL, and without prejudice to the Articles, nominees to the membership of the Board must, among others:

- Possess good conduct and reputation
- Be at least 25 years old
- Not have been declared insolvent or bankrupt unless his insolvency or bankruptcy has come to an end in accordance with the law
- Not have been convicted of an offence of dishonour unless he has been rehabilitated
- Not be unable to discharge his debts to the Company;
- Not be a member or a representative of a juristic person in more than four public joint stock companies whose head offices are in Oman once appointed to the Board
- In case he is representing a juristic person, be authorised by such juristic person to stand for election
- Not be a member of the board of directors of a public or closed joint stock company the objects of which are similar to those of the Company, with its principal office based in Oman
- 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 off 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 of it. Accordingly, his position shall be treated as vacant effective from the date of such notice. Otherwise, his membership shall cease from the date the Company comes to know of it, without prejudice to his liability as per the provisions of the law. 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 this 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 and the Code shall be observed upon the election of the Board:

- All the members of the Board must be non-executive Directors and must not be working for the Company in consideration of a fixed monthly or annual remuneration.
- A minimum of one third of the Directors (subject to a minimum of two) must be Independent Directors.
- A juristic person shall not be represented on the Board by more than one Director.
- The role of Chief Executive Officer and Chairman shall not be held by the same person

The Board of Directors will elect a Chairman and a Deputy Chairman from its members. The Deputy Chairman will officiate as Chairman when the latter is absent. The Chairman of the Board of Directors must implement the resolutions of the Board of Directors and must conduct the regular business of the Company under the supervision and control of the Board of Directors in accordance with the authority specified in the Articles and the Company's internal regulations.

Functions and obligations of the Board

In accordance with Article 102 of the CCL, the Board of Directors shall have full authority to perform all acts required for the management of the Company in the course of achieving its objective and implementing the resolutions of the General Meeting. Such authority shall not be limited or restricted except to the extent provided in the Law or in the Company's Articles of Association. The Code highlights the roles and responsibilities of the Board, which should include, as a minimum:

- Identifying a strategic vision of the company based on its mission, purpose and objects, and set viable performance indicators within a reasonable time frame which can be measured objectively, and updating them periodically.

- Adopting business and financial policies pertinent to the performance of the Company's business and meeting its objectives, reviewing them periodically to ensure sustenance of their efficiency.
- Setting required strategic executive plans, reviewing and updating them from time to time.
- Adopting internal regulations and bylaws pertinent to steering and management of the affairs of the Company.
- Adopting the disclosure policy of the Company, and monitoring compliance with its provisions as per regulatory requirements.
- Identifying necessary competencies and authority required for the executive management; and ratifying the delegation and implementation policy of powers to the management.
- Monitoring the work of the management to ensure the business is properly managed according to the Company's objective and ensuring compliance with the laws and regulations.
- Reviewing related party transactions.
- Forming specialized committees; the resolution of which shall name committee members, and determine their duties, rights and obligations.
- Ensuring the efficacy of systems and polices of the Company targeting successful operation of the Company, its development and attaining its goals and objectives.
- Appointing the following key executive officers: chief executive officer, general manager, head of internal audit unit or compliance officer (if any) as well as determining their rights and responsibilities.
- Evaluating, at least annually, the performance of specialized committees emanating from the board and key executive officers.
- Approving quarterly and annual financial statements.

Restrictions on the powers of the Board

The Board shall not perform the following acts unless expressly authorized to do so by the Articles or a resolution of a General Meeting:

- Make donations, except donations required by the business wherever they are small and customary amounts.
- Sell all or a substantial part, of the Company's assets.
- Pledge or mortgage the assets of the Company, except to secure debts of the Company incurred in the ordinary course of the Company's business.
- Guarantee debts of third parties, except guarantees made in the ordinary course of business for the sake of achieving the Company's objectives.

Insider Trading

As per Article 107 of the CCL, Article 64 of the CML and Article 301 of the Executive Regulations, Directors and employees of the Company are prohibited from using information concerning the Company's business and affairs, to which they have access, in order to profit from dealing in the Company's securities. This restriction is detailed in the "Insider Trading" chapter of the Executive Regulations, which:

- defines who is an Insider (as any person who has access to undisclosed material information by virtue of his position and includes the directors, executive management and any person who may have obtained such information as a consequence of his employment or family relationships or otherwise);
- establishes black-out periods during which insiders are not permitted to trade;
- imposes reporting obligations on issuers with respect to the list of directors, executive management, their spouses and relatives of the first degree and any amendments in such list.

Insider trading is punishable by fines and imprisonment under the CCL, the CML and the Executive Regulations.

Related Party transactions

A member of the Board or other related party (as defined in the CCL and Code) shall not have any direct or indirect interest in the transactions or contracts concluded by the Company for its account, except those transactions that are concluded in accordance with the rules and regulations of the CMA.

Conflict of Interest

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 the Ordinary General Meeting, which consent shall be renewed annually. 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, Articles 109 and 110 of the CCL shall be applicable.

Liability of Directors

The members of the Board of Directors shall be liable to the Company, the Shareholders and third parties for the damages caused by their acts in violation of the law and their acts which fall beyond the scope of their powers or by any fraud or negligence in the performance of their duties or by their failure to act as prudent individuals under certain circumstances. The Company may institute an action against a Director it deems liable for damages that the Company has suffered.

Any Shareholder may also propose suing a Director at an OGM and if such proposal is not adopted at the OGM, he may himself file the case on behalf of the Company. If the case is successful, the Shareholder will be reimbursed the costs and expenses of the case out of the sums adjudged and the balance will be paid to the Company.

There is a limitation period of 5 years for instituting legal proceedings against Directors arising out of their actions taken while in office. The limitation period commences from the date of the act or omission forming the basis of the complaint; or the date of the General Meeting at which the Board of Directors submitted the accounts of the Company for the period including the act or the shortcoming which is the reason for the complaint. This limitation period does not apply to suits filed by the CMA.

The CCL provides that any stipulations limiting the liability of the Directors shall be null and void.

Remuneration of the Board

The AGM shall determine the annual remuneration and sitting fees at not more than 5% of the net annual profits of the Company after providing for taxation and deducting the legal and optional reserves in accordance with Article 106 of the CCL and setting aside or distributing the dividends to Shareholders in an amount not less than 5% of the capital.

The maximum total remuneration paid to the Board shall be OMR 200,000 per annum, including a sub-ceiling of OMR 10,000 as sitting fees for each Director per annum. Where the Company makes losses or less profit to the extent that setting aside or distributing dividends to the Shareholders is not possible, remuneration and sitting fees is determined in accordance with the rules issued by the CMA pursuant to Administrative Decision 11/2005. The remuneration shall be distributed amongst the members of the Board in such proportions and manner as they, by agreement, may determine, failing which the remuneration shall be divided equally among the Board.

Total remuneration including sitting fees, in respect of the directors, for each of 2015 and 2016 are set out below:

Name	Position	Total remuneration in respect of 2015 (RO)	Total remuneration in respect of 2016 (RO)
Mr. Ali Mohammed Juma	Chairman	5,140	6,710
Mr. Mohammed Mehdi Jawad Al Lawati	Deputy Chairman	4,640	6,710
Mr. Mustafa Ahmed Jaffer Al Lawati	Director	5,740	7,510
Mr. Bassam Adib Amin Chilmeran	Director	5,240	7,310
Mr. Khalifa Saif Darwish Al Ketbi	Director	4,390	6,710
Mr. Vikas Dixit	Director	5,940	7,510
Mr. S K Agarwal	Director	5,960	7,540

Source: Company

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, within one year from the date of transformation of the Company on the Commercial Register. The Company has already in place several of the policies and regulations prescribed by the CMA and shall appropriately review the same keeping in view the transformation into an SAOG and also formulate such additional policies and procedures that may be required in this context within the stipulated time period. These regulations shall cover at least the following, apart from the rules laid down by the CMA:

- Organizational structure of the Company stating therein the responsibilities related to the various posts of the Company and the reporting structure/ procedures
- Specifying the extent of the authority vested with each post with regard to approval of the financial expenditure
- Fixing the allowance for the meetings, remuneration and other privileges as prescribed in respect of the members of the Board of Directors and Committees constituted under its auspices and the basis for their calculation
- The minimum level of information required to be submitted to the Board of Directors
- Policies, pricing guidelines and authority limits for business acceptance, reinsurance, claim settlements and claim recoveries
- The policies related to the purchases and service contracts
- IT Policy relating to IT operations, related controls, business continuity and disaster recovery plans
- The authorities, duties and responsibilities relevant to the executive management and sub-committees constituted under the auspices of the Board of Directors of the Company
- The policies related to Human Resources including the salaries, appointment, development, training, promotions and termination of the services etc., covering other relevant aspects
- Investment policies of the Company
- Policies for related party transactions
- Policies and measures for submission of material information in a transparent manner, to the Capital Market Authority and the Muscat Securities Market within the specified time
- Any other regulations that the Board of Directors of the Company may deem necessary to add for achieving adequate level of corporate governance

Committees of the Board

The Board currently has an audit committee and an investment committee.

Audit Committee

The audit committee comprises 4 members as detailed below

Name	Position
Mr. S K Agarwal	Chairman
Mr. Bassam Adib Amin Chilmeran	Member
Mr. Mustafa Ahmed Jaffer Al Lawati	Member
Mr. Vikas Dixit	Member

The audit committee undertakes its roles and responsibilities as per the Code of Corporate Governance for insurance companies issued by the CMA. Its key responsibilities as per the ‘Terms of Reference for the Audit Committee’ are:

- Recommending the name of a statutory auditor to the Board for appointment at the AGM
- Review the independence and objectivity of the external auditor, effectiveness of the audit process and discuss with the auditors the nature and scope of the audit and reporting obligations before the audit committee

- Review audit plan and results of the audit
- Reviewing internal checks and controls for prevention and timely detection of financial fraud
- Oversight of the internal audit function
- Oversight of the adequacy of the internal control systems
- Oversight and review of the audited financial statements, returns and solvency margin computations
- Review of the quarterly financial statements before reporting to CMA
- Serving as channel of communication between the Board and external auditor
- Reviewing risk management policies of the insurer

Investment Committee

The investment committee comprises 3 members as detailed below.

Name	Position
Mr. Ali Mohammed Juma	Chairman
Mr. Mustafa Ahmed Jaffer Al Lawati	Member
Mr. Vikas Dixit	Member

The role of the investment committee is to review investment performance and take investment decisions regarding various asset categories as per the approved asset allocation parameters and investment authority.

Following the reconstitution or appointment of a new Board after listing of the Shares on the MSM, the Board shall form a remuneration and nomination committee in accordance with the Code.

Other disclosures

Positions held by directors and officers of the Company in subsidiary companies (if any)	Not applicable; the Company has no subsidiaries
Names of the Directors who are shareholders in companies carrying out the same business as the Company	1. Mr. Bassam Adib Amin Chilmeran Member Mr. Bassam Adib Amin Chilmeran is the CEO of Al Wathba National Insurance Company, United Arab Emirates.
Disclosure of the direct or indirect interests of the Directors and top management in the Company	1. Mr. Ali Mohammed Juma Chairman Mr. Ali Mohammed Juma is a co-founder and the Chief Executive Officer of Vision Investment Services Co. SAOC (VIS). Vision Insurance SAOC (VIC) has a discretionary portfolio agreement with VIS 2. Mr. Mustafa Ahmed Jaffer Al Lawati Director Mr. Mustafa Ahmed Jaffer is a co-founder and Executive Director of Vision Investment Services Co. SAOC (VIS). Vision Insurance SAOC has a discretionary portfolio agreement with VIS. 3. Mr. Bassam Adib Amin Chilmeran Director Al Wathba National Insurance Co. has a 20% stake holding in VIC. Mr. Bassam Adib Amin Chilmeran is the Chief Executive Officer of Al Wathba National Insurance Co. There are no material transactions between the Company and Al Wathba National Insurance. 4. P R Ramakrishnan Chief Executive Officer Mr. P R Ramakrishnan is a shareholder in the Company. There are no material transactions between the Company and P R Ramakrishnan other than the contract of employment.

Disclosure of the names of Directors and officers who are / were members of in the boards or top management of other public joint stock companies indicating the companies that had been liquidated or distressed within the last five years and the reasons for that	Mr. Ali Mohammed Juma and Mr. Khalifa Saif Darwish Al Ketbi were board members of Al Hassan Engineering Co. SAOG.

Senior management of Company

A brief profile of the senior management of the Company is given below.

Name	Designation	Department	Qualification & Experience
P R Ramakrishnan	Chief Executive Officer	Executive Management	ACA, CPA, Grad. CWA 35 Years
Mujtaba Shaban	General Manager – Operations & Corporate Affairs	Executive Management	Specialized Diploma in Finance 30 Years
Pabitra Sarkar	Finance Controller	Finance	M. Com, FCA 25 Years
Nagarajan Ranganathan	Assistant General Manager – Corporate Solutions & Business Development	Corporate Marketing	MIAE, MBA, MLM, FIII, ACII 20 Years
Mr. Ammar Hassan Dawood Al Lawati	Senior Manager	Personal Lines & Branches	Graduate in Business Administration, MBA 12 Years
N K Venugopalan	Senior Manager	Technical	DAE, FIII 22 Years
Cyril Antony George	Manager	Risk Inspection	BE (Mechanical), MBA, FIII, ACII 10 Years
Gokulnath Sundaram	Manager	Technical	B.Com, MBA, FIII, SDFI 9 Years
Ali Al Toobi	Manager	Motor Claims & Legal	ACII 22 Years
Santosh Dolare	Manager – Non Motor Claims, Treaty Reinsurance & MIS	Non Motor Claims	ACA, LLB, PGDIM, FIII 20 Years
Naveen Nair	Manager	Broker Relations	B E (Mechanical), FIII, Cert.CII 14 Years
Hadia Al Hadhrami	Manager	Human Resources & Administration	MBA, ACII 14 Years
Srikanth Srivatsa	Manager	Information Technology	B.E (Electrical & Electronics) 20 Years

Source: Company

P R Ramakrishnan, ACA, CPA, Grad. CWA
Chief Executive Officer

Ram is a Chartered Accountant, Cost Accountant and Certified Public Accountant from Texas, USA with a career experience spanning 35 years in company management, insurance and reinsurance operations, consulting, corporate finance, investment management with particular track record of successful start-up and turn-around management in Oman insurance sector. With over 30 years in key positions in leading insurance companies in Oman, Ram is highly respected for his expert abilities in underwriting, reinsurance and claims management across all lines of business. Ram was also a board member on some leading corporates in Oman.

Mujtaba Shaban, Diploma in Finance (IFA)
General Manager – Operations & Corporate Affairs

Mujtaba studied Diploma in Finance from United Kingdom and has over 30 years work experience. He has a combination of insurance and industrial exposure having held middle and senior management positions in insurance and manufacturing sector. As a key member of Vision Insurance executive management, Mujtaba oversees personal lines, branch network, motor claims, human resources, legal, regulatory compliance & corporate affairs.

Pabitra Sarkar, M. Com, FCA
Finance Controller

A qualified Chartered Accountant with over 25 years experience in managing the finance function in a leading public sector life insurer in India, Pabitra's proficiency with fund management, receivables management and financial reporting provides Vision Insurance the assurance of a strong management of finance and accounting functions.

Nagarajan Ranganathan, MIAE, MBA, MLM, ACII, FIII
Assistant General Manager – Corporate Solutions and Business Development

Nagarajan is a Chartered Insurer, qualified Automobile Engineer with a Masters in Business Administration and Labor Management. He was one of the founder members of the largest private insurance company in India and worked with them for 11 years in various capacities that included underwriting, claims and risk management. Nagarajan has over 20 years experience and he heads the corporate solutions vertical at Vision Insurance and is responsible for business development.

Mr. Ammar Hassan Dawood Al Lawati, Graduate in Business Administration, MBA
Senior Manager – Personal Lines & Branches

Ammar is a graduate in Business Administration and an MBA from University of Bedfordshire. He has achieved quick progress in 12 years in insurance and is set to scale greater heights with his capabilities and commitment. Ammar spearheads the retail department at Vision Insurance and is also head of the priority customers services team.

N K Venugopalan, DAE, FIII
Senior Manager – Technical

Automobile Engineer by qualification, Venu has gained expertise in technical underwriting with over 22 years of experience combining both hands on experience on the shop floor and 12 years in technical functions in general insurance industry. Venu has been a key member of Vision Insurance almost since inception. He ensures technical best standards at Vision Insurance in underwriting property, engineering, energy, life and health lines of business.

Cyril Antony George, BE (Mechanical), MBA, ACII, FIII
Manager – Risk Inspection & Technical

A Mechanical Engineer and an MBA, Cyril provides support for risk management, risk inspection and underwriting and reinsurance in property and engineering lines. During his over 14 years career in insurance, Cyril has specialized in industrial risk inspection, safety management and property and engineering underwriting.

Gokulnath Sundaram, B.COM, MBA (Finance), FIII, SDFI
Manager – Technical

With in-depth experience of over a decade in general insurance industry including nine plus years in the Middle East, Gokul drives the technical underwriting and reinsurance placements for marine, aviation, casualty and financial lines of business.

Ali Al Toobi, ACII
Manager- Motor Claims & Legal

Ali is a highly respected, pleasantly mannered and client centric personality perfect for leading motor claims function. He has over 22 years of extensive experience in customer service and motor claims in Sultanate of Oman.

Santosh Dolare, ACA, FIII, LLB, PGDIM
Manager – Non Motor Claims, Treaty Reinsurance & MIS

Chartered Accountant and a Fellow of Insurance, Santosh has 20 years in finance, non motor claims and reinsurance. With a passion for analytics, Santosh also provides support on critical MIS.

Naveen N Nair, B E (Mechanical Engineering), FIII, Cert.CII
Manager-Broker Relations

A Mechanical Engineer and a Fellow of Insurance from Indian Insurance Institute, Naveen has 14 years of experience in relationship, channel and product development in India and Oman. He has been a key member of Vision Insurance team for over 8 years and is the key for Vision Insurance's close relationship with the broking partners. His technical proficiency, particularly in construction and casualty policies adds great value to clients seeking structuring solutions.

Ms. Hadia Al Hadhrami, MBA, ACII
Manager – Human Resources & Administration

Hadia is an MBA from University of Bedfordshire & a Chartered Insurer. She has over 14 years experience which includes 8 years in underwriting specially in personal lines & commercial products and 6 years in human resources & training.

Srikanth Srivatsa, B. E (Electrical & Electronics)
Manager – Information Technology

Srikanth Srivatsa is an Engineering Graduate having over 20 years of IT experience, which includes 11 years of insurance domain expertise and 9 years of project management expertise. He has excellent exposure to SEI-CMM-L5 process guidelines, and has provided process guidance to various project teams for successful process implementations.

Actuary

The Company has complied with the CMA directives regarding review of its products and reserves by an independent actuary. The Company's appointed actuaries are approved by the CMA.

External Auditor

The Company has appointed Ernst & Young as its external auditor. The role of the external auditor is to audit and provide its opinion on the financial statements of the Company based on International Financial Reporting Standards (IFRS) and applicable rules specified by CMA and the CCL.

Chapter 11: Historical financial statements

Audited financial statements for the Financial Years 2015 and 2016 are given below. Audited financials for 2015 also show the results for 2014.

Please note that the page numbers referred to in the text of the historical financial statements refer to the page numbers of the historical financial statements and not of this prospectus.

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4th Floor, HSBC Bank Building
MBD
P.O. Box 641
P.C. 112
Sultanate of Oman

Tel 968 24709181
Fax 968 24700839

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VISION INSURANCE SAOC

Report on the financial statements
We have audited the financial statements of Vision Insurance SAOC ("the Company") set out on pages 2 to 34, which comprise the statement of financial position as at 31 December 2015, and the related statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, the disclosure requirements of the Capital Market Authority and the Commercial Companies Law of 1974, as amended, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

In our opinion, the financial statements of the Company as at and for the year ended 31 December 2015, in all material respects, comply with the:

- relevant disclosure requirements of the Capital Market Authority; and
- Commercial Companies Law of 1974, as amended.

23 February 2016

KPMG

Statement of profit or loss and other comprehensive income

for the year ended 31 December

	Note	**2015**	2014
		RO	RO
Income:			
Gross insurance premiums written	4	**18,392,826**	16,811,305
Reinsurer's share of gross insurance premiums written	4	**(13,441,095)**	(12,068,438)
Net insurance premium written		**4,951,731**	4,742,867
Change in unearned premium reserve ("UPR"):			
Gross change in UPR	4	**(1,165,306)**	(2,067,227)
Reinsurer's share of UPR	4	**1,180,913**	1,784,165
Net change in UPR		**15,607**	(283,062)
Net insurance premium revenue earned		**4,967,338**	4,459,805
Investment income	7	**374,274**	904,073
Other operating income	7a	**397,972**	133,184
		5,739,584	5,497,062
Expenses:			
Gross claims and loss adjustment expenses paid	5	**6,691,158**	5,776,549
Reinsurer's share of the gross claims and loss adjustment expenses paid	5	**(3,571,806)**	(2,439,894)
Gross change in insurance liabilities	5	**1,408,778**	(1,281,221)
Reinsurer's share of the gross change in insurance liabilities	5	**(1,054,026)**	1,221,093
Expenses on acquisition of insurance contracts (net)	6	**(1,137,330)**	(1,220,205)
General and administration expenses	8	**1,905,153**	1,635,754
		4,241,927	3,692,076
Profit for the year before taxation		**1,497,657**	1,804,986
Income tax	13	**(163,716)**	(149,390)
Net profit for the year		**1,333,941**	1,655,596
Other comprehensive income			
Net change in fair value of available-for-sale investments		**(360,836)**	(398,362)
Total comprehensive income for the year		**973,105**	1,257,234
Earnings per share	27	**0.267**	0.331
Total comprehensive income per share	27	**0.195**	0.251

The notes on pages 53 to 79 are an integral part of these financial statements.

Statement of financial position

as at 31 December

	Note	2015 RO	2014 RO
ASSETS			
Non-current assets			
Property, furniture and equipment	10	**277,604**	182,564
Available-for-sale investments	11	**5,040,651**	5,020,879
Deposits	12	**5,205,000**	4,962,000
		10,523,255	10,165,443
Current assets			
Reinsurance assets	19	**9,280,755**	7,045,816
Insurance and other receivables	14	**4,389,285**	4,534,364
Deposits	12 & 23	**1,250,000**	500,000
Cash and bank balances	23	**2,134,106**	1,050,597
		17,054,146	13,130,777
TOTAL ASSETS		**27,577,401**	23,296,220
EQUITY AND LIABILITIES			
Equity			
Share capital	15	**5,000,000**	5,000,000
Capital reserve		**84,849**	84,849
Fair value reserve		**(135,420)**	225,416
Legal reserve	16	**522,080**	388,686
Contingency reserve	17	**1,306,104**	1,090,754
Retained earnings		**1,196,014**	585,817
Total equity		**7,973,627**	7,375,522
Non-current liabilities			
Employees' end of service benefits	20	**153,196**	126,632
Current liabilities			
Insurance contract liabilities	19	**12,956,275**	10,382,191
Trade and other liabilities	21	**6,494,303**	5,411,875
		19,450,578	15,794,066
Total liabilities		**19,603,774**	15,920,698
TOTAL EQUITY AND LIABILITIES		**27,577,401**	23,296,220
Net assets per share (RO)	26	**1.595**	1.475

The financial statements were approved and authorised for issue by the Board of Directors on 23 February 2016 and were signed on their behalf by:

Chairman

Director

The notes on pages 53 to 79 are an integral part of these financial statements.

The report of the Independent Auditors is set forth on page 48.

Statement of changes in equity

for the year ended 31 December

	Share capital RO	Capital reserve RO	Fair value reserve RO	Legal reserve RO	Contingency Reserve RO	Retained earnings RO	Total RO
At 1 January 2014	5,000,000	84,849	623,778	223,126	929,043	(742,508)	6,118,288
Profit for the year	-	-	-	-	-	1,655,596	1,655,596
Other comprehensive expense	-	-	(398,362)	-	-	-	(398,362)
Total comprehensive income	-	-	(398,362)	-	-	1,655,596	1,257,234
Transfer to legal reserve (note 16)	-	-	-	165,560	-	(165,560)	-
Transfer to contingency reserve (note 17)	-	-	-	-	161,711	(161,711)	-
At 31 December 2014	5,000,000	84,849	225,416	388,686	1,090,754	585,817	7,375,522
Profit for the year	**-**	**-**	**-**	**-**	**-**	**1,333,941**	**1,333,941**
Other comprehensive expense	**-**	**-**	**(360,836)**	**-**	**-**	**-**	**(360,836)**
Total comprehensive income	**-**	**-**	**(360,836)**	**-**	**-**	**1,333,941**	**973,105**
Dividend paid (note 18)	**-**	**-**	**-**	**-**	**-**	**(375,000)**	**(375,000)**
Transfer to legal reserve (note 16)	**-**	**-**	**-**	**133,394**	**-**	**(133,394)**	**-**
Transfer to contingency reserve (note 17)	**-**	**-**	**-**	**-**	**215,350**	**(215,350)**	**-**
At 31 December 2015	**5,000,000**	**84,849**	**(135,420)**	**522,080**	**1,306,104**	**1,196,014**	**7,973,627**

The notes on pages 53 to 79 are an integral part of these financial statements.
The report of the Independent Auditors is set forth on page 48.

Statement of cash flows

for the year ended 31 December

	Note	**2015**	2014
		RO	RO
OPERATING ACTIVITIES			
Net cash generated from operating activities	22	**2,625,382**	185,678
INVESTING ACTIVITIES			
Purchase of property, furniture and equipment	10	**(177,549)**	(84,817)
Proceeds from sale of furniture and equipment		**10,010**	3,100
Purchase of available-for-sale investments	11 (a)	**(2,946,141)**	(8,396,909)
Proceeds from sale of available-for-sale investments		**2,507,420**	8,031,312
Placement of deposits		**(243,000)**	(500,000)
Interest received	7	**221,755**	244,639
Dividends received	7	**210,632**	222,954
Net cash used in investing activities		**(416,873)**	(479,721)
FINANCING ACTIVITIES			
Dividend paid		**(375,000)**	
Net cash used in financing activities		**(375,000)**	-
Net change in cash and cash equivalents		**1,833,509**	(294,043)
Cash and cash equivalents at 1 January		**1,550,597**	1,844,640
Cash and cash equivalents at 31 December	23	**3,384,106**	1,550,597

The notes on pages 53 to 79 are an integral part of these financial statements.
The report of the Independent Auditors is set forth on page 48.

1 Legal status and principal activities

Vision Insurance SAOC ("Company") is registered as a closely held joint stock company under the Commercial Companies Law of Oman and engaged in the business of insurance within the Sultanate of Oman. The Company has obtained its Commercial Registration on 1st September 2007 bearing registration number 1025783 and its registered address is PO Box-1882, PC -114, Jibroo, Sultanate of Oman.

2 Significant accounting policies

The principal accounting policies are summarized below. These policies have been consistently applied to each of the years presented, unless otherwise stated.

2.1 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB). They also comply with the Rules and Guidelines on Disclosure by Issuer of Securities and Inside Trading, with the Rules for Disclosure and Proforma issued by the Capital Market Authority and with the Commercial Companies Law of 1974 as amended.

(b) Basis of measurement
The financial statements are prepared on a historical cost basis except for available-for-sale financial assets which are measured at fair value.

(c) Functional and presentation currency
The financial statements are presented in Rial Omani (RO) which is the functional and presentation currency of the Company.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form basis of making judgment about carrying value of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in note 14 – allowance for doubtful debts and note 19 – claims reported but unsettled, claims incurred but not reported and unearned premiums

2.2 New standards and interpretation not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for annual periods beginning on or after 1 January 2015, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

- IFRS 9 Financial Instruments, published on 12 November 2009 as part of phase I of the IASB's comprehensive project to replace IAS 39, deals with classification and measurement of financial assets. The requirements of this standard represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The Standard contains two primary measurement categories for financial assets: amortised cost and fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables. The standard is effective for annual periods beginning on or after 1 January 2018. Earlier application is permitted.
- IFRS 15, Revenue from contracts with customers, establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance,

including IAS 18 revenue, IAS 11 construction contracts and IFRIC 13 customer loyalty programmes. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted.

- IFRS 16 Leases sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the entity. IFRS 16 supersedes 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 is effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

Management is in the process of assessing the potential impact of these standards on the financial statements of the Company.

2.3 Foreign currency transactions

Items included in the financial statements of the Company are measured and presented in Rial Omani being the currency of the primary economic environment in which the Company operates.

Foreign currency transactions are translated into Rial Omani at the exchange rate prevailing on the transaction date. Foreign currency assets and liabilities are translated into Rials Omani at the exchange rate prevailing at the reporting date. Differences on exchange are dealt within the statement of profit or loss as they arise.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments which are recognized in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

2.4 Insurance and investment contracts – classification

(a) Recognition and measurement

The Company issues short term insurance contracts that transfer insurance risk.

The short term insurance contracts include fire, marine, engineering, workmen compensation, aviation cover, group life and group medical insurance.

Motor insurance in the Sultanate is governed by law and it is compulsory for all vehicles to have a minimum third party cover. The Company also issues comprehensive motor policies. Such motor policies issued by the Company cover damages to vehicle due to storm, tempest, flood, fire, theft and personal accident. Specific motor policies are also issued to include coverage outside the Sultanate.

Short duration life insurance contracts protect the Company's customers from the consequences of events such as death or disability that would affect 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.

For all these contracts, premiums are recognized as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the reporting date is reported as the unearned premium liability. Premiums are shown before deduction of commission.

Claim and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. These include direct and indirect claims settlement costs and arise from events that have occurred up to the reporting date even if they have not yet been reported to the Company. The Company does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Company and statistical analysis for the claims incurred but not reported ("IBNR") and to estimate the expected ultimate cost of more complex claims that may be affected by external factors such as court decisions.

(b) Policy acquisition costs and commission income

All commissions and other acquisition costs related to securing new contracts and renewing existing contracts are recognized as expenses when incurred. Similarly commission income is recognized at the time reinsurance policies are written.

(c) Liability adequacy test

All outstanding claims including claims IBNR are treated as current and expected to be settled within twelve months from the reporting date. The amount outstanding for each claim is reviewed on a regular basis and at least quarterly and amount adjusted in the statement of profit or loss whenever considered necessary.

In the case of other short term insurance policies, a provision is also calculated for the UPR using 1/24th method. A contingency reserve is also established in accordance with the Insurance Companies Law of Oman.

Reinsurers contracts held

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for insurance contracts are classified as reinsurers contracts held. Insurance contracts entered into by the Company under which the contract holder is another insurer (inwards reinsurers) are included within insurance contracts.

The benefits to which the Company is entitled under its reinsurers contracts held are recognized as reinsurance assets. These assets consist of short term balances due from reinsurers as well as the reinsurers portion of gross claims outstanding including IBNR and unexpired risk reserve 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 reinsurers contract. Reinsurers liabilities are primarily premiums payable for reinsurers contracts and are recognized as an expense when due, net of commission income which represents income earned from reinsurance companies.

The Company assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes that impairment loss in the statement of profit or loss. The company gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for insurance and other receivables. The impairment loss is also calculated following the same method used for these financial assets. These processes are described in Note 2.11.

(e) Salvage and subrogation reimbursements

Some insurance contracts permit the Company to sell a (usually damaged) vehicle or a property acquired 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 salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvaged vehicles or properties acquired are recognized in other assets when the liability is settled. The allowance 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 recognized in other assets when the liability is settled. The allowance is the assessment of the amount that can reasonably be recovered from the action against the liable third party.

2.5 Dividend income

Dividend income from investments is recognized when the right to receive payment is established.

2.6 Interest income and expense

Interest income and expense are recognized on a time proportion basis using the effective interest rate method.

2.7 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements only in the period in which the dividends are approved by the Company's shareholders.

2.8 Property, furniture and equipment

Property, furniture and equipment are stated at cost less accumulated depreciation and impairment losses. Expenditure incurred to replace a component of an item of property, furniture and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property, furniture and equipment and can be measured reliably. All other expenditure is recognized in the statement of profit or loss as an expense as incurred.

The cost of the property, furniture and equipment is written down to residual value in equal installments over the estimated useful lives of the assets. The estimated useful lives are:

Furniture	over 5 years
Other equipment	over 4 years
Motor vehicles	over 4 years
Computer items	over 4 years
Computer software	over 3 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

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 fixed assets are determined by reference to their carrying amounts and are taken into account in determining results from operations.

2.9 Financial instruments

(i) Classification

Financial instruments comprise cash and cash equivalents, available-for-sale financial assets, other receivables, accounts payable and accruals.

The category of available-for-sale financial assets comprises investments designated as available-for-sale upon initial recognition. These include financial assets that are not held for trading purposes and which may be sold at any time. These are investments in equity instruments of various entities listed in Oman and other middle east countries.

(ii) Recognition

The Company recognizes financial assets and liabilities on the date it becomes a party to the contractual provisions of the financial instrument.

A regular way purchase of financial assets is recognized using trade date accounting. From this date, gains or losses arising from changes in fair value of financial assets or financial liabilities are recorded.

(iii) Measurement

Available-for-sale financial assets

Available-for-sale financial assets are measured initially at transaction price plus transaction costs that are incurred and directly attributable to acquisition or issue of the financial assets. Subsequent to initial recognition, these financial assets are measured at fair value with changes in their fair value, other than impairment losses, recognized as other comprehensive income presented within equity in fair valuation reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

Other financial assets

Other financial assets are measured initially at fair value plus transaction costs that are directly attributable to the acquisition of these other financial assets. Subsequent to initial recognition, financial assets are carried at amortized cost using the effective interest rate method, less impairment losses, if any.

Other financial liabilities

Other financial liabilities are measured at amortized cost using effective interest rate.

(iv) Fair value measurement principles

The Company has quoted equity investments. Fair value of quoted instruments is valued at the last quoted price on the Stock Exchanges in Oman and middle east countries.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the reporting date applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on market data at the reporting date. Where fair values are estimated using price earning ratio, applicable price / earnings ratios for similar companies adjusted to reflect the specific circumstances of the issuer is used.

(v) Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with International Accounting Standard 39: 'Financial Instruments: Recognition and Measurement'.

When an available-for-sale investments is derecognized, the cumulative gain or loss in other comprehensive income is transferred to the statement of profit or loss.

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

(vi) Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

31 December 2015	**Bank deposits and receivables**	**Available-for- sale investments**	**Total**
	RO	**RO**	**RO**
Assets			
Available-for-sale investments	**-**	**5,040,651**	**5,040,651**
Deposits	**6,455,000**	**-**	**6,455,000**
Insurance and other receivables	**4,311,818**	**-**	**4,311,818**
Bank balances and cash	**2,134,106**	**-**	**2,134,106**
Total	**12,900,924**	**5,040,651**	**17,941,575**

31 December 2014	Bank deposits and receivables RO	Available-for- sale investments RO	Total RO
Assets			
Available-for-sale investments	-	5,020,879	5,020,879
Deposits	5,462,000	-	5,462,000
Insurance and other receivables	4,438,024	-	4,438,024
Bank balances and cash	1,050,597	-	1,050,597
Total	10,950,621	5,020,879	15,971,500

2.10 Impairment

(i) Financial assets (including receivables)

Financial assets that are stated at cost or amortized cost are reviewed at each reporting date to determine whether there is any objective evidence of impairment. A financial asset is impaired if objective evidence indicates that a loss event has occurred after initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. If any such indication exists, an impairment loss is recognized in the statement of profit or loss as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate.

If in the subsequent period, the amount of an impairment loss recognized on financial assets carried at amortized cost decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognized, the impairment loss is reversed through the statement of profit or loss. Impairment losses on available for sale investment securities are recognized by transferring the cumulative loss that has been recognized in other comprehensive income, and presented in the fair value reserve in equity, to statement of profit or loss. The cumulative loss that is removed from other comprehensive income and recognized in statement of profit or loss is the difference between the acquisition costs, net of any principal repayment and amortization, and the current fair value, less any impairment loss previously recognized in statement of profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is reversed if there has been a change in the 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 amortization, if no impairment loss had been recognized.

2.11 Insurance and other receivables

Insurance and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of 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. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial restructuring and default or delinquency in payments are considered indicators that the receivable is impaired. 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 effective interest rate. The amount of the provision is recognized in the statement of profit or loss within "General and administration expenses".

When a receivable is known to be uncollectible, all the necessary legal procedures have been completed, and the final loss has been determined, the receivable is written off against the related provision for impairment.
Subsequent recoveries of amounts previously written off are credited to the statement of profit or loss in the year of the recovery.

2.12 Cash and cash equivalents

For the purpose of the statement of cash flows, deposits with a maturity of less than three months from the date of placement and all cash and bank balances are considered to be cash equivalents.

2.13 Employee benefits

Contributions to a defined contribution retirement plan, for Omani employees in accordance with the Oman Social Insurance Scheme, are recognized as expense in the statement of profit or loss as incurred.

The Company's obligation in respect of non-Omani terminal benefits, which is an unfunded defined benefit retirement plan, is the amount of future benefit that such employees have earned in return for their services in the current period.

2.14 Trade and other payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Liabilities are recognized for amounts to be paid for goods and services received, whether or not billed to the Company.

2.15 Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is recognized in the statement of profit or loss and is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is calculated in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences relating to the initial recognition of assets or liabilities that affect neither accounting nor taxable profit are not provided for. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized and it is subsequently reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2.16 Computation of Directors' remuneration

The basis of computation of Directors' remuneration for the year is as per the Article 101 (as amended by the Royal Decree 99/2006) of the Commercial Companies Law.

2.17 Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

2.18 Operating segment

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments results are reviewed regularly by the CEO to make decisions about resources to be allocated to the segment and assess its performance.

2.19 Investments fair value reserve

This represents the unrealized gain or loss on year-end fair valuation of available-for-sale investments. In the event of sale or impairment, the cumulative gains or losses recognized under investment fair value reserve are included in the net profit or loss for the year.

2.20 Provisions

Provisions are recognized in the statement of financial position when the Company has a 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.

2.21 Related parties

Related parties are individuals and companies where the individuals and companies have the ability, directly or indirectly, to control the Company or exercise significant influence over the Company in making financial and operating decisions or vice-versa.

3. Critical accounting estimates and judgments in applying accounting policies

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates may, by definition, vary from the related actual results. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions 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 in the following paragraphs.

3.1 The liability arising from claims made under insurance contracts

The intent of insurance contracts entered into by the Company is to pay claims arising out of fortuitous events i.e. events that are unexpected. The Company has a concentration in Motor policies issued and claims under such policies may include amounts for third party bodily injury. The Company believes that the liability arising out of such third party bodily injury claims as handed down by the various courts in Oman cannot be precisely estimated. Nevertheless, the Company monitors the development of compensation claims carefully year on year and makes adequate provision for these insurance liabilities.

In the case of non-motor general insurance policies issued, although considering that the Sultanate of Oman is relatively free of major natural catastrophe events such as earthquakes, the risk through major storm, tempest and flood scenarios does exist. The Company's portfolio is diversified in terms of the regional distribution of risks within Oman. The loss estimation where such events do occur is usually based on external independent surveyors' reports obtained progressively. The non-motor general insurance is predominantly ceded out and the risk retention is very low. In addition to the existing reinsurers arrangements, the Company has taken additional catastrophic cover.

3.2 Classification of investments

Quoted Securities could be classified either as available-for-sale or at fair value through profit or loss account. The Company invests substantially in quoted securities either locally or overseas and management has primarily decided to account for them on their potential for long term growth rather than the short term profit basis. Consequently, such investments are recognized as available-for-sale rather than at fair value through profit or loss.

Financial assets are classified as fair value through profit or loss where the assets are either held for trading or designated as at fair value through profit or loss

4 Insurance premium revenue

	2015	2014
	RO	RO
Gross premium revenue earned from insurance contracts issued:		
Gross insurance premium written	**18,392,826**	16,811,305
Change in UPR (unexpired risk reserve)	**(1,165,306)**	(2,067,227)
Total gross premium earned	**17,227,520**	14,744,078
Reinsurer's share of insurance premium	**(13,441,095)**	(12,068,438)
Reinsurer's share of change in UPR	**1,180,913**	1,784,165
Total premium ceded	**(12,260,182)**	(10,284,273)
Total net premium earned	**4,967,338**	4,459,805

5 Insurance claims and loss adjustment expenses

31 December 2015	Gross	Reinsurers share	Net share
	RO	RO	RO
Claims and loss adjustment expenses paid	**6,691,158**	**3,571,806**	**3,119,352**
Increase in outstanding claims	**1,408,778**	**1,054,026**	**354,752**
Total insurance claims and loss adjustment expenses	**8,099,936**	**4,625,832**	**3,474,104**
31 December 2014			
Claims and loss adjustment expenses paid	5,776,549	2,439,894	3,336,655
Increase in outstanding claims	(1,281,221)	(1,221,093)	(60,128)
Total insurance claims and loss adjustment expenses	4,495,328	1,218,801	3,276,527

6 Underwriting results

	2015	2014
	RO	RO
Insurance premium revenue earned	**17,227,520**	14,744,078
Insurance premium ceded to reinsurers	**(12,260,182)**	(10,284,273)
Net insurance premium revenue earned	**4,967,338**	4,459,805
Gross claims incurred	**(8,099,936)**	(4,495,328)
Reinsurer's share of the claims incurred	**4,625,832**	1,218,801
Net income from the acquisition of insurance contracts	**1,137,330**	1,220,205
	2,630,564	2,403,483

The underwriting results before reinsurance recoveries can be analysed as follows:

	Underwriting result before reinsurance recoveries		Net retained premium	
	2015	2014	**2015**	2014
	RO	RO	**RO**	RO
General insurance				
Motor	**1,116,907**	739,980	**4,359,924**	4,244,709
Fire	**180,989**	565,816	**24,463**	34,255
Marine	**(151,797)**	(142,652)	**15,108**	48,620
Household and other	**(619,405)**	733,619	**340,934**	240,808
Total	**526,694**	1,896,763	**4,740,429**	4,568,392
Group life insurance	**(2,521,962)**	(712,081)	**211,302**	174,475

7 Investment income

	2015	2014
	RO	RO
(Loss) / profit on sale of available for sale investments	**(58,113)**	454,067
Dividend income	**210,632**	222,954
Interest income	**221,755**	244,639
Diminution in value of available for sale investment	**-**	(17,587)
	374,274	904,073

7a Other operating income

	2015	2014
	RO	RO
Policy transfer fees	**47,721**	48,154
Stale cheque written back	**34,760**	43,971
Profit on sale of vehicles	**10,010**	3,100
Liabilities no longer required written back	**264,314**	8,317
other receipts	**41,167**	29,642
	397,972	133,184

8 General and administration expenses

	2015	2014
	RO	RO
Salaries and employee related costs	**1,452,366**	1,274,802
Office related expenses	**201,390**	174,061
Depreciation (note 10)	**82,509**	46,419
Proposed Directors' remuneration and sitting fees paid	**37,050**	19,300
Repairs and maintenance	**8,654**	12,464
Rent	**94,659**	81,252
Business promotion	**28,525**	27,456
	1,905,153	1,635,754

Salaries and employee related costs included in general and administration expenses are as follows:

	2015	2014
	RO	RO
Salaries and allowances	**1,354,485**	1,209,435
End of service benefits (note 20)	**36,074**	26,922
Social security costs	**61,807**	38,445
	1,452,366	1,274,802

9 Segment information

The Company has the following operating segments:

General Insurance: General Insurance business includes insurance of motor, property, marine cargo and hull, general accidents.

Life Insurance: Life Insurance business includes short term yearly renewable group life business & Group Medical Business.

for the year ended 31 December 2015	General insurance	Life insurance	Total
	RO	RO	RO
Insurance premium revenue	**13,611,177**	**4,781,649**	**18,392,826**
Insurance premium ceded to reinsurers – net of UPR	**(8,849,098)**	**(4,576,390)**	**(13,425,488)**
Net insurance premium revenue	**4,762,079**	**205,259**	**4,967,338**
Insurance claims and loss adjustment expenses	**(5,221,133)**	**(2,878,803)**	**(8,099,936)**
Insurance claims and loss adjustment expenses recovered from reinsurers	**1,931,649**	**2,694,183**	**4,625,832**
Net income from the acquisition of insurance contracts	**985,748**	**151,582**	**1,137,330**
Underwriting profit	**2,458,343**	**172,221**	**2,630,564**
Investment and other income - unallocated	**-**	**-**	**772,246**
General and administration expenses – unallocated	**-**	**-**	**(1,905,153)**
Profit before taxation	**-**	**-**	**1,497,657**
Segment assets	**27,227,401**	**350,000**	**27,577,401**
Segment liabilities	**19,270,590**	**333,184**	**19,603,774**
Capital expenditure	**177,549**	**-**	**177,549**
Depreciation	**82,509**	**-**	**82,509**

for the year ended 31 December 2014	General insurance	Life insurance	Total
	RO	RO	RO
Insurance premium revenue	13,903,738	2,907,567	16,811,305
Insurance premium ceded to reinsurers – net of UPR	(9,611,879)	(2,739,621)	(12,351,500)
Net insurance premium revenue	4,291,859	167,946	4,459,805
Insurance claims and loss adjustment expenses	(3,439,400)	(1,055,928)	(4,495,328)
Insurance claims and loss adjustment expenses recovered from reinsurers	321,964	896,837	1,218,801
Net income from the acquisition of insurance contracts	1,044,303	175,902	1,220,205
Underwriting profit	2,275,603	184,757	2,403,483
Investment and other income - unallocated	-	-	1,037,257
General and administration expenses – unallocated	-	-	(1,635,754)
Profit before taxation	-	-	1,804,986
Segment assets	22,942,304	353,916	23,296,220
Segment liabilities	15,844,258	76,440	15,920,698
Capital expenditure	57,492	-	57,492
Depreciation	46,419	-	46,419

10 Property, furniture and equipment

	Computer software RO	Computer hardware RO	Furniture and office equipment RO	Vehicles RO	Total RO
Cost					
At 1 January 2015	**131,604**	**125,113**	**377,276**	**86,715**	**720,708**
Additions	**4,036**	**17,502**	**93,761**	**62,250**	**177,549**
Disposals	**-**	**-**	**-**	**(52,165)**	**(52,165)**
At 31 December 2015	**135,640**	**142,615**	**471,037**	**96,800**	**846,092**
Depreciation					
At 1 January 2015	**113,875**	**78,492**	**278,528**	**67,249**	**538,144**
Charge for the year	**10,051**	**14,990**	**41,502**	**15,966**	**82,509**
Disposals	**-**	**-**	**-**	**(52,165)**	**(52,165)**
At 31 December 2015	**123,926**	**93,482**	**320,030**	**31,050**	**568,488**
Net book values					
At 31 December 2015	**11,714**	**49,133**	**151,007**	**65,750**	**277,604**

	Computer software RO	Computer hardware RO	Furniture and office equipment RO	Vehicles RO	Total RO
Cost					
At 1 January 2014	115,554	78,596	390,201	78,865	663,216
Additions	16,050	46,517	-	22,250	84,817
Disposals	-	-	(12,925)	(14,400)	(27,325)
At 31 December 2014	131,604	125,113	377,276	86,715	720,708
Depreciation					
At 1 January 2014	106,958	75,892	244,922	78,358	506,130
Charge for the year	6,917	2,600	33,611	3,291	46,419
Disposals	-	-	(5)	(14,400)	(14,405)
At 31 December 2014	113,875	78,492	278,528	67,249	538,144
Net book values:					
At 31 December 2014	17,729	46,621	98,748	19,466	182,564

11 Available-for-sale Investments

a) The movements in the year are analysed as below:

	2015 RO	2014 RO
At 1 January	**5,020,879**	4,599,577
Purchases	**2,946,141**	8,396,909
Fair value change (taken to equity)	**(360,836)**	(398,362)
Disposals	**(2,565,533)**	(7,577,245)
At 31 December	**5,040,651**	5,020,879

b) Available-for-sale investments can be analyzed as follows:

	Fair value 2015 RO	**Cost 2015 RO**	Fair value 2014 RO	Cost 2014 RO
Overseas – Quoted	**1,426,779**	**1,682,975**	964,642	963,235
Local – Quoted	**3,613,872**	**3,493,096**	4,056,237	3,849,815
	5,040,651	**5,176,071**	5,020,879	4,813,050

c) Details of the Company's available-for-sale investments for which the Company's holding exceeds 10% of the fair value of the investment portfolio are:

31 December 2015	**Holding %**	**Number of securities**	**Fair value RO**	**Cost RO**
Local quoted securities:	-	-	-	-

31 December 2014	Holding %	Number of securities	Fair value RO	Cost RO
Local quoted securities:				
Vision Al Khair GCC Fund	12%	528,204	604,448	680,925

12 Deposits

(a) Deposits are placed with commercial banks in the Sultanate of Oman and overseas. Deposits carry interest rates of between 1.2% to 4% (2014: 1.2% to 4.75% per annum) and are denominated in Rial Omani.

(b) In accordance with the law governing the operations of insurance companies within the Sultanate of Oman, the Company has identified to the Capital Market Authority (Insurance division) certain specific bank deposits included in the statement of financial position at carrying amount of RO 3.50 Million (2014: RO 4.3 million). Under the terms of the legislation, the Company can only utilize these assets with the prior approval of the Capital Market Authority (Insurance division).

(c) The Company has kept a security deposit of RO 50,000 which is under lien with Omani Unified Bureau for Orange Card Co. SAOC in the Sultanate of Oman, as a cover for settlement of motor claims arising outside Oman under the Orange Card arrangement for cross border claims.

(d) The maturity profile of the deposits is as follows:

	2015 RO	2014 RO
Within three months from the date of placement – included in cash and cash equivalents (note 23)	**1,250,000**	500,000
Between 3 months to five years	**5,205,000**	4,962,000
	6,455,000	5,462,000

13 Taxation

a) Component of income tax expense

	2015 RO	2014 RO
Current tax	**163,716**	149,390

b) Reconciliation of tax expense

The Company provides for taxation in accordance with the income tax laws of the Sultanate of Oman at the rate of 12% of taxable profits in excess of RO 30,000. The following is a reconciliation of income taxes calculated on accounting profits at the applicable tax rates with the income tax expense for the year:

Accounting profit before income tax	**1,497,657**	1,804,986
Income tax expense computed at applicable tax rates	**176,119**	212,998
Non-deductible expenses	**4,086**	2,203
Tax exempt revenues	**(14,665)**	(61,577)
Timing difference arising on depreciation and provisions	**(1,824)**	(4,234)
	163,716	149,390

c) Deferred tax

Details of deferred tax assets not recognized are as follows:	2015 RO	2014 RO
Property, furniture and equipment	**(6,733)**	(2,616)
Provision for doubtful debts	**8,112**	6,043
Deferred tax on unrealized gains / (losses) on foreign available for sale investments recorded in equity	**30,744**	(169)
Deferred tax asset	**32,123**	3,258

Deferred tax assets have not been recognized as a matter of prudence as management is of the view that insurance operations by their inherent nature are exposed to unknown variables that have a bearing on the management's ability to determine with certainty whether it is probable that sufficient future taxable income will arise to derive the benefits therefrom prior to their expiry. Deferred tax assets as of 31 December 2015 are not significant and considering the estimation uncertainty involved, deferred tax asset has not been recognised by the management.

d) Status of previous years returns

The tax returns of the Company for the years 2010 to 2014 have not yet been agreed with the Secretariat General for Taxation at the Ministry of Finance. The Board of Directors are of the opinion that additional taxes, if any, related to the open tax years would not be significant to the Company's financial position as at 31 December 2015.

With effect from 1 January 2016, the Company may be subject to income tax at a rate of 15 % (2015: 12 %). This will impact on income tax expense, as well as the amounts of recognised deferred tax assets and liabilities.

14 Insurance and other receivables

	2015	2014
	RO	RO
Insurance and other receivables comprise the following:		
Insurance and other receivables	**4,087,344**	3,718,558
Due from reinsurers	**272,950**	714,797
Less: provision for impairment	**(67,600)**	(50,361)
Insurance and other receivables (net)	**4,292,694**	4,382,994
Accrued interest	**19,124**	55,030
Prepayments and other receivables	**41,665**	42,005
Deferred acquisition costs	**35,802**	54,335
	4,389,285	4,534,364

The movement in provision for impairment during the year was as follows:

	2015	2014
	RO	RO
1 January	**50,361**	54,000
Provided during the year	**17,239**	(3,639)
31 December	**67,600**	50,361

As at year end the details of non-impaired insurance receivables and receivables from reinsurers are set out below:

	2015	2014
	RO	RO
Neither past due nor impaired	**4,158,137**	4,205,549
Past due and not impaired	**134,557**	177,445
	4,292,694	4,382,994

15 Share capital

	2015	2014
	RO	RO
Authorized (ordinary shares of RO 1 each)	**10,000,000**	10,000,000
Issued and fully paid (ordinary shares of RO 1 each)	**5,000,000**	5,000,000

Shareholders of the Company who own 10% or more of the shares, whether in their name, or through family members and companies, are as follows:

	31 December 2015		31 December 2014	
	Percentage of holding	**Number of shares**	Percentage of holding	Number of shares
Vision Investment Services Co SAOC	**26%**	**1,300,000**	26%	1,300,000
Al Wathba National Insurance Co, UAE	**20%**	**1,000,000**	20%	1,000,000
Salim Said Hamed Al Fannah Al Araimi	**10%**	**500,000**	10%	500,000
Tawoos LLC	**10%**	**500,000**	10%	500,000
Darwish Bin Ahmed & Sons, UAE	**10%**	**500,000**	10%	500,000

16 Legal reserve

In accordance with the Commercial Companies Law of Oman 1974, as amended, annual appropriations of 10% of the profit for the year are made to the legal reserve until the accumulated balance of the reserve is equal to one third of the value of the Company's paid up share capital. This reserve is not available for distribution.

17 Contingency reserves

In accordance with the Insurance Companies Law of Oman, contingency reserves are established in respect of general and life insurance business. These reserves are not distributable.

An amount equivalent to 10% of the net outstanding claims in respect of general insurance business at the reporting date and 1% of the life insurance premiums for the year in case of life insurance business is appropriated to this reserve until the reserve equals the paid up capital of the Company. As per the insurance regulations, the Company has made a transfer to a contingency reserve of RO 215,350 for the year 2015 (2014: RO 161,711).

18 Proposed dividend

For 2015, the Board of Directors proposed a dividend of 20% on the paid up capital of the Company as at 31 December 2015, 10% in the form of cash dividend and 10% in the form of bonus shares (2014 - 7.5% cash dividend), aggregating to RO 1,000,000 (2014 - RO 375,000). This payment will be subject to approval by shareholders in the Annual General Meeting to be held on 28 March 2016.

19 Insurance liabilities and reinsurance assets

	2015 RO	2014 RO
Gross		
Current		
Short term insurance contracts:		
- Outstanding claims reported and loss adjustment expenses including IBNR	**4,151,381**	2,742,603
- Provision for UPR	**8,804,894**	7,639,588
Total insurance liabilities – Gross	**12,956,275**	10,382,191
Recoverable from reinsurers		
Current		
Short term insurance contracts:		
- Outstanding claims reported and loss adjustment expenses including IBNR	**2,450,882**	1,396,856
- Provision for UPR	**6,829,873**	5,648,960
Total insurance assets – Gross	**9,280,755**	7,045,816
Net		
Short term insurance contracts:		
- Outstanding claims reported and loss adjustment expenses including IBNR	**1,700,499**	1,345,747
- Provision for UPR	**1,975,021**	1,990,628
Total insurance assets – Net	**3,675,520**	3,336,375

a) The movements in insurance liabilities and assets are set out below:

	2015			2014		
	Gross	**Reinsurers**	**Net**	Gross	Reinsurers	Net
	RO	**RO**	**RO**	RO	RO	RO
Opening insurance liabilities	**2,742,603**	**(1,396,856)**	**1,345,747**	4,023,824	(2,617,949)	1,405,875
Opening UPR	**7,639,588**	**(5,648,960)**	**1,990,628**	5,572,361	(3,864,795)	1,707,566
(Decrease) increase in outstanding claims	**1,408,778**	**(1,054,026)**	**354,752**	(1,281,221)	1,221,093	(60,128)
Increase (decrease) in UPR	**1,165,306**	**(1,180,913)**	**(15,607)**	2,067,227	(1,784,165)	283,062
Closing insurance liabilities	**12,956,275**	**(9,280,755)**	**3,675,520**	10,382,191	(7,045,816)	3,336,375

b) The gross claims reported, the loss adjustment expenses liabilities and the liability for claims incurred but not reported are net of expected recoveries from salvage and subrogation. The amounts for salvage and subrogation at the end of 2015 and 2014 are not material.

20 Employees' end of service benefits

	2015	2014
	RO	RO
At 1 January	**126,632**	105,310
Charge for the year	**36,074**	26,922
Payments	**(9,510)**	(5,600)
At 31 December	**153,196**	126,632

21 Trade and other liabilities

	2015	2014
	RO	RO
Accounts payable	**1,045,638**	1,603,994
Due to reinsurers	**3,947,820**	2,471,132
Deposits retained on ceded reinsurers business	**571,853**	444,241
Proposed directors' remuneration	**18,500**	4,300
Other payable	**746,776**	738,818
Provision against taxation	**163,716**	149,390
	6,494,303	5,411,875

22 Cash generated from operations

The reconciliation of the profit for the period to cash generated from operations is shown below:

	Note	**2015**	2014
		RO	RO
Profit before taxation		**1,497,657**	1,804,986
Adjustments for:			
UPR release / charge (net)		**(15,607)**	283,062
Depreciation	10	**82,509**	46,419
Loss / (profit) on sale of investments	7	**58,113**	(454,067)
Profit on sale of furniture and equipment		**(10,010)**	(3,100)
Provision / (reversal) for impairment of receivables		**17,239**	(3,639)
Dividend income	7	**(210,632)**	(222,954)
Interest income	7	**(221,755)**	(244,639)
Diminution in value available for sale investments	7	**-**	17,587
End of service benefit expense	20	**36,074**	26,922
Liabilities no longer required written back		**(299,074)**	-
Profit before payment of end of service benefit and working capital changes		**934,514**	1,250,577
Payment of end of service benefits	20	**(9,510)**	(5,600)
Working capital changes:			
Premiums and other receivables		**(314,007)**	(742,079)
Accounts and other payables		**1,659,633**	(257,092)
Insurance funds		**354,752**	(60,128)
Cash flow from operating activities		**2,625,382**	185,678

23 Cash and cash equivalents

	2015	2014
	RO	RO
Cash and bank balances	**2,134,106**	1,050,597
Deposits maturing in less than three months from the date of placement (note 12 (d))	**1,250,000**	500,000
	3,384,106	1,550,597

24 Related party transactions

(a) Transactions

The Company has entered into transactions with entities and shareholders who have significant influence over the Company and have holdings of 10% or more interest in the Company's capital ("significant shareholders") and with entities related to these significant shareholders or directors ("entity related to a significant shareholder"). The Company also enters into transactions in the normal course of business with customers, agents and suppliers in which other directors and significant shareholders of the Company are interested ("other related parties"). In the ordinary course of business, such related parties provide goods and render services to the Company. The Company also underwrites insurance risks for such related parties. A related parity manages the Company's investment portfolio. The terms and conditions of related party transactions are mutually agreed. During the year, the following transactions were carried out with related parties:

Revenue from insurance policies underwritten and garage services

	2015	2014
	RO	RO
Premiums written:		
- entity related to a significant shareholder	**242,449**	33,194
- other related parties	**336,801**	288,532

Claims paid in respect of insurance policies underwritten

- entity related to a significant shareholder	**22,293**	11,262
- other related parties	**142,172**	155,912

Purchase of goods and services

Purchase of shares and mutual funds through significant shareholder	**2,595,850**	8,298,601
Sale of shares and mutual funds through significant shareholder	**2,088,544**	7,577,245
Rental payment	**34,434**	28,800
Portfolio charges	**13,374**	29,785

Remuneration to directors

Proposed directors' remuneration	**18,500**	-
Sitting fees	**18,550**	19,300
Total	**37,050**	19,300

(b) Key management compensation

	2015	2014
	RO	RO
Short term employment benefits	**323,552**	303,470
Social security costs	**9,490**	3,277
End of service benefits	**14,651**	7,744
	347,693	314,491

(c) Receivable from related parties

	2015	2014
	RO	RO
- entity related to a significant shareholder	**1,942**	15,420
- other related parties	**-**	134,731
	1,942	150,151

Balances due from related parties are interest-free and repayable on demand.

d) Payable to related parties

- entity related to a significant shareholder	**4,970**	28,936
- proposed directors' remuneration	**18,500**	-
	23,470	28,936

25 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 the set financial performance objectives. Key management recognizes the critical importance of having efficient and effective risk management systems in place.

The Company has established a risk management policy and a compliance function. This is supplemented with a clear organizational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior managers. A risk management 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.

b) Capital management framework

The Company has an internal risk management framework for identifying risks to which each of its business units and the Company as a whole are exposed, quantifying their impact on economic capital. The internal framework estimates indicate how much capital is needed to mitigate the risk of insolvency to a selected remote level of risk applied to a number of tests (both financial and non-financial) on the capital position of the business.

c) Regulatory framework

Regulators are primarily interested in protecting the rights of the policyholders 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 are also subject to regulatory requirement as imposed by CMA. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. solvency margin) to minimize the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

d) Asset liability management ("ALM") framework

Financial risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The main risk that the Company faces due to the nature of its investments and liabilities is interest rate risk. The Company manages these positions within an ALM framework that has been developed to achieve long term investment returns in excess of its obligations under insurance and investment contracts.

The Company's ALM is also integrated with the management of the financial risks associated with the Company's other financial assets and liabilities not directly associated with insurance and investment liabilities. The Company's ALM also forms an integral part of the insurance risk management policy, to ensure in each period sufficient cash flow is available to meet liabilities arising from insurance and investment contracts.

25.1 Insurance risk

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the 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 may exceed the carrying amount of the insurance liabilities. This could occur because of 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 estimate established using statistical techniques.

The Company's objectives in managing risks are: to take a conservative approach to underwriting, which means review of all aspects about a risk prior to acceptance; retaining experienced and knowledgeable underwriters; and having underwriting authorities in place. The Company ensures that risks are mitigated with first class reinsurers security, pre-underwriting surveys and claims history reviews. The estimates and assumptions 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 in note 3.

The Company is liable for all insured events that occur during the term of the contract, in accordance with the terms of contract. As a result, liability claims are settled over a long period of time and an element of claims provision relates to IBNR. There are several variables that affect the amount and timing of cash flows especially from motor insurance contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they have adopted.

The Company's net account in terms of aggregate risk retention is protected with risk plus catastrophe excess of loss reinsurance per class of business written.

The Company, in the normal course of business, in order to minimize financial exposure arising from large claims, 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.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts.

To minimize its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsures and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

The Company only deals with reinsures approved by the management, which are generally international securities that are rated by international rating agencies. The panel of proportional and non-proportional treaty reinsurers are reviewed and approved by the Board of Directors.

Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract.

Outstanding claims
IBNR provisions are created based on actual claims reported after the reporting date prior to finalization.

Outstanding claims for all classes of insurance are made initially on the basis of the internal or external surveyor's report. Accordingly the maximum expected liability is always recognized in the financial statements. Outstanding claims are monitored and revised for value of claims regularly. Based on the past experience management accordingly believes that there are no material additional claim liabilities that would arise in respect of unsettled claims at the year end.

25.2 Financial risk factors

Introduction

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and procedures for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company. Risk management is carried out by the management under policies approved by the Board of Directors.

(a) 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 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.

(i) Foreign currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to investments in foreign equities which are denominated in other GCC currencies. The foreign currency investments are periodically reviewed by the Investment Committee and Board of Directors of the Company to determine appropriate action to minimize the foreign exchange risk exposure. As the total value of foreign currency investments in relation to the total financial assets held by the Company is not significant, the Company believes should these currencies weaken or strengthen against the Rial Omani there would be no material impact in the post-tax profits.

(ii) Price risk

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 classified as available-for-sale. To manage its price risk arising on investments in equity securities, the company limits market risk by maintaining a diversified portfolio and by regular monitoring of the market. In addition the Company actively monitors the key factors that effect stock market movements.

The sensitivity analysis for equity risk illustrates how changes in the fair value of equity securities will fluctuate because of changes in market prices affected by factors mentioned above. The majority of the equity investments are in companies listed in the Muscat Securities Market (MSM). As mentioned in note 11, the Company's investments are distributed in Banking, Investment, Industrial and Services sector shares. The Company has outsourced its portfolio to an investment manager (see note 24). However, the Company's investments are regulated by certain investment regulations applicable to insurance companies and are required to maintain prescribed limits as per the regulation and hence the Company may not be able to take advantage of all favorable market movements.

The Company has no significant concentration of price risk.

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on net profit and equity.

	Change in variable	Impact on equity RO'000
31 December 2015	**+2%**	**101**
	-2%	**(101)**
31 December 2014		
	+2%	100
	-2%	(100)

(iii) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company invests in securities and has deposits that are subject to interest rate risk. Interest rate risk to the Company is the risk of changes in market interest rates reducing the overall return on its interest bearing securities. The Company's fixed interest generating deposits are considered by Management to be a balanced portfolio (i.e. mixed with long term deposits and short term deposits). The Company does not anticipate any increase or decrease in the interest rates which would have any significant impact on the statement of profit or loss. The Company earn interest on securities and deposits between 1.2% to 4% per annum (2014: 1.2% to 4.75% per annum).

The Company accounts for fixed rate financial assets and interest rates are contractually agreed and remain constant throughout the maturity period.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Key areas where the company is exposed to credit risk are:

- Reinsurers' share of insurance liabilities;
- Amounts due from reinsurers in respect of claims already paid;
- Amounts due from insurance contract holders;
- Amounts due from insurance intermediaries; and
- Cash equivalents and deposits with banks.

The Company has a credit policy in place and exposure to credit risk is monitored on an ongoing basis in respect of their exposure with reinsurers and other insurance contract holders as set out below.

Reinsurers risk

Reinsurers risk refers to the risk an enterprise will encounter in the event that any reinsurers fails to meet its obligations assumed under the reinsurance agreement. The Company is supported by reinsurers who are selected based on the recommendations of professional reinsurers brokers and the evaluation of available information on the financial strengths of the reinsurers. The assessment and selection of reinsurers is carried out annually and reinsurers solvency and credit worthiness are monitored on an ongoing basis. Reinsurers' portion of outstanding claims are recorded only where evidence of recoverability is available to the Company.

The Company manages insurance risk through reinsurance arrangements with reinsurers. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policy holder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Company.

The financial analysis of policyholders and reinsurers that is conducted at Company level produces an assessment categorized by a Standard and Poor (S&P) rating (or equivalent when not available from S&P).

All the Company's reinsurers are rated not lower than S&P BBB (or equivalent).

Insurance receivable

Where there exists significant exposure to individual policyholders, or homogenous groups of policyholders, an assessment of the customer creditworthiness is carried out by the management. The customers categorized as Ministries, Banks, Corporates, Brokers, Agents and Individuals are duly assessed for their credit worthiness based on the volume of business transacted, their past payment records and credit history. Ageing of receivables is monitored on an ongoing basis against the allowed credit period set on a case to case basis. The Company does not require collateral in respect of financial assets but has the right to offset the dues against any past or future claim payments.

Analysis of overdue insurance and other receivables is discussed in note 14.

Credit risk on receivables is limited to their carrying values as management regularly reviews these balances to assess recoverability and makes provision for balances whose recoverability is in doubt.

The table below shows the balances outstanding from the various categories of customers at the reporting date in the order of credit quality.

	2015	2014
	RO	RO
Counterparties		
Banks/Ministries	**897,795**	225,250
Corporate	**1,568,708**	1,079,269
Brokers	**1,605,708**	2,405,532
Individuals	**15,133**	8,507
Gross total insurance receivables	**4,087,344**	3,718,558
Less: provision for doubtful debts	**(67,600)**	(50,361)
Net total insurance receivables	**4,019,744**	3,668,197

Credit risk on other financial instruments

Although the Company has significant deposits and bank balances, management believes that the risk arising out of cash and cash equivalents and deposits is minimal as these are with reputable local banks which are listed companies with good financial standing and that are regulated by the Central Bank of Oman.

The Company's exposure to credit risk is limited to the carrying amount of financial assets recognized at the reporting date, as summarized below:

	2015	2014
	RO	RO
Reinsurance assets	**9,280,755**	7,045,816
Insurance and other receivables	**4,389,285**	4,534,364
Available for sale investments	**5,040,651**	5,020,879
Deposits	**5,205,000**	4,962,000
Cash and cash equivalents	**3,384,106**	1,550,597
	27,299,797	23,113,656

(c) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial liabilities. Liquidity requirements are monitored regularly and the management ensures that sufficient funds are available to meet any commitments as they arise. The Company considers its liquidity position to be satisfactory and also has committed undrawn overdraft facilities of RO 200,000 (2014: RO 200,000). The Company is also in a position to generate cash by way of selling quoted investments. Further to this, the Company is also in a position to generate cash from its term deposits of RO 6.5 Million (2014: RO 5.4 Million) (refer note 12 (b)).

At 31 December 2015, the Company's solvency margin (as determined in accordance with the Oman Insurance regulations) is more than RO 2.9 million (2014: RO 3.5 million) higher than the regulatory requirement at that date.

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

The following are the contractual maturities of financial liabilities:

	Contractual cash flows
	RO
31 December 2015	
Insurance contract liabilities	**12,956,275**
Trade and other liabilities	**6,494,303**
31 December 2014	
Insurance contract liabilities	10,382,191
Trade and other liabilities	5,411,875

25.3 Capital risk management

Externally imposed capital requirements are set and regulated by the Capital Market Authority and the other relevant regulators, to ensure sufficient solvency margins. Further objectives are set by the Company to maintain a strong financial position, credit rating and healthy capital ratios in order to support its business objectives and maximize shareholders value.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. Further, the Insurance Companies Law of Oman of 1979, as amended, requires a minimum capital of RO 5 million for insurance companies. The Company is required to increase share capital to RO 10 million by 11 August 2017.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Company fully complied with the externally imposed capital requirements during the reported financial periods and no changes were made to its capital base, objectives, policies and processes from the previous year.

25.4 Fair value estimation

The fair values of quoted investments are based on market bid prices at the reporting date. The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate to their fair values.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: 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).
- Level 3: inputs for the asset or liability that are not based on observable market date (unobservable inputs)

All the Company's investments in available-for-sale investments are level 1.

25.5 Operational risks

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.

The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks.

The Company has detailed systems and procedures manuals with effective segregation of duties, access controls, authorization and reconciliation procedures, staff training and assessment processes etc. with a compliance and internal audit framework. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

26 Net assets per share

Net assets per share is calculated by dividing the net assets at the year end by the number of shares outstanding at 31 December as follows:

	2015	2014
Net assets (RO)	**7,973,627**	7,375,522
Number of shares outstanding at 31 December	**5,000,000**	5,000,000
Net assets per share (RO)	**1.595**	1.475

27 Earnings per share

Net profit (RO) after tax	**1,333,941**	1,655,596
Total comprehensive income (RO) for the year	**973,105**	1,257,234
Weighted average number of shares outstanding at 31 December	**5,000,000**	5,000,000
Earnings per share (RO)	**0.267**	0.331
Total comprehensive income per share (RO)	**0.195**	0.251

28 Contingent liabilities

At 31 December 2015, there were contingent liabilities in respect of guarantees amounting to RO 114,226 (2014: RO 110,331) given in the normal course of business from which it is anticipated that no material liabilities will arise.

29 Comparative amounts

Certain comparative amounts have been reclassified to conform to the current year presentation. The reclassifications do not affect the reported profit during the year ended 31 December 2015.

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PR No. HMH/15/2015; HMA/9/2015

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VISION INSURANCE SAOC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Vision Insurance SAOC (the "Company"), which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, and statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2016 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 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 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 financial statements of the Company for the year ended 31 December 2015 were audited by another auditor who expressed an unmodified opinion on those statements on 23 February 2016.

Responsibilities of management and those charged with governance for the financial statements

Those charged with governance are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, those charged with governance are responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VISION INSURANCE SAOC (CONTINUED)

Auditor's responsibilities for the audit of the financial statements (continued)

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 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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

ERNST & YOUNG LLC
C.R. No. 1224013
P.O. Box 1750 - P.C. 112, Sultanate of Oman

26 February 2017
Muscat

Statement of profit or loss and other comprehensive income

for the year ended 31 December

	Notes	2016 RO	2015 RO
Income:			
Gross insurance premiums written	4	**22,150,061**	18,392,826
Reinsurer's share of gross insurance premiums written	4	**(15,935,993)**	(13,441,095)
Net insurance premium written		**6,214,068**	4,951,731
Change in unearned premium reserve ("UPR"):			
Gross change in UPR	4	**(2,830,695)**	(1,165,306)
Reinsurer's share of UPR	4	**1,924,842**	1,180,913
Net change in UPR		**(905,853)**	15,607
Net insurance premium revenue earned	4	**5,308,215**	4,967,338
Investment income, net	7	**285,329**	374,274
Other operating income	7a	**153,982**	397,972
		5,747,526	5,739,584
Expenses:			
Gross claims and loss adjustment expenses paid	5	**8,825,900**	6,691,158
Reinsurer's share of the gross claims and loss adjustment expenses paid	5	**(5,177,705)**	(3,571,806)
Gross change in insurance liabilities	5	**1,340,580**	1,408,778
Reinsurer's share of the gross change in insurance liabilities	5	**(1,311,866)**	(1,054,026)
Expenses on acquisition of insurance contracts (net)	6	**(1,385,610)**	(1,137,330)
General and administration expenses	8	**2,201,424**	1,905,153
		4,492,723	4,241,927
Profit for the year before taxation		**1,254,803**	1,497,657
Income tax	13	**(135,570)**	(163,716)
Profit for the year		**1,119,233**	1,333,941
Other comprehensive income (expense) that will be reclassified to the profit or loss			
Net change in fair value of available-for-sale investments		**378,069**	(360,836)
Impairment on investments available-for-sale recycled to profit or loss		**(46,625)**	-
Other comprehensive income (expense) for the year, net of tax		**331,444**	(360,836)
Total comprehensive income for the year		**1,450,677**	973,105
Earnings per share	27	**0.203**	0.243
Total comprehensive income per share	27	**0.263**	0.177

The accompany notes 1 to 29 form part of these financial statements.

Statement of financial position

as at 31 December

	Notes	2016 RO	2015 RO
ASSETS			
Non-current assets			
Property, furniture and equipment	10	**260,484**	277,604
Available-for-sale investments	11	**5,076,845**	5,040,651
Deposits	12	**6,562,832**	5,205,000
		11,900,161	10,523,255
Current assets			
Reinsurance assets	19	**12,526,738**	9,280,755
Insurance and other receivables	14	**5,837,556**	4,389,285
Deposits	12 & 23	**-**	1,250,000
Cash and bank balances	23	**2,708,582**	2,134,106
		21,072,876	17,054,146
TOTAL ASSETS		**32,973,037**	27,577,401
EQUITY AND LIABILITIES			
Equity			
Share capital	15	**5,500,000**	5,000,000
Capital reserve		**84,849**	84,849
Fair value reserve		**196,024**	(135,420)
Legal reserve	16	**634,003**	522,080
Contingency reserve	17	**1,543,488**	1,306,104
Retained earnings		**965,940**	1,196,014
Total equity		**8,924,304**	7,973,627
Non-current liabilities			
Employees' end of service benefits	20	**188,890**	153,196
Current liabilities			
Insurance contract liabilities	19	**17,127,548**	12,956,275
Trade and other liabilities	21	**6,732,295**	6,494,303
		23,859,843	19,450,578
Total liabilities		**24,048,733**	19,603,774
TOTAL EQUITY AND LIABILITIES		**32,973,037**	27,577,401
Net assets per share (RO)	26	**1.622**	1.595

The financial statements were approved and authorised for issue by the Board of Directors on 26 February 2017 and were signed on their behalf by:

Chairman

Director

The accompany notes 1 to 29 form part of these financial statements.

Statement of changes in equity

for the year ended 31 December

	Share capital RO	Capital reserve RO	Fair value reserve RO	Legal reserve RO	Contingency reserve RO	Retained earnings RO	Total RO
At 1 January 2015	5,000,000	84,849	225,416	388,686	1,090,754	585,817	7,375,522
Profit for the year	-	-	-	-	-	1,333,941	1,333,941
Other comprehensive expense	-	-	(360,836)	-	-	-	(360,836)
Total comprehensive income	-	-	(360,836)	-	-	1,333,941	973,105
Dividend paid (note 18)	-	-	-	-	-	(375,000)	(375,000)
Transfer to legal reserve (note 16)	-	-	-	133,394	-	(133,394)	-
Transfer to contingency reserve (note 17)	-	-	-	-	215,350	(215,350)	-
At 31 December 2015	5,000,000	84,849	(135,420)	522,080	1,306,104	1,196,014	7,973,627
Profit for the year	-	-	-	-	-	1,119,233	1,119,233
Other comprehensive income	-	-	331,444	-	-	-	331,444
Total comprehensive income for the year	-	-	331,444	-	-	1,119,323	1,450,677
Dividend paid (note 18)	500,000	-	-	-	-	(1,000,000)	(500,000)
Transfer to legal reserve (note 16)	-	-	-	111,923	-	(111,923)	-
Transfer to contingency reserve (note 17)	-	-	-	-	237,384	(237,384)	-
At 31 December 2016	**5,500,000**	**84,849**	**196,024**	**634,003**	**1,543,488**	**965,940**	**8,924,304**

The accompany notes 1 to 29 form part of these financial statements.

Statement of cash flows

for the year ended 31 December

	Notes	2016 RO	2015 RO
OPERATING ACTIVITIES			
Net cash generated from operating activities	22	**790,004**	2,625,382
INVESTING ACTIVITIES			
Purchase of property, furniture and equipment	10	**(91,921)**	(177,549)
Proceeds from sale of furniture and equipment		**-**	10,010
Purchase of available-for-sale investments	11(a)	**(3,232,976)**	(2,946,141)
Proceeds from disposal of available-for-sale investments		**3,354,509**	2,507,420
Placement of deposits		**(1,357,834)**	(243,000)
Interest received	7	**234,681**	221,755
Dividends received	7	**128,013**	210,632
Net cash used in investing activities		**(965,528)**	(416,873)
FINANCING ACTIVITIES			
Dividend paid		**(500,000)**	(375,000)
Net cash used in financing activities		**(500,000)**	(375,000)
Net change in cash and cash equivalents		**(675,524)**	1,833,509
Cash and cash equivalents at 1 January		**3,384,106**	1,550,597
Cash and cash equivalents at 31 December	23	**2,708,582**	3,384,106

The accompany notes 1 to 29 form part of these financial statements.

1 Legal status and principal activities

Vision Insurance SAOC ("Company") is registered as a closely held joint stock company under the Commercial Companies Law of Oman and engaged in the business of insurance within the Sultanate of Oman. The Company has obtained its Commercial Registration on 1 September 2007 bearing registration number 1025783 and its registered address is PO Box-1882, PC -114, Jibroo, Sultanate of Oman.

2 Significant accounting policies

The principal accounting policies are summarised below. These policies have been consistently applied to each of the years presented, unless otherwise stated.

2.1 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB). They also comply with the Rules and Guidelines on Disclosure by Issuer of Securities and Inside Trading, Rules for Disclosure and Proforma issued by the Capital Market Authority and Commercial Companies Law of 1974, as amended.

(b) Basis of measurement

The financial statements are prepared on a historical cost basis except for available-for-sale financial assets which are measured at fair value.

(c) Functional and presentation currency

The financial statements are presented in Rial Omani (RO) which is the functional and presentation currency of the Company.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form basis of making judgment about carrying value of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in note 14 – allowance for doubtful debts and note 19 – claims reported but unsettled, claims incurred but not reported and unearned premiums.

2.2 New standards and interpretation not yet effective

The following new standards and amendments have been issued by the International Accounting Standards Board (IASB) which may impact the financial statements of the Company but are not yet mandatory for the year ended 31 December 2016:

- **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.

During 2016, the Company performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the company in the future. Overall, the Company expects no significant impact on its balance sheet and equity, except for the effect of applying the impairment requirements of IFRS 9. The Company expects a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in the future to determine the extent. The Company plans to defer the application of IFRS 9 until the earlier of the effective date of the new insurance contracts standard (IFRS 17) of 1 January 2021, applying the temporary exemption from applying IFRS 9 as introduced by the amendments (see below).

- **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 2015. The Company intends to apply the temporary exemption in its reporting period starting on 1 January 2018.

- **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 01 January 2018. Early adoption is permitted. The Company expects to apply IFRS 15 fully retrospective. 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;** The IASB issued IFRS 16 Leases (IFRS 16), which requires lessees to recognise assets and liabilities for most leases. For lessors, there is little change to the existing accounting in IAS 17 Leases. The company will perform a detailed assessment in the future to determine the extent. The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, IFRS 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as IFRS 16.

2.2.1 Standards, adoption of new and revised International Financial Reporting Standards (IFRS)

For the year ended 31 December 2016, the Company has adopted all of 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 2016.

The following standards, amendments and interpretations became effective from 1 January 2016:

- Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants
- Amendments to IAS 27 : Equity method in Separate Financial Statements
- Amendments to IAS 1 Disclosure Initiative
- IFRS 14 Regulatory Deferral Accounts
- Annual Improvements 2012-2014 Cycle
  - IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
  - IFRS 7 Financial Instruments: Disclosures

2.3 Foreign currency transactions

Items included in the financial statements of the Company are measured and presented in Rial Omani being the currency of the primary economic environment in which the Company operates.

Foreign currency transactions are translated into Rial Omani at the exchange rate prevailing on the transaction date. Foreign currency assets and liabilities are translated into Rials Omani at the exchange rate prevailing at the reporting date. Differences on exchange are dealt within the statement of profit or loss as they arise.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

2.4 Insurance contracts – classification

(a) Recognition and measurement

The Company issues short term insurance contracts that transfer insurance risk.

The short term insurance contracts include fire, marine, engineering, workmen compensation, aviation cover, group life and group medical insurance.

Motor insurance in the Sultanate is governed by law and it is compulsory for all vehicles to have a minimum third party cover. The Company also issues comprehensive motor policies. Such motor policies issued by the Company cover damages to vehicle due to storm, tempest, flood, fire, theft and personal accident. Specific motor policies are also issued to include coverage outside the Sultanate.

Short duration life insurance contracts protect the Company's customers from the consequences of events such as death or disability that would affect 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.

For all these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the reporting date is reported as the unearned premium liability. Premiums are shown before deduction of commission.

Claim and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. These include direct and indirect claims settlement costs and arise from events that have occurred up to the reporting date even if they have not yet been reported to the Company. The Company does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Company and statistical analysis for the claims incurred but not reported ("IBNR") and to estimate the expected ultimate cost of more complex claims that may be affected by external factors such as court decisions.

(b) Policy acquisition costs and commission income

Policy acquisition costs, which correspond to the proportion of gross premium written that is unearned at the reporting date is deferred as deferred policy acquisition cost. Similarly commission income is recognized at the time reinsurance policies are written.

(c) Liability adequacy test

All outstanding claims including claims IBNR are treated as current and expected to be settled within twelve months from the reporting date. The amount outstanding for each claim is reviewed on a regular basis and at least quarterly and amount adjusted in the statement of profit or loss whenever considered necessary.

In the case of other short term insurance policies, a provision is also calculated for the UPR using 1/24th method. A contingency reserve is also established in accordance with the Insurance Companies Law of Oman.

(d) Reinsurers contracts held

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for insurance contracts are classified as reinsurers contracts held. Insurance contracts entered into by the Company under which the contract holder is another insurer (inwards reinsurers) are included within insurance contracts.

The benefits to which the Company is entitled under its reinsurers contracts held are recognised as reinsurance assets. These assets consist of short term balances due from reinsurers as well as the reinsurers portion of gross claims outstanding including IBNR and unexpired risk reserve 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 reinsurers contract. Reinsurers liabilities are primarily premiums payable for reinsurers contracts and are recognised as an expense when due, net of commission income which represents income earned from reinsurance companies.

The Company assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the statement of profit or loss. The Company gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for insurance and other receivables. The impairment loss is also calculated following the same method used for these financial assets. These processes are described in Note 2.11.

(e) Salvage and subrogation reimbursements

Some insurance contracts permit the Company to sell a (usually damaged) vehicle or a property acquired 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 salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvaged vehicles or properties acquired are recognised in other assets when the liability is settled. The allowance 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 when the liability is settled. The allowance is the assessment of the amount that can reasonably be recovered from the action against the liable third party.

2.5 Dividend income

Dividend income from investments is recognised when the right to receive payment is established.

2.6 Interest income and expense

Interest income and expense are recognised on a time proportion basis using the effective interest rate method.

2.7 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements only in the period in which the dividends are approved by the Company's shareholders.

2.8 Property, furniture and equipment

Property, furniture and equipment are stated at cost less accumulated depreciation and impairment losses. Expenditure incurred to replace a component of an item of property, furniture and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, furniture and equipment and can be measured reliably. All other expenditure is recognised in the statement of profit or loss as an expense as incurred.

The cost of the property, furniture and equipment is written down to residual value in equal installments over the estimated useful lives of the assets. The estimated useful lives are:

Furniture	over 5 years
Other equipment	over 4 years
Motor vehicles	over 4 years
Computer items	over 4 years
Computer software	over 3 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

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 fixed assets are determined by reference to their carrying amounts and are taken into account in determining results from operations.

2.9 Financial instruments

(i) Classification

Financial instruments comprise cash and cash equivalents, available-for-sale financial assets, other receivables, accounts payable and accruals.

The category of available-for-sale financial assets comprises investments designated as available-for-sale upon initial recognition. These include financial assets that are not held for trading purposes and which may be sold at any time. These are investments in equity instruments of various entities listed in Oman and other middle east countries.

(ii) Recognition

The Company recognises financial assets and liabilities on the date it becomes a party to the contractual provisions of the financial instrument.

A regular way purchase of financial assets is recognised using trade date accounting. From this date, gains or losses arising from changes in fair value of financial assets or financial liabilities are recorded.

(iii) Measurement

Available-for-sale financial assets

Available-for-sale financial assets are measured initially at transaction price plus transaction costs that are incurred and directly attributable to acquisition or issue of the financial assets. Subsequent to initial recognition, these financial assets are measured at fair value with changes in their fair value, other than impairment losses, recognised as other comprehensive income presented within equity in fair valuation reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

Other financial assets

Other financial assets are measured initially at fair value plus transaction costs that are directly attributable to the acquisition of these other financial assets. Subsequent to initial recognition, financial assets are carried at amortised cost using the effective interest rate method, less impairment losses, if any.

Other financial liabilities

Other financial liabilities are measured at amortized cost using effective interest rate.

(iv) Fair value measurement principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques include discounted cash flow analysis or other valuation models.

(v) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with International Accounting Standard 39: 'Financial Instruments: Recognition and Measurement'.

When an available-for-sale investments is derecognised, the cumulative gain or loss in other comprehensive income is transferred to the statement of profit or loss.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

(vi) Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

31 December 2016	**Amortised cost**	**Fair value through other comprehensive income**	**Total**
	RO	**RO**	**RO**
Assets			
Available-for-sale investments	**-**	**5,076,845**	**5,076,845**
Reinsurance assets	**12,526,738**	**-**	**12,526,738**
Deposits	**6,562,832**	**-**	**6,562,832**
Insurance and other receivables	**5,837,556**	**-**	**5,837,566**
Bank balances and cash	**2,708,582**	**-**	**2,708,582**
Total	**27,635,708**	**5,076,845**	**32,712,563**

31 December 2015	Amortised cost	Fair value through other comprehensive income	Total
	RO	RO	RO
Assets			
Available-for-sale investments	-	5,040,651	5,040,651
Reinsurance assets	9,280,755	-	9,280,755
Deposits	6,455,000	-	6,455,000
Insurance and other receivables	4,389,285	-	4,389,285
Bank balances and cash	2,134,106	-	2,134,106
Total	22,259,146	5,040,651	27,299,797

2.10 Impairment

(i) Financial assets (including receivables)

Financial assets that are stated at cost or amortised cost are reviewed at each reporting date to determine whether there is any objective evidence of impairment. A financial asset is impaired if objective evidence indicates that a loss event has occurred after initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. If any such indication exists, an impairment loss is recognised in the statement of profit or loss as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate.

If in the subsequent period, the amount of an impairment loss recognised on financial assets carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the statement of profit or loss.

Impairment losses on available for sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to statement of profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in statement of profit or loss is the difference between the acquisition costs, net of any principal repayment and amortization, and the current fair value, less any impairment loss previously recognised in statement of profit or loss.

Impairment losses on equity instruments recognised in the profit or loss are not reversed through separate profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the profit or loss.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated and impairment loss is recorded. An impairment loss is reversed if there has been a change in the 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.

2.11 Insurance and other receivables

Insurance and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of 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. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial restructuring and default or delinquency in payments are considered indicators that the receivable is impaired. 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 effective interest rate. The amount of the provision is recognised in the statement of profit or loss within "General and administration expenses".

When a receivable is known to be uncollectible, all the necessary legal procedures have been completed, and the final loss has been determined, the receivable is written off against the related provision for impairment.

Subsequent recoveries of amounts previously written off are credited to the statement of profit or loss in the year of the recovery.

2.12 Cash and cash equivalents

For the purpose of the statement of cash flows, deposits with a maturity of less than three months from the date of placement and all cash and bank balances are considered to be cash equivalents.

2.13 Employee benefits

Contributions to a defined contribution retirement plan, for Omani employees in accordance with the Oman Social Insurance Scheme, are recognized as expense in the statement of profit or loss as incurred.

The Company's obligation in respect of non-Omani terminal benefits, which is an unfunded defined benefit retirement plan, is the amount of future benefit that such employees have earned in return for their services in the current period.

2.14 Trade and other payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Liabilities are recognised for amounts to be paid for goods and services received, whether or not billed to the Company.

2.15 Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is recognized in the statement of profit or loss and is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years. Income tax is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Deferred tax is calculated in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences relating to the initial recognition of assets or liabilities that affect neither accounting nor taxable profit are not provided for. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized and it is subsequently reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2.16 Computation of Directors' remuneration

The basis of computation of Directors' remuneration for the year is as per the Article 101 (as amended by the Royal Decree 99/2006) of the Commercial Companies Law of 1974, as amended.

2.17 Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

2.18 Operating segment

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments results are reviewed regularly by the CEO to make decisions about resources to be allocated to the segment and assess its performance.

2.19 Investments fair value reserve

This represents the unrealised gain or loss on year-end fair valuation of available-for-sale investments. In the event of sale or impairment, the cumulative gains or losses recognised under investment fair value reserve are included in the net profit or loss for the year.

2.20 Provisions

Provisions are recognised in the statement of financial position when the Company has a 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.

2.21 Related parties

Related parties are individuals and companies where the individuals and companies have the ability, directly or indirectly, to control the Company or exercise significant influence over the Company in making financial and operating decisions or vice-versa.

3. Critical accounting estimates and judgments in applying accounting policies

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates may, by definition, vary from the related actual results. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions 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 in the following paragraphs.

3.1 The liability arising from claims made under insurance contracts

The intent of insurance contracts entered into by the Company is to pay claims arising out of fortuitous events i.e. events that are unexpected. The Company has a concentration in Motor policies issued and claims under such policies may include amounts for third party bodily injury. The Company believes that the liability arising out of such third party bodily injury claims as handed down by the various courts in Oman cannot be precisely estimated. Nevertheless, the Company monitors the development of compensation claims carefully year on year and makes adequate provision for these insurance liabilities.

In the case of non-motor general insurance policies issued, although considering that the Sultanate of Oman is relatively free of major natural catastrophe events such as earthquakes, the risk through major storm, tempest and flood scenarios does exist. The Company's portfolio is diversified in terms of the regional distribution of risks within Oman. The loss estimation where such events do occur is usually based on external independent surveyors' reports obtained progressively. The non-motor general insurance is predominantly ceded out and the risk retention is very low. In addition to the existing reinsurers arrangements, the Company has taken additional catastrophic cover. With regard to group life and group medical, the Company is managing its risk by adequately ceding it.

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 for the expected ultimate cost of claims reported at the reporting date. However, for the IBNR the Company is relying on an independent actuary to perform reserve review for the IBNR based on historical data of claims and premium development. 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. General insurance claims provisions are not discounted for the time value of money.

3.2 Impairment of available-for-sale equity investments

The Company determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost or objective evidence of impairment exists. This determination of what is considered to be significant or prolonged requires judgement. In applying judgement, the Company evaluates among other factors, the volatility in share price. Objective evidence of impairment may be due to deterioration in the financial health of the investee, industry and sector performance.

3.3 Taxes

Uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and nature of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of finalisation of tax assessments of the Company. The amount of such provisions is based on various factors, such as experience of previous tax assessments and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

3.4 Unearned premium reserve

The provision for unearned premiums reperesents that portion of premiums received or receivable, after deduction of the reinsurance share, which relates to risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged, and is brought to account as premium income over the term of the contract in accordance with the nature and type of reinsurance contract written by the company.

Reinsurance contract liabilities are derecognised with the contract expires, discharged or cancelled by any party to the insurance contract.

3.5 Impairment of insurance and other receivables

An estimate of the collectible amount of insurance and other receivables is made when collection of the full amount is no longer probable. This determination of whether these insurance and other receivables are impaired entails the company evaluating, the credit and liquidity position of the policy holders and the insurance companies, historical recovery rates including detailed investigations carried out as at reporting date and feedback received from their legal department. The difference between the estimated collectible amount and the book amount is recognised as an expense in the statement of profit or loss and other comprehensive income. Any differences between the amounts actually collected in the future periods and the amounts expected will be recognised in the statement of profit or loss and other comprehensive income at the time of collection.

4 Insurance premium revenue

	2016	2015
	RO	RO
Gross premium revenue earned from insurance contracts issued:		
Gross insurance premium written	**22,150,061**	18,392,826
Change in UPR (unexpired risk reserve)	**(2,830,695)**	(1,165,306)
Total gross premium earned	**19,319,366**	17,227,520
Reinsurer's share of insurance premium	**(15,935,993)**	(13,441,095)
Reinsurer's share of change in UPR	**1,924,842**	1,180,913
Total premium ceded	**(14,011,151)**	(12,260,182)
Total net premium earned	**5,308,215**	4,967,338

5 Insurance claims and loss adjustment expenses

31 December 2016

	Gross	Reinsurers' share	Net share
	RO	RO	RO
Claims and loss adjustment expenses paid	**8,825,900**	**(5,177,705)**	**3,648,195**
Increase in outstanding claims	**1,340,580**	**(1,311,866)**	**28,714**
Total insurance claims and loss adjustment expenses	**10,166,480**	**(6,489,571)**	**3,676,909**

31 December 2015

Claims and loss adjustment expenses paid	6,691,158	(3,571,806)	3,119,352
Increase in outstanding claims	1,408,778	(1,054,026)	354,752
Total insurance claims and loss adjustment expenses	8,099,936	(4,625,832)	3,474,104

6 Underwriting results

	2016	2015
	RO	RO
Insurance premium revenue earned	19,319,366	17,227,520
Insurance premium ceded to reinsurers	(14,011,151)	(12,260,182)
Net insurance premium revenue earned	5,308,215	4,967,338
Gross claims incurred	(10,166,480)	(8,099,936)
Reinsurer's share of the claims incurred	6,489,571	4,625,832
Net income from the acquisition of insurance contracts	1,385,610	1,137,330
	3,016,916	2,630,564

The underwriting results before reinsurance recoveries can be analysed as follows:

	Underwriting result before reinsurance recoveries		Net retained premium	
	2016	2015	2016	2015
	RO	RO	RO	RO
General insurance				
Motor	1,274,205	1,116,907	5,337,468	4,359,924
Fire	(64,998)	180,989	14,617	24,463
Marine	(95,444)	(151,797)	16,021	15,108
Household and other	(748,622)	(619,405)	366,067	340,934
Total	365,141	526,694	5,734,173	4,740,429
Group life insurance	(3,837,796)	(2,521,962)	479,895	211,302

7 Investment income, net

	2016	2015
	RO	RO
Loss on sale of available for sale investments	(80,468)	(58,113)
Dividend income	128,014	210,632
Interest income	284,408	221,755
Impairment of available for sale investment	(46,625)	-
	285,329	374,274

7a Other operating income

	2016	2015
	RO	RO
Policy transfer fees	53,246	47,721
Stale cheque written back	46,276	34,760
Profit on sale of vehicles	-	10,010
Liabilities no longer required written back	-	264,314
Other receipts	54,460	41,167
	153,982	397,972

8 General and administration expenses

	2016	2015
	RO	RO
Salaries and employee related costs	**1,576,859**	1,452,366
Office related expenses	**240,671**	184,151
Depreciation (note 10)	**109,041**	82,509
Proposed directors' remuneration and sitting fees paid	**50,000**	37,050
Repairs and maintenance	**7,794**	8,654
Rent	**115,928**	94,659
Business promotion	**29,286**	28,525
Provision for doubtful insurance receivables (note 14)	**71,845**	17,239
	2,201,424	1,905,153

Salaries and employee related costs included in general and administration expenses are as follows:

	2016	2015
	RO	RO
Salaries and allowances	**1,463,968**	1,354,485
End of service benefits (note 20)	**41,874**	36,074
Social security costs	**71,017**	61,807
	1,576,859	1,452,366

9 Segment information

The Company has the following operating segments:

General Insurance: General Insurance business includes insurance of motor, property, marine cargo and hull, general accidents.

Life Insurance: Life Insurance business includes short term yearly renewable group life business and Group Medical Business.

for the year ended 31 December 2016	General insurance	Life insurance	Total
	RO	RO	RO
Insurance premium revenue	14,828,723	7,321,338	22,150,061
Insurance premium ceded to reinsurers – net of UPR	(9,880,709)	(6,961,137)	(16,841,846)
Net insurance premium revenue	4,948,014	360,201	5,308,215
Insurance claims and loss adjustment expenses	(5,783,409)	(4,383,071)	(10,166,480)
Insurance claims and loss adjustment expenses recovered from reinsurers	2,463,861	4,025,710	6,489,571
Net income from the acquisition of insurance contracts	1,200,536	185,074	1,385,610
Underwriting profit	2,829,002	187,914	3,016,916
Investment and other income	439,311	-	439,311
General and administration expenses – unallocated	-	-	(2,201,424)
Profit before taxation	-	-	1,254,803
Segment assets	30,403,010	2,570,027	32,973,037
Segment liabilities	21,846,959	2,201,774	24,048,733
Capital expenditure	91,921	-	91,921
Depreciation	109,041	-	109,041

for the year ended 31 December 2015	General insurance	Life insurance	Total
	RO	RO	RO
Insurance premium revenue	13,611,177	4,781,649	18,392,826
Insurance premium ceded to reinsurers – net of UPR	(8,849,098)	(4,576,390)	(13,425,488)
Net insurance premium revenue	4,762,079	205,259	4,967,338
Insurance claims and loss adjustment expenses	(5,221,133)	(2,878,803)	(8,099,936)
Insurance claims and loss adjustment expenses recovered from reinsurers	1,931,649	2,694,183	4,625,832
Net income from the acquisition of insurance contracts	985,748	151,582	1,137,330
Underwriting profit	2,458,343	172,221	2,630,564
Investment and other income	772,246	-	772,246
General and administration expenses – unallocated	-	-	(1,905,153)
Profit before taxation	-	-	1,497,657
Segment assets	27,227,401	350,000	27,577,401
Segment liabilities	19,270,590	333,184	19,603,774
Capital expenditure	177,549	-	177,549
Depreciation	82,509	-	82,509

10 Property, furniture and equipment

	Computer software	**Computer hardware**	**Furniture and office equipment**	**Vehicles**	**Total**
	RO	**RO**	**RO**	**RO**	**RO**
Cost					
At 1 January 2016	135,640	142,615	471,037	96,800	846,092
Additions	36,144	23,286	25,941	6,550	91,921
At 31 December 2016	**171,784**	**165,901**	**496,978**	**103,350**	**938,013**
Depreciation					
At 1 January 2016	123,926	93,482	320,030	31,050	568,488
Charge for the year	13,912	18,601	54,176	22,352	109,041
At 31 December 2016	**137,838**	**112,083**	**374,206**	**53,402**	**677,529**
Net book values:					
At 31 December 2016	**33,946**	**53,818**	**122,772**	**49,948**	**260,484**

	Computer software	Computer hardware	Furniture and office equipment	Vehicles	Total
	RO	RO	RO	RO	RO
Cost					
At 1 January 2015	131,604	125,113	377,276	86,715	720,708
Additions	4,036	17,502	93,761	62,250	177,549
Disposals	-	-	-	(52,165)	(52,165)
At 31 December 2015	135,640	142,615	471,037	96,800	846,092
Depreciation					
At 1 January 2015	113,875	78,492	278,528	67,249	538,144
Charge for the year	10,051	14,990	41,502	15,966	82,509
Disposals	-	-	-	(52,165)	(52,165)
At 31 December 2015	123,926	93,482	320,030	31,050	568,488
Net book values:					
At 31 December 2015	11,714	49,133	151,007	65,750	277,604

11 Available-for-sale investments

a) The movement in the year is analysed as below:

	2016	2015
	RO	RO
At 1 January	**5,040,651**	5,020,879
Purchases	**3,232,976**	2,946,141
Fair value change (taken to equity)	**378,069**	(360,836)
Impairment of available-for-sale investments	**(46,625)**	-
Disposals	**(3,528,226)**	(2,565,533)
At 31 December	**5,076,845**	5,040,651

b) Available-for-sale investments can be analysed as follows:

	Fair value 2016	**Cost 2016**	Fair value 2015	Cost 2015
	RO	**RO**	RO	RO
Overseas – Quoted	**1,524,270**	**1,450,830**	1,426,779	1,682,975
Local – Quoted	**3,552,575**	**3,429,991**	3,613,872	3,493,096
	5,076,845	**4,880,821**	5,040,651	5,176,071

c) Details of the Company's available-for-sale investments for which the Company's holding exceeds 10% of the fair value of its investment portfolio are:

31 December 2016	**Holding %**	**Number of securities**	**Fair value RO**	**Cost RO**
Local quoted securities:				
Bank Muscat	**10%**	**587,137**	515,165	451,511
Vision Al Khair GCC Fund	**10%**	**528,204**	519,518	680,925

12 Deposits

(a) Deposits are placed with commercial banks in the Sultanate of Oman and overseas. Deposits carry interest rates of between 1.75% - 5.10% per annum (2015: 1.2% to 4% per annum) and are denominated in Rial Omani.

(b) In accordance with the law governing the operations of insurance companies within the Sultanate of Oman, the Company has identified to the Capital Market Authority (Insurance division) certain specific bank deposits included in the statement of financial position at carrying amount of RO 4.65 Million (2015: RO 3.50 million). Under the terms of the legislation, the Company can only utilise these assets with the prior approval of the Capital Market Authority (Insurance division).

(c) The Company has kept a security deposit of RO 50,000 which is under lien with Omani Unified Bureau for Orange Card Co. SAOC in the Sultanate of Oman, as a cover for settlement of motor claims arising outside Oman under the Orange Card arrangement for cross border claims.

(d) The maturity profile of the deposits is as follows:

	2016	2015
	RO	RO
Within three months from the date of placement – included in cash and cash equivalents (note 23)	-	1,250,000
Between 3 months to five years	6,562,832	5,205,000
	6,562,832	6,455,000

13 Taxation

a) Component of income tax expense

	2016	2015
	RO	RO
Current tax	134,235	163,716
Previous year tax	1,335	-
Total tax	135,570	163,716

b) Reconciliation of tax expense

The Company provides for taxation in accordance with the income tax laws of the Sultanate of Oman at the rate of 12% of taxable profits in excess of RO 30,000. The following is a reconciliation of income taxes calculated on accounting profit at the applicable tax rates with the income tax expense for the year:

	2016	2015
Accounting profit before income tax	1,254,803	1,497,657
Income tax expense computed at applicable tax rates	146,976	176,119
Non-deductible expenses	90	4,086
Tax exempt revenues	(24,021)	(14,665)
Timing difference arising on depreciation and provisions	11,190	(1,824)
	134,235	163,716

c) Deferred tax

Details of deferred tax liability/assets not recognised is as follows:	**2016**	2015
	RO	RO
Property, furniture and equipment	**(5,753)**	(6,733)
Provision for doubtful debts	**12,780**	8,112
Deferred tax on unrealised gains / (losses) on foreign available for sale investments recorded in equity	**(8,812)**	30,744
Deferred tax (liability)asset	**(1,785)**	32,123

Deferred tax asset has not been recognised as of 31 December 2015 as a matter of prudence as management is of the view that insurance operations by their inherent nature are exposed to unknown variables that have a bearing on the management's ability to determine with certainty whether it is probable that sufficient future taxable income will arise to derive the benefits therefrom prior to their expiry. Deferred tax liability as of 31 December 2016 are is significant and considering the estimation uncertainty involved, deferred liability has not been recognised by the management.

On 20 February 2017, a Royal Decree was enacted amending the applicable corporate tax rate from 12% to 15%.

d) Status of previous years returns

The tax returns of the Company for the years 2010 to 2015 have not yet been agreed with the Secretariat General for Taxation at the Ministry of Finance. The Board of Directors are of the opinion that additional taxes, if any, related to the open tax years would not be significant to the Company's financial position as at 31 December 2016.

14 Insurance and other receivables

	2016	2015
	RO	RO
Insurance and other receivables comprise the following:		
Insurance and other receivables	**5,508,421**	4,087,344
Due from reinsurers	**287,402**	272,950
Less: provision for impairment	**(106,505)**	(67,600)
Insurance and other receivables (net)	**5,689,318**	4,292,694
Accrued interest	**68,851**	19,124
Prepayments and other receivables	**57,701**	41,665
Deferred acquisition costs	**21,686**	35,802
	5,837,556	4,389,285

The movement in provision for impairment during the year was as follows:

	2016	2015
	RO	RO
1 January	**67,600**	50,361
Provided during the year	**71,845**	17,239
Write off	**(32,940)**	-
31 December	**106,505**	67,600

As at year end the details of non-impaired insurance receivables and receivables from reinsurers are set out below:

	2016	2015
	RO	RO
Neither past due nor impaired	**4,854,221**	3,885,187
Past due and not impaired	**547,695**	134,557
Past due and impaired	**106,505**	67,600
	5,508,421	4,087,344

15 Share capital

	2016	2015
	RO	RO
Authorised (ordinary shares of RO 1 each)	**10,000,000**	10,000,000
Issued and fully paid (ordinary shares of RO 1 each)	**5,500,000**	5,000,000

The issued and fully paid-up share capital is RO 5,500,000 comprising 5,500,000 shares of RO 1 each (2015: 5,000,000 of RO 1 each). In March 2016, the shareholders approved a bonus issue of 10% in order to increase the issued share capital of the Company to RO 5,500,000. Shareholders of the Company who own 10% or more of the shares, whether in their name, or through family members and companies, are as follows:

	31 December 2016		31 December 2015	
	Percentage of holding	**Number of shares**	Percentage of holding	Number of shares
Vision Investment Services Co SAOC	**26%**	**1,430,000**	26%	1,300,000
Al Wathba National Insurance Co, UAE	**20%**	**1,100,000**	20%	1,000,000
Salim Said Hamed Al Fannah Al Araimi	**10%**	**550,000**	10%	500,000
Tawoos LLC	**10%**	**550,000**	10%	500,000
Darwish Bin Ahmed & Sons, UAE	**10%**	**550,000**	10%	500,000

16 Legal reserve

In accordance with the Commercial Companies Law of Oman 1974, as amended, annual appropriations of 10% of the profit for the year are made to the legal reserve until the accumulated balance of the reserve is equal to one third of the value of the Company's paid up share capital. This reserve is not available for distribution.

17 Contingency reserves

In accordance with the Insurance Companies Law of Oman, contingency reserves are established in respect of general and life insurance business. These reserves are not distributable.

An amount equivalent to 10% of the net outstanding claims in respect of general insurance business at the reporting date and 1% of the life insurance premiums for the year in case of life insurance business is appropriated to this reserve until the reserve equals the paid up capital of the Company. As per the insurance regulations, the Company has made a transfer to a contingency reserve of RO 237,384 for the year 2016 (2015: RO 215,350).

18 Proposed dividend

For 2016, the Board of Directors proposed a dividend of 16.5% on the paid up capital of the Company as at 31 December 2016, 7.5% in the form of cash dividend and 9% in the form of bonus shares(2015- 10% cash dividend and 10% bonus dividend), aggregating to RO 907,500 (2015 - RO 1,000,000). This payment will be subject to approval by shareholders in the Annual General Meeting to be held on 27 March 2017.

19 Insurance liabilities and reinsurance assets

	2016	2015
	RO	RO
Gross		
Current		
Short term insurance contracts:		
- Outstanding claims reported and loss adjustment expenses including IBNR	**5,491,959**	4,151,381
- Provision for UPR	**11,635,589**	8,804,894
Total insurance liabilities – Gross	**17,127,548**	12,956,275
Recoverable from reinsurers		
Current		
Short term insurance contracts:		
- Outstanding claims reported and loss adjustment expenses including IBNR	**3,762,748**	2,450,882
- Provision for UPR	**8,763,990**	6,829,873
Total insurance assets – Gross	**12,526,738**	9,280,755
Net		
Short term insurance contracts:		
- Outstanding claims reported and loss adjustment expenses including IBNR	**1,729,211**	1,700,499
- Provision for UPR	**2,871,599**	1,975,021
Total insurance assets – Net	**4,600,810**	3,675,520

(a) The movements in insurance liabilities and assets are set out below:

	2016			2015		
	Gross	**Reinsurers**	**Net**	Gross	Reinsurers	Net
	RO	**RO**	**RO**	RO	RO	RO
Opening insurance liabilities	**4,151,381**	**2,450,882**	**1,700,499**	2,742,603	(1,396,856)	1,345,747
Opening UPR	**8,804,894**	**6,829,873**	**1,975,021**	7,639,588	(5,648,960)	1,990,628
(Decrease) increase in outstanding claims	**1,340,580**	**1,311,866**	**28,714**	1,408,778	(1,054,026)	354,752
Increase (decrease) in UPR	**2,830,695**	**1,924,842**	**905,853**	1,165,306	(1,180,913)	(15,607)
Closing insurance liabilities	**17,127,548**	**12,526,738**	**4,600,810**	12,956,275	(9,280,755)	3,675,520

(b) The gross claims reported, the loss adjustment expenses liabilities and the liability for claims incurred but not reported are net of expected recoveries from salvage and subrogation. The amounts for salvage and subrogation at the end of 2016 and 2015 are not material.

20 Employees' end of service benefits

	2016	2015
	RO	RO
At 1 January	**153,196**	126,632
Charge for the year	**41,874**	36,074
Payments	**(6,180)**	(9,510)
At 31 December	**188,890**	153,196

21 Trade and other liabilities

	2016	2015
	RO	RO
Accounts payable	**961,913**	1,045,638
Due to reinsurers	**4,211,702**	3,947,820
Deposits retained on ceded reinsurers business	**520,899**	571,853
Proposed directors' remuneration	**26,000**	18,500
Other payable	**875,919**	746,776
Income tax payable	**135,862**	163,716
	6,732,295	6,494,303

22 Cash generated from operations

The reconciliation of the profit for the period to cash generated from operations is shown below:

		2016	2015
	Note	RO	RO
Profit before taxation		**1,254,803**	1,497,657
Adjustments for:			
UPR release / charge (net)		**905,853**	(15,607)
Depreciation	10	**109,041**	82,509
Loss on sale of investments	7	**80,468**	58,113
Impairment of available-for-sale investments		**46,625**	
Profit on sale of furniture and equipment		**-**	(10,010)
Provision for impairment of receivables		**71,845**	17,239
Dividend income	7	**(128,013)**	(210,632)
Interest income	7	**(284,408)**	(221,755)
Impairment of available for sale investments	7	**46,625**	-
End of service benefit expense	20	**41,874**	36,074
Liabilities no longer required written back		**(46,276)**	(299,074)
Operating profit before working capital changes		**2,098,437**	934,514
Premiums and other receivables		**(1,488,386)**	(314,007)
Accounts and other payables		**166,693**	1,659,633
Insurance funds		**19,440**	354,752
Cash flow from operations		**796,184**	2,634,892
Payment of end of service benefits	20	**(6,180)**	(9,510)
Net cash flow from operating activities		**790,004**	2,625,382

23 Cash and cash equivalents

	2016	2015
	RO	RO
Cash and bank balances	2,708,582	2,134,106
Deposits maturing in less than three months from the date of placement (note 12 (d))	-	1,250,000
	2,708,582	3,384,106

24 Related party transactions

(a) Transactions

The Company has entered into transactions with entities and shareholders who have significant influence over the Company and have holdings of 10% or more interest in the Company's capital ("significant shareholders") and with entities related to these significant shareholders or directors ("entity related to a significant shareholder"). The Company also enters into transactions in the normal course of business with customers, agents and suppliers in which other directors and significant shareholders of the Company are interested ("other related parties"). In the ordinary course of business, such related parties provide goods and render services to the Company. The Company also underwrites insurance risks for such related parties. A related parity manages the Company's investment portfolio. The terms and conditions of related party transactions are mutually agreed. During the year, the following transactions were carried out with related parties:

Revenue from insurance policies underwritten and garage services

	2016	2015
	RO	RO
Premiums written:		
- entity related to a significant shareholder	653,015	242,449
- other related parties	244,427	336,801
Claims paid in respect of insurance policies underwritten		
- entity related to a significant shareholder	(25,756)	22,293
- other related parties	34,892	142,172
Purchase of goods and services (major shareholders)		
Purchase of shares and mutual funds through significant shareholder	2,798,594	2,595,850
Sale of shares and mutual funds through significant shareholder	2,653,125	2,088,544
Rental payment	39,240	34,434
Brokerage for transactions in share	35,848	34,038
Portfolio charges	18,989	13,374
Remuneration to directors		
Proposed directors' remuneration	26,000	18,500
Sitting Fees	24,000	18,550
Total	50,000	37,050

(b) Key management compensation

Short term employment benefits	**329,114**	323,552
Social security costs	**7,256**	9,490
End of service benefits	**10,025**	14,651
	346,395	347,693

(c) Receivable from related parties

	2016	2015
	RO	RO
- entity related to a significant shareholder	**445,364**	1,942
- other related parties	**132,920**	-
	578,284	1,942

Balances due from related parties are interest-free and repayable on demand.

(d) Payable to related parties

- entity related to a significant shareholder	**9,985**	4,970
- proposed directors' remuneration	**29,070**	18,500
	39,055	23,470

25 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 the set financial performance objectives. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The Company has established a risk management policy and a compliance function. This is supplemented with a clear organizational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior managers. A risk management 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.

b) Capital management framework

The Company has an internal risk management framework for identifying risks to which each of its business units and the Company as a whole are exposed, quantifying their impact on economic capital. The internal framework estimates indicate how much capital is needed to mitigate the risk of insolvency to a selected remote level of risk applied to a number of tests (both financial and non-financial) on the capital position of the business.

c) Regulatory framework

Regulators are primarily interested in protecting the rights of the policyholders 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 are also subject to regulatory requirement as imposed by CMA. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. solvency margin) to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise. The Company maintains a solvency surplus position as of 31 December 2016.

d) Asset liability management ("ALM") framework

Financial risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The main risk that the Company faces due to the nature of its investments and liabilities is interest rate risk. The Company manages these positions within an ALM framework that has been developed to achieve long term investment returns in excess of its obligations under insurance and investment contracts.

The Company's ALM is also integrated with the management of the financial risks associated with the Company's other financial assets and liabilities not directly associated with insurance and investment liabilities. The Company's ALM also forms an integral part of the insurance risk management policy, to ensure in each period sufficient cash flow is available to meet liabilities arising from insurance and investment contracts.

25.1 Insurance risk

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the 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 may exceed the carrying amount of the insurance liabilities. This could occur because of 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 estimate established using statistical techniques.

The Company's objectives in managing risks are: to take a conservative approach to underwriting, which means review of all aspects about a risk prior to acceptance; retaining experienced and knowledgeable underwriters; and having underwriting authorities in place. The Company ensures that risks are mitigated with first class reinsurers security, pre-underwriting surveys and claims history reviews. The estimates and assumptions 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 in note 3.

The Company is liable for all insured events that occur during the term of the contract, in accordance with the terms of contract. As a result, liability claims are settled over a long period of time and an element of claims provision relates to IBNR. There are several variables that affect the amount and timing of cash flows especially from motor insurance contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they have adopted.

The Company's net account in terms of aggregate risk retention is protected with risk plus catastrophe excess of loss reinsurance per class of business written.

The Company, in the normal course of business, in order to minimize financial exposure arising from large claims, 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.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts.

To minimize its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsures and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

The Company only deals with reinsures approved by the management, which are generally international securities that are rated by international rating agencies. The panel of proportional and non-proportional treaty reinsurers are reviewed and approved by the Board of Directors.

Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract.

Outstanding claims
IBNR provisions are created based on actual claims reported after the reporting date prior to finalization.

Outstanding claims for all classes of insurance are made initially on the basis of the internal or external surveyor's report. Accordingly the maximum expected liability is always recognized in the financial statements. Outstanding claims are monitored and revised for value of claims regularly. Based on the past experience management accordingly believes that there are no material additional claim liabilities that would arise in respect of unsettled claims at the year end.

25.2 Financial risk factors

Introduction

The Company has exposure to the following risks from its use of financial instruments:
- Market risk
- Credit risk
- Liquidity risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and procedures for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company. Risk management is carried out by the management under policies approved by the Board of Directors.

(a) 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 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.

(i) Foreign currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to investments in foreign equities which are denominated in other GCC currencies. The foreign currency investments are periodically reviewed by the Investment Committee and Board of Directors of the Company to determine appropriate action to minimize the foreign exchange risk exposure. As the total value of foreign currency investments in relation to the total financial assets held by the Company is not significant, the Company believes should these currencies weaken or strengthen against the Rial Omani there would be no material impact in the post-tax profits.

(ii) Price risk

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 classified as available-for-sale. To manage its price risk arising on investments in equity securities, the company limits market risk by maintaining a diversified portfolio and by regular monitoring of the market. In addition the Company actively monitors the key factors that effect stock market movements.

The sensitivity analysis for equity risk illustrates how changes in the fair value of equity securities will fluctuate because of changes in market prices affected by factors mentioned above. The majority of the equity investments are in companies listed in the Muscat Securities Market (MSM). As mentioned in note 11, the Company's investments are distributed in Banking, Investment, Industrial and Services sector shares. The Company has outsourced its portfolio to an investment manager (see note 24). However, the Company's investments are regulated by certain investment regulations applicable to insurance companies and are required to maintain prescribed limits as per the regulation and hence the Company may not be able to take advantage of all favorable market movements.

The Company has no significant concentration of price risk.

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on net profit and equity.

	Change in variable	**Impact on equity**
		RO'000
31 December 2016	+2%	101
	-2%	(101)
31 December 2015		
	+2%	101
	-2%	(101)

(iii) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company invests in securities and has deposits that are subject to interest rate risk. Interest rate risk to the Company is the risk of changes in market interest rates reducing the overall return on its interest bearing securities. The Company's fixed interest generating deposits are considered by Management to be a balanced portfolio (i.e. mixed with long term deposits and short term deposits). The Company does not anticipate any increase or decrease in the interest rates which would have any significant impact on the statement of profit or loss. The Company earn interest on securities and deposits between 1.75% to 5.10% per annum (2015: 1.2% to 4% per annum).

The Company accounts for fixed rate financial assets and interest rates are contractually agreed and remain constant throughout the maturity period.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Key areas where the company is exposed to credit risk are:

- Reinsurers' share of insurance liabilities;
- Amounts due from reinsurers in respect of claims already paid;
- Amounts due from insurance contract holders;
- Amounts due from insurance intermediaries; and
- Cash equivalents and deposits with banks.

The Company has a credit policy in place and exposure to credit risk is monitored on an ongoing basis in respect of their exposure with reinsurers and other insurance contract holders as set out below.

Reinsurers risk

Reinsurers risk refers to the risk an enterprise will encounter in the event that any reinsurers fails to meet its obligations assumed under the reinsurance agreement. The Company is supported by reinsurers who are selected based on the recommendations of professional reinsurers brokers and the evaluation of available information on the financial strengths of the reinsurers. The assessment and selection of reinsurers is carried out annually and reinsurers solvency and credit worthiness are monitored on an ongoing basis. Reinsurers' portion of outstanding claims are recorded only where evidence of recoverability is available to the Company.

The Company manages insurance risk through reinsurance arrangements with reinsurers. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policy holder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Company.

The financial analysis of policyholders and reinsurers that is conducted at Company level produces an assessment categorized by a Standard and Poor (S&P) rating (or equivalent when not available from S&P).

All the Company's reinsurers are rated not lower than S&P BBB (or equivalent).

Insurance receivable

Where there exists significant exposure to individual policyholders, or homogenous groups of policyholders, an assessment of the customer creditworthiness is carried out by the management. The customers categorized as Ministries, Banks, Corporates, Brokers, Agents and Individuals are duly assessed for their credit worthiness based on the volume of business transacted, their past payment records and credit history. Ageing of receivables is monitored on an ongoing basis against the allowed credit period set on a case to case basis. The Company does not require collateral in respect of financial assets but has the right to offset the dues against any past or future claim payments.

Analysis of overdue insurance and other receivables is discussed in note 14.

Credit risk on receivables is limited to their carrying values as management regularly reviews these balances to assess recoverability and makes provision for balances whose recoverability is in doubt.

The table below shows the balances outstanding from the various categories of customers at the reporting date in the order of credit quality.

	2016	2015
	RO	RO
Counterparties		
Banks/Ministries	**489,626**	897,795
Corporate	**2,508,063**	1,568,708
Brokers	**2,495,294**	1,605,708
Individuals	**15,438**	15,133
Gross total insurance receivables	**5,508,421**	4,087,344
Less: provision for doubtful debts	**(106,505)**	(67,600)
Net total insurance receivables	**5,401,916**	4,019,744

Credit risk on other financial instruments

Although the Company has significant deposits and bank balances, management believes that the risk arising out of cash and cash equivalents and deposits is minimal as these are with reputable local banks which are listed companies with good financial standing and that are regulated by the Central Bank of Oman.

The Company's exposure to credit risk is limited to the carrying amount of financial assets recognized at the reporting date, as summarized below:

	2016	2015
	RO	RO
Reinsurance assets	**12,526,738**	9,280,755
Insurance and other receivables	**5,837,556**	4,389,285
Available for sale investments	**5,076,845**	5,040,651
Deposits	**6,562,832**	5,205,000
Cash and cash equivalents	**2,708,582**	3,384,106
	32,712,553	27,299,797

(c) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial liabilities. Liquidity requirements are monitored regularly and the management ensures that sufficient funds are available to meet any commitments as they arise. The Company considers its liquidity position to be satisfactory and also has committed undrawn overdraft facilities of RO 200,000 (2015: RO 200,000). The Company is also in a position to generate cash by way of selling quoted investments. Further to this, the Company is also in a position to generate cash from its term deposits of RO 6.6 Million (2015: RO 6.5 Million) (refer note 12 (b)).

At 31 December 2016, the Company's solvency margin (as determined in accordance with the Oman Insurance regulations) is more than RO 1.97 million (2015: RO 2.9 million) higher than the regulatory requirement at that date.

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

The following are the contractual maturities of financial liabilities:

	Contractual cash flows RO
31 December 2016	
Insurance contract liabilities	**17,127,548**
Trade and other liabilities	**6,596,433**
31 December 2015	
Insurance contract liabilities	**12,956,275**
Trade and other liabilities	**6,330,587**

25.3 Capital risk management

Externally imposed capital requirements are set and regulated by the Capital Market Authority and the other relevant regulators, to ensure sufficient solvency margins. Further objectives are set by the Company to maintain a strong financial position, credit rating and healthy capital ratios in order to support its business objectives and maximize shareholders value.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. Further, the Insurance Companies Law of Oman of 1979, as amended, requires a minimum capital of RO 5 million for insurance companies. The Company is required to increase share capital to RO 10 million by 11 August 2017.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Company fully complied with the externally imposed capital requirements during the reported financial periods and no changes were made to its capital base, objectives, policies and processes from the previous year.

25.4 Fair value estimation

The fair values of quoted investments are based on market bid prices at the reporting date. The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate to their fair values.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets.
- Level 2: 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).
- Level 3: inputs for the asset or liability that are not based on observable market date (unobservable inputs)

All the Company's investments in available-for-sale investments are level 1.

25.5 Operational risks

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.

The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks.

The Company has detailed systems and procedures manuals with effective segregation of duties, access controls, authorization and reconciliation procedures, staff training and assessment processes etc. with a compliance and internal audit framework. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

26 Net assets per share

Net assets per share is calculated by dividing the net assets at the year end by the number of shares outstanding at 31 December as follows:

	2016	2015
Net assets (RO)	**8,924,304**	7,973,627
Number of shares outstanding at 31 December	**5,500,000**	5,000,000
Net assets per share (RO)	**1.622**	1.595

27 Earnings per share

Net profit (RO) after tax	**1,119,233**	1,333,941
Total comprehensive income (RO) for the year	**1,450,677**	973,105
Weighted average number of shares outstanding at 31 December	**5,500,000**	5,500,000
Earnings per share (RO)	**0.203**	0.243
Total comprehensive income per share (RO)	**0.263**	0.177

The weighted number of ordinary shares have been calculated as follows:

At 1 January	**5,000,000**	5,000,000
Effect of bonus shares issued	**500,000**	500,000
Weighted average number of ordinary shares for Basic earnings per share	**5,500,000**	5,500,000

28 Contingent liabilities

At 31 December 2016, there were contingent liabilities in respect of guarantees amounting to RO 56,500 (2015: RO 114,226) given in the normal course of business from which it is anticipated that no material liabilities will arise. The Company 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 these court cases will have a material impact on the Company's income or financial position.

29 Comparative amounts

Certain comparative amounts have been reclassified to conform to the current year presentation. The reclassifications do not affect the reported profit during the year ended 31 December 2016.

Unaudited financial statements for the first quarter of the year 2017

Vision Insurance SAOC

Statement of profit or loss and other comprehensive income (unaudited)

for the period ended 31 March

	1/1/2017 to 31/3/2017 RO	1/1/2016 to 31/3/2016 RO
Income:		
Gross insurance premiums written	**5,948,451**	6,300,623
Reinsurer's share of gross insurance premiums written	**(4,189,557)**	(4,570,021)
Net insurance premium written	**1,758,894**	1,730,602
Change in unearned premium reserve ("UPR"):		
Gross change in UPR	**(207,614)**	(1,347,916)
Reinsurer's share of UPR	**(42,310)**	773,354
Net change in UPR	**(249,924)**	(574,562)
Net insurance premium revenue earned	**1,508,970**	1,156,040
Investment income, net	**393,700**	49,755
Other operating income	**22,659**	18,981
	1,925,329	1,224,776
Expenses:		
Gross claims and loss adjustment expenses paid	**2,111,128**	2,424,801
Reinsurer's share of the gross claims and loss adjustment expenses paid	**(1,178,514)**	(1,435,906)
Gross change in insurance liabilities	**60,395**	1,784,175
Reinsurer's share of the gross change in insurance liabilities	**(18,791)**	(2,052,515)
Expenses on acquisition of insurance contracts (net)	**(388,051)**	(401,854)
General and administration expenses	**533,249**	476,444
	1,119,416	795,145
Profit for the year before taxation	**805,913**	429,631
Income tax	**(80,664)**	(37,684)
Profit for the year	**725,249**	391,947
Other comprehensive income (expense) that will be reclassified to the profit or loss		
Net change in fair value of available-for-sale investments	**(316,363)**	67,817
Impairment on investments available-for-sale recycled to profit or loss	**-**	-
Other comprehensive income (expense) for the year, net of tax	**(316,363)**	67,817
Total comprehensive income for the year	**408,886**	459,764
Earnings per share	**0.121**	0.071
Total comprehensive income per share	**0.068**	0.083

Statement of financial position (unaudited)

as at 31 March

	31/3/2017	31/3/2016
	RO	RO
ASSETS		
Non-current assets		
Property, furniture and equipment	**299,499**	285,906
Available-for-sale investments	**4,673,886**	4,809,842
Deposits	**7,323,328**	6,205,000
	12,296,713	11,300,748
Current assets		
Reinsurance assets	**12,503,219**	12,106,622
Insurance and other receivables	**6,015,140**	6,117,310
Cash and bank balances	**3,431,073**	1,682,472
	21,949,432	19,906,404
TOTAL ASSETS	**34,246,145**	31,207,152
EQUITY AND LIABILITIES		
Equity		
Share capital	**5,995,000**	5,500,000
Capital reserve	**84,849**	84,849
Fair value reserve	**(120,339)**	(67,603)
Legal reserve	**634,003**	522,081
Contingency reserve	**1,543,488**	1,306,103
Retained earnings	**783,689**	625,643
Total equity	**8,920,690**	7,971,074
Non-current liabilities		
Employees' end of service benefits	**202,715**	153,195
Current liabilities		
Insurance contract liabilities	**17,395,558**	16,088,363
Trade and other liabilities	**7,727,182**	6,994,520
	25,122,740	23,082,883
Total liabilities	**25,325,455**	23,236,078
TOTAL EQUITY AND LIABILITIES	**34,246,145**	31,207,152
Net assets per share (RO)	**1.49**	1.45

Statement of Cash Flows (unaudited)

for the period ended 31 March

	2017 OMR	2016 OMR
OPERATING ACTIVITIES		
Profit after taxation	**725,249**	391,947
Adjustment for:		
Unexpired risk reserve- charge/(Release)	**249,924**	574,562
Depreciation and amortisation charges	**33,463**	24,655
Interest income	**(92,990)**	(70,007)
Dividend income	**(114,225)**	(98,348)
(Profit)/loss on sale of investments	**(190,126)**	(115,865)
Operating profit/ (loss) before Working Capital changes	**611,295**	706,944
Changes in assets and liablities :		
(Increase)/Decrease in trade Receivables	**(143,666)**	(1,707,310)
(Increase)/Decrease in other debtors/prepayments	**(169,940)**	(163,328)
Increase/(Decrease) in General Insurance provisions	**41,603**	(268,337)
Increase/(Decrease) in Due to Re-insurers (net)	**1,069,158**	582,559
Increase/(Decrease) in Other Creditors,provisions and accruals	**75,578**	97,953
Net cash from / (Used in) Operating activities	**1,484,028**	(751,519)
INVESTING ACTIVITIES		
(Purchase)/ sale of Fixed assets	**(72,478)**	(32,957)
(Increase)/decrease in investments	**86,596**	298,626
(Increase)/Decrease in Bank Deposit	**(760,496)**	250,000
Interest Income	**92,990**	70,007
Dividend Income and Gains on disposal of investments	**304,351**	214,209
Net Cash from / (used in) investing activities	**(349,037)**	799,885
FINANCING ACTIVITIES		
Cash Dividend	**(412,500)**	(500,000)
Net cash from / (used in) financing activities	**(412,500)**	(500,000)
Net(decrease)/increase in Cash and Bank balances	**722,491**	(451,634)
Cash and Bank balances at the beginning	**2,708,582**	2,134,106
Cash and Bank balances at the period end	**3,431,073**	1,682,472

Chapter 12: Projected financial statements

The projections in this section of this Prospectus have been prepared by the management of Vision Insurance and reviewed by KPMG, an independent auditing firm whose report is attached in this section.

This Chapter should be read together with the information contained in "Forward-Looking Statements", " Chapter 15 – Risk Factors" and " Chapter 11 – Historical Financial Statements" and related notes of this Prospectus.

The inclusion of information in the financial projections should not be regarded as a representation or warranty by Vision Insurance, the Selling Shareholders, and the Issue Manager or any other person that the results shown in the financial projections will be achieved. Vision Insurance's actual performance and cash flows for any future period will almost certainly differ from those shown in this section. Prospective Applicants are cautioned not to place undue reliance on the performance or cash flows in the information derived from the following projected financial information and should make their own independent assessment of the future results of operations, cash flows and financial condition of Vision Insurance.

Note on key assumptions for compilation of projected financial statements for the Financial Years 2017 to 2020:

Income Statement:

1 **Gross Written Premium (GWP):**
GWP projections are based on analysis of premium by source and by class of business. The projections are supported by trend analysis of historical premium achieved as also the trend in historical and projected market premium. CAGR achieved by Vision Insurance during 2010 to 2016 is 13.2% and during 2014 – 16 is 14.8%. In comparison, the CAGR based on premium projected from 2017 up to 2020 is 8.1%.

2 **Reinsurance share of Gross insurance premium and Reinsurance commission:**
These are based on terms as per reinsurance arrangements existing at December 31, 2016. No significant changes are anticipated in the terms of the reinsurance arrangements over the projection period. For the sake of conservatism and considering soft market conditions, retentions and reinsurance levels have not been varied significantly in the projections based on the increased Paid Up Capital.

3 **Change in Unexpired Risk Reserve (URR) :**
Consistent with the Company's accounting Policy, URR has been computed using the 1/24th basis.

4 **Gross claims incurred:**
Gross claims ratio is assumed based on historical trend in actuals.

5 **Reinsurance recovery against Gross claims incurred:**
This is based on reinsurance premium ceded and historical recovery percentages.

6 **Commission cost:**
This is based on prevailing commission scales as per agreements with intermediaries.

7 **Investment income:**
Investment Income has been computed based on assumption of yields by asset class which the management has based on current market rates and the historical yields achieved.

8 **General & Administration Expenses:**
These are based on analysis of cost elements and projection for each cost element based on the actuals for 2016 adjusted for plans to support revenue projections from 2017 to 2020.

9 **Other operating income:**
Key components included are Policy transfer fees, write back of stale cheques as per approved policy and impact of foreign exchange gains/losses. Nominal amounts have been considered based on historical trends.

10 **Income tax:**
Income tax is computed based on the amended tax rate of 15% applicable effective from Financial Year 2017.

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Independent practitioner's assurance report to the Board of Directors of Vision Insurance Company SAOC (under transformation to SAOG) on financial projections

We report on the projected financial statements (statement of profit or loss and other comprehensive income, cash flow statement and the statement of financial position) for the years ending 31 December 2017 to 31 December 2020 as disclosed ("the Financial Projections") of Vision Insurance Company SAOC (under transformation to SAOG) ("the Company") in Chapter 12 (Projected Financial Statements) of its prospectus ("the Prospectus"). The basis of compilation is described in Chapter 12 (Projected Financial Statements) of the Prospectus. The Company's management is responsible for the preparation of the Financial Projections and for the factors and assumptions underlying the Financial Projections, in accordance with the requirements of the Capital Markets Authority ("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 for compilation of the Financial Projections and considering whether they have been properly compiled based upon their underlying assumptions and the accounting policies are in accordance with International Financial Reporting Standards ("IFRS"). 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 the basis of accounting used for the Financial Projections has been consistent with IFRS. 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. Our engagement does not provide any assurance whether the assumptions provide a reasonable basis for the Financial Projections.

In our opinion, the Financial Projections have been properly compiled on the basis stated in Chapter 12 (Projected Financial Statements) of the Prospectus and the basis of accounting used is consistent with IFRS.

This report is issued for the purpose of inclusion in the Prospectus as approved by the CMA and for no other purpose.

KPMG

Yours faithfully
KPMG Lower Gulf Limited

Statement of profit or loss and other comprehensive income

Details	2017 RO 000	2018 RO 000	2019 RO 000	2020 RO 000
Income:				
Gross insurance premium written	24,398	27,231	28,696	30,226
Reinsurer's share of gross insurance premium written	(16,584)	(17,644)	(18,640)	(19,694)
Net insurance premium written	**7,814**	**9,587**	**10,056**	**10,531**
Change in Unearned Premium Reserve ("UPR"):	(743)	(813)	(212)	(216)
Net insurance premium revenue earned	**7,071**	**8,774**	**9,843**	**10,315**
Investment income	631	895	1,014	1,093
Other operating income	100	110	120	120
Total investment and other income	731	1,005	1,134	1,213
Expenses:				
Gross claims incurred	(10,093)	(11,533)	(12,608)	(13,280)
Reinsurer share in claims incurred	5,527	5,916	6,253	6,614
Income from acquisition of insurance contracts (net)	1,199	1,256	1,390	1,464
General and administration expenses	(2,350)	(2,650)	(2,850)	(3,030)
Profit for the year before taxation	**2,086**	**2,767**	**3,163**	**3,296**
Income tax	(297)	(408)	(473)	(490)
Net profit after tax for the year	**1,788**	**2,359**	**2,690**	**2,806**
Other comprehensive income (expense)				
Net change in fair value of available-for-sale investments	230	221	231	241
Total comprehensive income for the year	**2,018**	**2,580**	**2,921**	**3,047**
Earnings per share (OMR)				
on PAT	0.018	0.024	0.027	0.028
On comprehensive Income	0.020	0.026	0.029	0.030

Numbers may not exactly add up due to rounding errors

Statement of financial position

Details as at 31 December	2017 RO 000	2018 RO 000	2019 RO 000	2020 RO 000
ASSETS				
Non-current assets				
Property, furniture and equipment	538	545	449	388
Available-for-sale investments	5,057	5,278	5,509	5,750
Deposits	13,517	15,589	17,645	19,672
	19,112	**21,412**	**23,603**	**25,810**
Current assets				
Reinsurance assets	10,666	11,997	13,297	14,734
Insurance and other receivables	5,934	6,382	6,612	6,716
Cash and bank balances	2,330	2,599	2,529	2,598
	18,930	**20,978**	**22,437**	**24,048**
TOTAL ASSETS	**38,042**	**42,390**	**46,041**	**49,858**
EQUITY AND LIABILITIES				
Equity				
Share capital	10,000	10,000	10,000	10,000
Capital reserve	85	85	85	85
Fair value reserve	426	647	878	1,119
Legal reserve	813	1,049	1,318	1,598
Contingency reserve	1,719	1,924	2,151	2,390
Retained earnings	1,492	2,160	2,854	3,640
Total equity	**14,535**	**15,865**	**17,286**	**18,832**
Non-current liabilities				
Employees' end of service benefits	225	258	288	320
Current liabilities				
Insurance contract liabilities	15,440	17,848	19,545	21,279
Trade and other liabilities	7,843	8,419	8,922	9,427
	23,283	**26,267**	**28,467**	**30,706**
Total liabilities	**23,508**	**26,525**	**28,755**	**31,026**
TOTAL EQUITY AND LIABILITIES	**38,042**	**42,390**	**46,041**	**49,858**
Net assets per share (RO)	**0.145**	**0.159**	**0.173**	**0.188**

Numbers may not exactly add up due to rounding errors

* Note: Paid Up Share Capital was increased from OMR 5.5 million as of 31 Dec 2016 to OMR 10 million during 2017 as follows:

Issue of shares as stock dividend:	OMR 0.495 million
Rights issue at par:	OMR 4.005 million
Total increase in capital in 2017:	OMR 4.500 million

Cash flow statement

Details	2017	2018	2019	2020
	RO 000	RO 000	RO 000	RO 000
OPERATING ACTIVITIES				
Profit before taxation	**2,086**	**2,767**	**3,163**	**3,296**
Adjustment for:				
Unexpired risk reserve- charge/(Release)	743	813	212	216
Depreciation and amortisation charges	180	244	270	251
Interest income	(501)	(765)	(874)	(943)
Dividend income	(130)	(130)	(140)	(150)
Operating profit/ (loss) before Working Capital changes	**2,377**	**2,929**	**2,631**	**2,670**
Changes in assets and liabilities :				
(Increase)/Decrease in trade receivables	(132)	(396)	(156)	(58)
(Increase)/Decrease in other debtors/prepayments	(2)	(51)	(74)	(46)
Increase/(Decrease) in General Insurance provisions	(569)	263	185	80
Increase/(Decrease) in Due to Re-insurers (net)	787	323	300	335
Increase/(Decrease) in Other Creditors, provisions and accruals	100	(122)	(240)	(288)
Net cash from / (used in) Operating activities	**2,561**	**2,947**	**2,646**	**2,693**
INVESTING ACTIVITIES				
(Purchase)/ sale of Fixed assets	(458)	(251)	(174)	(190)
(Increase)/decrease in investments	250	-	-	-
(Increase)/Decrease in Bank Deposit	(6,954)	(2,072)	(2,056)	(2,027)
Interest Income	501	765	874	943
Dividend Income and Gains on disposal of investments	130	130	140	150
Net Cash from / (used in) investing activities	**(6,531)**	**(1,428)**	**(1,216)**	**(1,124)**
FINANCING ACTIVITIES				
Cash dividend paid	(413)	(1,250)	(1,500)	(1,500)
Share Capital introduced (Rights issue)	4,005	-	-	-
Net cash from / (used in) financing activities	**3,592**	**(1,250)**	**(1,500)**	**(1,500)**
Net (decrease)/increase in Cash and Bank balances	**(378)**	**269**	**(70)**	**69**
Cash and Bank balances at the beginning	2,708	2,330	2,599	2,529
Cash and Bank balances at the period end	**2,330**	**2,599**	**2,529**	**2,598**

Numbers may not exactly add up due to rounding errors

Chapter 13: Dividend policy

Right to receive dividends

The Offer Shares will rank equally with all other Shares for any rights to dividends that may be declared and paid in respect of the Financial Year ending in December 2017 and any subsequent Financial Years. Following the Offer, the Shareholders' register of the Company will be amended to allow new shareholders to receive any declared dividends. In accordance with the CCL, 10% of the profits for every company incorporated in Oman must be transferred to a legal reserve until the reserve amounts to at least one third of the company's share capital before distribution of dividends. Also, as per the Insurance Companies Law (Royal Decree 12/79) as amended, an amount equivalent to 10% of the net outstanding claims in respect of general insurance business at the reporting date and 1% of the life insurance premiums for the year in case of life insurance business should be appropriated to a contingency reserve until the reserve equals the paid up capital of the Company.

Dividend policy

The Company intends to distribute dividends from its annual net profits to its Shareholders, after payment of taxes. The Company's Board proposes to follow a reasonable dividend payout policy, subject to its capital and operational expenditure requirements. Any declaration of dividends will depend on the Company's financial position, market conditions, general economic conditions and other factors, including the availability of investment opportunities, amount of retained earnings and the Company's need for cash and capital, as well as other legal and regulatory considerations to fulfil the contractual obligations of the Company. Cash dividends will be distributed in Omani Rials. Although the Company intends to distribute dividends to its Shareholders, it does not guarantee any actual distribution of dividends in any year, nor does it guarantee the amount which will be distributed in any year in the future.

Historical dividend distribution (% of paid up capital)

Year	Cash dividend (%)	Stock dividend (%)	Total (%)
2014	7.5%	-	7.5%
2015	10%	10%	20%
2016	7.5%	9.0%	16.5%

Based on the projected financial information, the Company's estimates of dividend are as follows:

Expected dividend announcement date	Projected Net Profit in previous year (OMR '000)	Projected payout ratio	Dividend amount (OMR '000)	Dividend per Share (Bzs)
March 2018	1,788	70%	1,250	12.5
March 2019	2,359	64%	1,500	15.0
March 2020	2,690	56%	1,500	15.0

The dividend payout ratio is calculated at 70% for financial year 2017 and ranges between 56% and 64% in the subsequent years. This offers a flexibility to accommodate a higher dividend payout than what has been assumed in the projections.

Withholding taxes

A withholding tax of 10% shall be applicable on dividends paid to foreign Shareholders in accordance with the Income Tax Law (Royal Decree 28/2009) as amended.

Chapter 14: Valuation and price justification

Overview

Vision Insurance has a track record of consistent profitable growth from the second full calendar year of operation in 2010 with sustained dividend payout over the past 3 years. The Company has successfully built a strong infrastructure of people, technology and assets to support its growth aspirations. The Company has expanded its book of business to RO 22 million at end of 2016 with a market share of around 5%.

Key strengths of the Company are highlighted below:

Reputed and financially strong promoters and committed Board of Directors

The Company was promoted by Vision Investment Services Co. SAOC, an Omani investment management firm, along with Al Wathba National Insurance Co. PSC from Abu Dhabi and prominent business groups from Oman and United Arab Emirates. The promoters are well reputed and have strong business credentials.

Members of Board of Directors are accomplished professionals with expertise in insurance, investment and overall business management committed to governing the company based on professional standards.

Strong management team

The Company's core strength is its team of highly qualified and experienced employees committed to providing innovative solutions for diverse client needs.The Company has a strong and professional management team led by the Chief Executive Officer Mr. P. R. Ramakrishnan, who has a proven track record of successful turnaround management, growth and value enhancement with over 35 years in key management positions including over 30 years in leading Omani insurance companies.

Strong client base and countrywide network of branches

A strong client base and countrywide network of 13 branches provide a strong base for growing the critical mass of portfolio developed by the Company.

Strong risk management framework and reinsurance arrangements

The Company has a strong risk and financial management framework in place to protect the Company's shareholders from potential events, and support the Company's goal of pursuing profitable growth. Key risk factors that could impact the sustainable progress of the Company's financial and other objectives and their mitigants are detailed in Chapter 15 (Risk factors and mitigants).

The Company is supported by reinsurance capacity sourced from a panel of reputed reinsurers rated not lower than S&P BBB or equivalent. Excellent rapport with reinsurers and reinsurance intermediaries has translated into exclusive special reinsurance facilities for Vision Insurance.

Historical and future growth in Company business

Strong historical growth

The Company has recorded significant growth in GWP in the last few years, outpacing the growth in the overall insurance market. During the period 2014 – 16, the Company's GWP grew at an average annual growth rate of 14.8%. In comparison, the overall insurance market GWP grew by 9.6% per annum (on an annualized basis). Similarly, during 2012 to 2016, the Company's GWP grew by 12.5% as compared to circa 7% for the overall insurance market.

Future growth potential

The insurance sector in Oman currently has a low penetration rate and is poised for significant growth as per the Business Monitor Intelligence (BMI) reports. Vision Insurance has the advantage of being on the growth path from a premium base which has just touched 5% of the market premium. The Company sees the potential for significant growth in the coming years, leading to economies of scale and increasing profitability. In the long term, the Company also aspires to leverage its cross border reach to explore regional expansion.

The company's historical and projected financials are summarized below:

(OMR '000)	Historical			Projected			
Key Financials	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Net Insurance Premium written	4,743	4,952	6,214	7,814	9,587	10,056	10,531
Net profit	1,656	1,334	1,119	1,788	2,359	2,690	2,806
Total comprehensive income	1,257	973	1,451	2,018	2,580	2,921	3,047
EPS (OMR)**	0.033	0.027	0.020	0.018	0.024	0.027	0.028
Dividend per Share (OMR)**	0.0075	0.0200	0.0165	0.0125	0.0150	0.0150	0.0150
Total assets	23,296	27,577	32,973	38,042	42,390	46,041	49,858
Total equity	7,376	7,974	8,924	14,535	15,865	17,286	18,832

** EPS and Dividend per Share for 2014 – 2016 have been shown assuming a par value of RO 0.100 per Share, to be consistent with the projected figures for 2017 – 2020. The par value of Share was changed from RO 1.000 to RO 0.100 in May 2017.

*** In May 2017, Company paid up share capital increased to OMR 10,000,000

Balanced portfolio and high quality of underwriting assets

The Company's underwriting assets are of a high quality, with a well balanced and diversified portfolio of business split between Motor (26% of GWP in 2016) and non-motor (74% of GWP in 2016). The Company has minimized exposure to net account by opting for substantial reinsurance for non-motor lines of business that has translated into high quality of underwriting assets.

Clear business plans to pursue growth

The Company has well developed management information systems to monitor performance against clearly defined targets. Comprehensive medium term business plans and detailed annual budgets provide a clear road map for future growth. The Company's medium term growth plans are based on the following key components of growth, viz.

- Retention of the strong critical mass of business already built
- Expansion of branch network
- Develop additional channels such as bancassurance
- In tandem with the market growth, seek cautious growth in Motor, Life and Health

Offer Price

The Offer Price, excluding issue expenses, is based upon the following broad methodologies, which were considered to be appropriate for the valuation and also takes into consideration the current market conditions.

- Dividend Discount Model (DDM) approach
- Market comparables approach

Dividend Discount Model (DDM)

The DDM approach estimates the value of a company based on projected cash dividends to shareholders, discounted to a present value using a cost of equity.

The following table shows the range of values based on dividends projected by the management and assumptions for dividends beyond the projection period.

Cost of equity	Value / share (Bzs)
11%	200
12%	178
13%	160

Employing a cost of equity in the range of 11%-13%, the valuation of the company is estimated in the range of Bzs 200 – 160 / share respectively.

Market comparables approach

Keeping in view the nature of business, future growth potential of the Company and equity owners' expectations of earnings / returns from their investments, the Price to Earnings ratio within the market comparables approach has been employed to arrive at the pricing of the Offer.

The dividend yield was also considered in the evaluation.

Comparable companies

Comparable companies were selected based on the following broad criteria:

- Nature of their business operations: same industry – conventional insurance sector
- Geography and region : GCC
- Liquidity : The scrips should not be illiquid

Seven regional companies were thus selected for comparison purposes, as listed below.

Comparable companies

Company	Country
Gulf Insurance Group	Kuwait
Al Ahleia Insurance Co.	Kuwait
Emirates Insurance Company	UAE
Doha Insurance Co.	Qatar
Al Ain Ahlia Insurance Co.	UAE
Bahrain Kuwait Insurance Co.	Kuwait
Oman United Insurance	Oman

Price to Earnings ratio of comparable companies

The Price to Earnings ratio of comparable companies is given below, along with the implied Price to Earnings ratio of the Company, based on the Offer Price (excluding issue expenses).

Price to Earnings ratio of comparable companies – data as of 18 May 2017

Company	Country	Market Cap USD Mn	P/E
Gulf Insurance Group	Kuwait	338	8.5 X
Al Ahleia Insurance Co.	Kuwait	316	11.0 X
Emirates Insurance Company	UAE	244	11.4 X
Doha Insurance Co.	Qatar	224	10.5 X
Al Ain Ahlia Insurance Co.	UAE	204	11.7 X
Bahrain Kuwait Insurance Co.	Kuwait	103	16.1 X
Oman United Insurance	Oman	93	9.6 X
Average			**11.3X**
Vision implied multiple	Oman	42*	8 X**
Discount to the market average			**29%**

Source: Thomson Reuters for data on comparable companies
* Vision Insurance implied market cap is calculated on the Offer Price (excluding issue expenses)
** Vision Insurance implied Price to Earnings ratio is calculated based on the Offer Price (excluding issue expenses) and EPS as of 31 Dec 2016 (adjusting for change in par value to Bzs 100)

At the Offer Price of Bzs. 160 excluding issue expenses, the implied Price to Earnings ratio of the Company is calculated at 8x, which is circa at a 29% discount as compared to the average Price to Earnings ratio of 11.3x for the above comparable companies.

Dividend yield

Dividend yield of comparable companies

The dividend yield of comparable companies is given in the table below.

Dividend yield of comparable companies - data as of 18 May 2017

Company	Country	Market Cap USD Mn	Dividend Yield
Gulf Insurance Group	Kuwait	338	7.3%
Al Ahleia Insurance Co.	Kuwait	316	7.3%
Emirates Insurance Company	UAE	244	8.4%
Doha Insurance Co.	Qatar	224	3.7%
Al Ain Ahlia Insurance Co.	UAE	204	6.0%
Bahrain Kuwait Insurance Co.	Kuwait	103	0.0%
Oman United Insurance	Oman	93	8.4%
Average			**5.9%**

Source: Thomson Reuters

Projected dividend yield of Company

The table below shows the projected dividend yield for the Company based on the Offer Price (excluding issue expenses).

Month / Year of dividend payment	March 2018	March 2019	March 2020
Estimated dividend (Bzs / share)	12.5	15.0	15.0
Dividend yield on the Offer Price (excluding issue expenses)	10.4% (on an annualized basis*)	9.4%	9.4%

* The annualized yield is calculated based on an assumed holding period of 9 months from the IPO month of July 2017 to dividend distribution month of March 2018

The dividend yield of 10.4% (on an annualized basis) for 2017 (paid in March 2018) and 9.4% for 2019 and 2020 each compare very favourably with the average dividend yield of 5.9% for the comparable companies.

Chapter 15: 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 Shares offered for subscription.

Investors may note that the risks and mitigating factors mentioned below reflect the Company's opinion based on the current knowledge and the information available to it. Additional risks and uncertainties not presently known to the Company or that 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 Shares to fall significantly and 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.

The overall risk management framework of the Company is given below.

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 the set financial performance objectives. Key management recognizes the critical importance of having efficient and effective risk management systems in place.

The Company has established a risk management policy and a compliance function. A risk management 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. This is supplemented with a clear organizational structure with documented delegated authorities and responsibilities from the Board to committees and senior managers.

b) Capital management framework

The Company has an internal risk management framework for identifying risks to which each of its business units and the Company as a whole are exposed, quantifying their impact on economic capital. The internal framework estimates indicate how much capital is needed to mitigate the risk of insolvency to a selected remote level of risk applied to a number of tests (both financial and non-financial) on the capital position of the business.

c) Regulatory framework

Regulators are primarily interested in protecting the rights of the policyholders 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 are also subject to regulatory requirement as imposed by CMA. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. solvency margin) to minimize the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise. The Company maintains a solvency surplus position as of 31 December 2016 in excess of the minimum required as per law.

d) Asset liability management ("ALM") framework

Financial risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The Company manages these positions within an ALM framework that has been developed to achieve long term investment returns in excess of its obligations under insurance and investment contracts.

The Company's ALM is also integrated with the management of the financial risks associated with the Company's other financial assets and liabilities not directly associated with insurance and investment liabilities. The Company's ALM also forms an integral part of the insurance risk management policy, to ensure in each period sufficient cash flow is available to meet liabilities arising from insurance and investment contracts.

Insurance risk

The risk under any insurance contract is the possibility of the occurrence of the insured event and the uncertainty of the amount of the resulting claim. By the 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 may exceed the carrying amount of the insurance liabilities. This could occur because of 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 estimate established using statistical techniques.

The Company's objectives in managing risks are: to take a selective approach to underwriting and risk selection, which means review of all aspects of a risk prior to acceptance; retaining experienced and knowledgeable underwriters; and having underwriting authorities in place. The Company ensures that material risks are managed with reinsurance support from first class reinsurers security, pre-underwriting surveys and claims history reviews.

The Company is liable for all insured events that occur during the term of the contract, in accordance with the terms of such contract. As a result, liability claims are settled over a long period of time and an element of claims provision relates to IBNR. There are several variables that affect the amount and timing of cash flows especially from motor insurance contracts. These mainly relate to the inherent nature of the claim, nature of the business activities carried out by individual contract holders and the risk management procedures they have adopted.

The Company's net account in terms of aggregate risk retention is protected with risk cum catastrophe excess of loss reinsurance per class of business written. The Company, in the normal course of business, in order to minimize financial exposure arising from large claims, 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. The reinsurance protections arranged by the Company comprise of a combination of treaty, facultative and excess-of-loss reinsurance contracts.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts.

To minimize its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsures and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

The Company only deals with reinsures approved by the management, which are generally international securities that are rated by international rating agencies. The panel of proportional and non-proportional treaty reinsurers are reviewed and approved by the Board. These are also compliant with the requirements prescribed by the CMA.

Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract.

Outstanding claims

Claim reserves for reported losses under all classes of insurance are made initially on the basis of the review by the claims processing team supported with assessments by internal team of surveyors or external firm of surveyors/loss adjustors. Accordingly the potential liability based on best estimates is recognized in the financial statements. Reserves for unsettled claims are reviewed and revised periodically. Additionally, reserve for Incurred But Not Reported Claims are also carried in the financial statements for Motor, Life and Health portfolios based on review and recommendations of accredited independent firm of actuaries. Based on historical trend, management believes that there are no material additional claim liabilities that would arise in respect of unsettled claims at the year end.

Financial risk factors

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

(a) 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 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.

(i) Foreign currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to investments in foreign equities which are denominated in other GCC currencies. The foreign currency investments are periodically reviewed by the investment committee and Board to determine appropriate action to minimize the foreign exchange risk exposure. As the total value of foreign currency investments in relation to the total financial assets held by the Company is not significant, the Company believes should those currencies weaken or strengthen against the Rial Omani there would be no material impact in the post-tax profits.

(ii) Price risk

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 classified as available-for-sale. To manage its price risk arising on investments in equity securities, the company limits market risk by maintaining a diversified portfolio and by regular monitoring of the market. In addition the Company actively monitors the key factors that affect stock market movements.

The majority of the equity investments are in companies listed in the Muscat Securities Market (MSM) and distributed in banking, investment, industrial and services sector shares. The Company has outsourced its portfolio to an investment manager . However, the Company's investments are regulated by certain investment regulations applicable to insurance companies and are required to maintain prescribed limits as per the regulation and hence the Company may not be able to take advantage of all favorable market movements.

The Company has no significant concentration of price risk.

(iii) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company invests in securities and has deposits that are subject to interest rate risk. Interest rate risk to the Company is the risk of changes in market interest rates reducing the overall return on its interest bearing securities upon reinvestment at maturity. The Company's fixed interest generating deposits are considered by management to be a balanced portfolio (i.e. mixed with long term deposits and short term deposits).

The Company accounts for fixed rate financial assets and interest rates are contractually agreed and remain constant throughout the maturity period.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Key areas where the company is exposed to credit risk are

- Reinsurers' share of insurance liabilities;
- Amounts due from reinsurers in respect of claims already paid;
- Amounts due from insurance contract holders;
- Amounts due from insurance intermediaries; and
- Cash equivalents and deposits with banks.

The Company has a credit policy in place and exposure to credit risk is monitored on an ongoing basis in respect of their exposure with reinsurers and other insurance contract holders as set out below.

Reinsurers risk

The Company manages insurance risk through reinsurance arrangements with reinsurers. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policy holder. Reinsurers risk refers to the risk an enterprise will encounter in the event that any reinsurer fails to meet its obligations assumed under the reinsurance agreement. The Company is supported by reinsurers who are selected based on the recommendations of professional reinsurer brokers, evaluation of available information on the financial strengths of the reinsurers and information relating to rating by accredited rating agencies such as Standard & Poor (S&P) and AM Best. The assessment and selection of reinsurers is carried out annually or when specific information comes to light on any reinsurer and reinsurers' solvency and credit worthiness are monitored on an ongoing basis.

The exposure to individual reinsurer counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Company.

Insurance receivable

Insurance receivable risk refers to the risk an enterprise will encounter in the event that any Policyholder who has availed credit fails to meet its obligations to remit premium and other amounts owed to the enterprise.

The Company has a robust system for management of insurance receivables. Credit facilities are extended based on assessment of creditworthiness of individual customers and in accordance with the credit policy approved by the Board of Directors. The credit policy sets out the eligibility to credit in terms of quantum and tenor based on key factors such as the customer profile, the nature of business, the business volume and profitability and payment history. Ageing of receivables is monitored on an ongoing basis against the allowed credit period set on a case to case basis. Where appropriate, premium payment warranties are enforced. It is not customary in the sector to seek collateral in respect of financial assets. However, dues to Policyholders in respect of claims and other payables can be offset against receivables.

(c) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial liabilities. Liquidity requirements are monitored regularly and the management ensures that sufficient funds are available to meet any commitments as they arise. The Company considers its liquidity position to be satisfactory and maintains sufficient cash and cash equivalents to cater its day to day working capital needs.

Capital management

Externally imposed capital requirements are set and regulated by the CMA and the other relevant regulators, to ensure sufficient solvency margins. Further, the Company seeks to maintain a strong financial position and healthy capital ratios in order to support its business objectives, offer comfort to policyholders and maximize shareholders value.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to honour its obligations towards policyholders, to maintain optimal capital structure with minimal cost of capital and to provide reasonable returns for shareholders. The Company has fully complied with the externally imposed capital requirements at all times. The combined support of strong group of promoters and consistent financial performance has ensured access to additional capital over and above internal accruals as and when needed.

Operational risks

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.

The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage such risks.

The Company has detailed systems and procedures manuals with effective segregation of duties, access controls, authorization and reconciliation procedures, staff training and assessment processes etc. supported with a compliance and internal audit framework. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

Manpower

The Company is dependent on its experienced Board, management team 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 services of the Company, it could have a material adverse effect on its operations, performance and financial condition of the Company, including the market price of the Shares. Further, the Company needs to engage Omani employees to maintain its Omanisation 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 places high importance on developing conducive human resource policies aimed at achieving employee satisfaction and motivation. The Company also places particular emphasis in building a strong human resources infrastructure to provide the reach to the company to source incumbents with strong credentials to meet with both replacement and growth needs of the Company. The Company has achieved Omanisation percentage in excess of the minimum targets for the sector and has put in place the infrastructure and policies to support the Company's plans for continuing recruitment of Omani nationals and their professional development.

Risk related to the Shares

Company's Shares have not been traded on the MSM till date and there can be no assurance that an active trading market for the Company's shares will develop or be sustained after this Offering. This could adversely affect the trading liquidity or price of the Shares. There can be no assurance that the Shares will trade at a price equivalent to or higher than the Offer Price upon listing. The Share price may be subject to high volatility driven by various factors such as general market conditions, the Company's performance and factors beyond the Company's control.

Market competition

Market competition could become more intense and this could have an adverse effect on the overall business of the Company, its projected growth and financial position. Vision Insurance mitigates this risk by offering innovative and differentiated products in the market and has a well-defined strategy to increase its market share as projected.

Uncertainty of future information

The prospectus includes projections for the period 2017 – 20. Though the management has compiled these projections using assumptions based on historical trends and their best estimate on the projected trends, there can be no certainty that the assumptions will come true due to inherent uncertainty about the future. Any adverse change in the assumptions can significantly impact the financial projections due to which the actual results will almost certainly be different from the projections.

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.

These risks are common to any business operation. The Company has implemented Business Continuity Plans and Disaster Recovery site to facilitate restoration of operations within reasonable lead time to manage the exposure to force majeure risks.

Chapter 16: Related party transactions and significant contracts

Related Party Transactions

Related parties comprise the Shareholders and its affiliates, directors, key management personnel, business entities that have the ability to control or exercise significant influence in financial and operating decisions. The Company, during the course of its normal business, enters into transactions with related parties. The transactions are entered into at terms and conditions, which the directors consider to be comparable with those adopted for arms length transactions with third parties.

The Company had the following significant transactions with related parties during the following years:

Particulars	**2016**	2015
	RO	RO
Revenue from insurance policies underwritten and garage services		
Premiums written:		
- entity related to a significant shareholder	**653,015**	242,449
- other related parties	**244,427**	336,801
Claims paid in respect of insurance policies underwritten		
- entity related to a significant shareholder	**(25,756)**	22,293
- other related parties	**34,892**	142,172
Purchase of goods and services (major shareholders)		
Purchase of shares and mutual funds through significant shareholder	**2,798,594**	2,595,850
Sale of shares and mutual funds through significant shareholder	**2,653,125**	2,088,544
Rental payment	**39,240**	34,434
Brokerage for transactions in share	**35,848**	34,038
Portfolio charges	**18,989**	13,374
Remuneration to directors		
Proposed directors' remuneration	**26,000**	18,500
Sitting Fees	**24,000**	18,550
Total	**50,000**	37,050

Key management compensation

	2016	2015
	RO	RO
Short term employment benefits	**329,114**	323,552
Social security costs	**7,256**	9,490
End of service benefits	**10,025**	14,651
	346,395	347,693

Receivable from related parties

	2016	2015
	RO	RO
- entity related to a significant shareholder	**445,364**	1,942
- other related parties	**132,920**	-
	578,284	1,942

Balances due from related parties are interest-free and repayable on demand.

Payable to related parties

	2016	2015
	RO	RO
- entity related to a significant shareholder	**9,985**	4,970
- proposed directors' remuneration	**29,070**	18,500
	39,055	23,470

Material Contracts

Particulars	**Counterparty**	**Date of execution**	**Date of expiry**
Non-Life Proportional Treaty Reinsurance agreement	SCOR Global P&C SE as leader	1st July 2016 continuous from first execution on 1st July 2011	Continuous contract subject to 90 days notice of cancellation prior to 30th June of any year.
Credit Life Reinsurance agreement	RGA Global Reinsurance Company LTD	1st May 2013	Continuous contract subject to 90 days notice of cancellation.
Group Life Reinsurance Treaty agreement	SCOR Global Life SE	1st Jan 2017 continuous from first execution on 1st July 2009	Continuous contract subject to 90 days notice of cancellation prior to 31st December of any year.
Group Medical reinsurance treaty agreement	SCOR Global Life SE	1st Jan 2017 continuous from first execution on 1st January 2010	Continuous contract subject to 90 days notice of cancellation prior to 31st December of any year.
Medical administration Service agreement	Arab Gulf Health Services LLC (NEXTCARE)	1st Jan 2012	31st December 2017

Chapter 17: Rights and responsibilities of Shareholders

Shareholders' liabilities and responsibilities

The liability of a Shareholder will be limited to payment of the nominal value of the Shares for which the Shareholder has subscribed. The Shareholder will not be liable for the debts of Vision Insurance.

Any person whose shareholding along with his minor children's shareholding reaches 10% or more of the Company's share capital must inform the CMA about the same through a written communication pursuant to Article 7 of the CML. Further, he must also inform the CMA regarding any transaction or dealing which leads to the increase of this percentage immediately after it happens.

No single person or related persons up to second degree are permitted to hold 25% or more of the shares of an SAOG except in accordance with the rules established by the CMA for acquiring and holding 25% or more of the shares of an SAOG.

Shareholders' rights

All the Shares enjoy equal and inherent rights in accordance with the CCL. These rights include the following:

- the right to receive dividends declared in the AGM
- preferential rights to subscribe for new Shares
- the right to share in the distribution of the proceeds of the Company's assets on liquidation
- the right to assign Shares in accordance with the CCL and the Articles
- the right to access the Company's balance sheet, profit and loss account and Shareholders' register
- the right to be invited to attend General Meetings and vote at such meetings personally or by proxy (each Shareholder shall have one vote for each Share he owns)
- the right to apply to the court pursuant to Article 126 of the CCL for annulment of any resolution made by the General Meeting or the Board if contrary to the CCL or the Articles or the internal regulations of the Company
- the right to institute legal proceedings on behalf of the Shareholders or the Company against the Directors or the Auditors of the Company
- the right to approach the CMA (provided the move is supported by Shareholders who own at least 5% of the paid-up capital of the Company) to request to the CMA to exercise its authority to suspend the resolutions of the General Meeting which are made in favour of certain category of Shareholders or against a certain category of Shareholders, or in the interest of the members of the Board or otherwise,

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 the audited balance sheet, profit and loss statement, cash flow statement, changes in shareholders equity, report of the Board, report on the discussions held by the Board and their analysis and report on the organisation and management of the Company. These statements should be disclosed 15 days prior to the AGM through the electronic transmission system of the MSM website.

The un-audited quarterly financial statements must be forwarded to the information centre of the MSM within 30 days from the end of each quarter or any other legal period prescribed by the disclosure rules and conditions issued by CMA through the electronic transmission system of the MSM. The Company shall publish quarterly financial statements within the aforementioned period in two daily newspapers of which one newspaper shall be an Arabic publication.

AGM

The Board shall convene and hold an AGM within three months from the end of the Company's Financial Year. The agenda for the AGM shall include the following agenda items:

- to consider and approve reports of the Board
- to consider and approve reports on the management and organisation of the Company
- to consider and approve the Auditors report on the balance sheet and profit and loss account of the Company
- to review the report on declaration of dividends. However, such dividends shall be distributed only from the net profit generated by the Company or from the special reserves account subject always to the legal provisions set out in Article 106 of the CCL, which require the Board to transfer 10% of the Company's net profits after tax to the Legal Reserve until the Legal Reserve amounts to 1/3rd of the Share Capital
- to review the report on the sitting fees for the meetings of the Board and its committees for the forthcoming Financial Year and approve the same
- to review and approve the annual remuneration (if any) of the Directors for the forthcoming Financial Year
- to look into the transparency of any transactions entered into by the Company with its related parties during the previous Financial Year (if any) for approval
- to make a note of any expected transactions with its related parties during the next Financial Year (if any) for approval
- to appoint Auditors for the next Financial Year and fix their fees, taking into consideration the provisions laid down in the CCL and applicable Executive Regulations
- to elect members to vacant positions on the Board

The Board may convene a General Meeting at any time and such meeting shall be convened whenever required by the CCL or the Articles, or upon request of one or more Shareholders who represent at least 25% of the Share Capital of the Company.

The Board shall establish the agenda of the General Meeting. 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 for the General Meeting any proposal put forward by Shareholders who represent more than 10% of the Share Capital provided that such proposal is submitted for inclusion in the agenda at least one month before the date of the General Meeting.

The resolutions of the OGM shall be void unless the OGM is attended by Shareholders or their proxies who represent at least half of the Share Capital of the Company. If such a quorum is not formed, a second OGM shall be called to discuss the same agenda. The second OGM shall be notified to the Shareholders in the same manner as the first OGM, at least one week prior to the date set for the second OGM. The resolutions passed at the second OGM 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 OGM.

Extraordinary General Meetings

An EGM shall be convened to decide on the following issues:

- An increase or decrease in the Share Capital of the Company
- Dissolution, liquidation or merger of the Company
- The sale of all, or a substantial part of the Company's assets
- An amendment of the Articles
- The repurchase by the Company of some of its own Shares not exceeding 10% of its paid-up Share Capital, subject to the prior approval of the CMA
- The transformation or conversion of the Company into a closed joint stock company
- Approve final report of the liquidator upon completion of liquidation

- Any issue of bonds
- Any other matter specified in the Articles as requiring an EGM

Resolutions of the EGM shall not be valid unless the EGM is attended by Shareholders and proxies representing at least three quarters of the Company's Share Capital. Failing such a quorum, a second EGM 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 EGM.

The resolutions of the second EGM shall be valid if the EGM is attended by Shareholders or proxies representing more than half of the Share Capital, provided such EGM is held within six weeks of the date of the first EGM.

Resolutions of the EGM shall be adopted by a majority of three-quarters of the votes cast in respect of a certain resolution, provided such resolution shall always receive votes representing more than 50% of the Share Capital.

Any Shareholder or any interested party may, within five years from the date on which a General Meeting was held, apply to the Primary Court to annul any decision taken by the General Meeting in violation of the CCL or the provisions of the Articles or its regulations or through deceit or misuse of authority.

Transfer of ownership of the Shares

The transfer of ownership of the Shares shall take place in accordance with the provisions of the CML. The Shareholders may sell and transfer their Shares without restrictions in accordance with the CML subject to the conditions that:

- The aggregate foreign shareholding in the Company shall not exceed 70% of the Share Capital of the Company under any circumstances
- Any Person whose shareholding, along with his minor children's shareholding, reaches 10% or more of the Share Capital of a SAOG, is required to advise the CMA of the same in writing. Further, the Shareholder shall be obliged to inform the CMA in writing of any transaction or dealing which leads to any change in this percentage immediately after it happens
- No single Person or related Person up to the second degree may hold 25% or more of the shares of a SAOG, except in accordance with the rules established by the CMA for acquiring and holding 25% or more of the shares of a public joint stock company

Lock-in period – exemption from the application of Article 77 of the CCL

Article 77 binds the founders of a public joint stock company (SAOG) not to dispose off their shares before the company publishes two balance sheets for two consecutive financial years as of the date of commencement of actual production by the company or commencement of actual business/activity by the company.

Article 77 of the CCL is not applicable to companies under transformation from closed joint stock company (SAOC) to public joint stock company (SAOG) if the company has been established for 3 years. Consequently, there is no restriction on the founders preventing them from disposing off their shares in the company following the IPO provided that they obtain the required regulatory approvals in accordance with the applicable laws.

Chapter 18: Subscription conditions and procedures

Subscription for the Offer Shares - eligibility

All Persons having an investor account with the MCD may apply for Shares in the IPO (subject to the prohibited categories set out below). The aggregate foreign shareholding in the Company shall not exceed 70% of the Share Capital of the Company under any circumstances. It should be noted that pursuant to Ministerial Decision 205/2007 issued by MONE, all GCC nationals are treated as Omani nationals in respect of ownership of and trading in shares and the establishment of companies in Oman. No single person or related person up to a second degree can hold 25% or more of the shares of a public joint stock company, except with the explicit approval of the CMA.

Restrictions on Persons subscribing for Offer Shares

The following prohibitions shall apply in relation to the Offer:

- Sole proprietorship establishments: The owners of sole proprietorship establishments may only submit Applications in their personal names and not in the names of their sole proprietorship establishments
- Multiple applications: An Applicant may not submit more than one Application
- Joint applications: Applications made in the joint names of more than one Person is not permitted. Applications should only be made in single name
- Legal heirs: Applications should only be made in the single name of each Applicant and not in a capacity as legal heir of a deceased individual
- Related parties: Applications made by related parties, which would result in the restrictions on shareholdings may not be submitted.
- Trust Accounts: Applicants registered under trust accounts may only submit Applications in their personal names.

Applications that do not comply with these conditions or restrictions, as applicable, may be rejected without contacting the Applicant.

Subscription on behalf of minor children

- For the purpose of the Offer, any person under 18 years of age as on the date of submission of an Application will be defined as a minor.
- Only the father may subscribe for Offer Shares on behalf of his minor children
- If an Application is made on behalf of a minor by any person other than the father, the person submitting the Application will be required to attach a valid Power of Attorney notarized by the competent authority authorizing him to deal in the funds of the minor through sale, purchase and investment.

Registration with the MCD

- Applicants must have an Investor Number. Applicants 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 www.mcd.gov.om, or from brokerage companies licensed by the CMA. The completed form may be submitted by an Applicant through any of the following channels:
  - At the head office of the MCD based in Ruwi, 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 licensed by the MSM
  - By sending a facsimile to MCD at +968 24817491
  - By opening an account through the MCD website at www.mcd.gov.om

- In order to open an account with the 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 in order to open an account and receive an Investor Number
- Applicants who already hold accounts with the MCD are advised, before the Offer, to confirm their details as noted in the Application. Applicants may update their particulars through any of the channels mentioned above
- All correspondence including allocation notices and dividend cheques will be sent to the Applicant's address as recorded at the MCD. Applicants should ensure that their addresses as provided to the MCD are correct and up to date
- Each Applicant should secure an Investor Number from the MCD in order to complete the Application. Each Applicant is responsible for ensuring that the Investor Number which is set out in their Application is correct. 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 at:

Muscat Clearing & Depository SAOC
Tel. 24822222 - Fax. 24817491
www.mcd.gov.om

Offer Period

The Offer Period for both categories of investors will commence on 9 July 2017 and end on 7 August 2017, with the end of the official working hours of the Subscription Banks on the Offer Closing Date.

Allotment procedures

The allotment of Offer Shares shall be split between Category I Investors and Category II Investors as follows:

Category I Investors:
16,250,000 Shares, being 65% of the Offer, for Omani and non-Omani Persons who apply for a maximum of 100,000 Shares. Allotment of Offer Shares amongst Category I Investors will be proportionate to the number of Offer Shares applied for by each Applicant.

Category II Investors:

8,750,000 Shares, being 35% of the Offer, for Omani and non-Omani Persons who apply for 100,100 Shares or more. Allotment of Offer Shares amongst Category II Investors will be proportionate to the number of Offer Shares applied for by each Applicant. Any under subscription in relation to the Offer Shares allocated for allotment in a category will be carried over to the other category. Allotment for non-Omani Shareholders will be limited to a maximum of 70% of Share Capital.

The final allocation of Offer Shares (including the minimum number of Offer Shares) on the above basis will be decided by the Issue Manager in consultation with the CMA and the Articles. In accordance with Article 65 of the CCL, a minimum number of Offer Shares may be distributed equally among the Applicants, taking into consideration small subscribers and the remaining Offer Shares shall be allocated on a pro-rata basis.

Minimum limit of public subscription

The minimum number of Shares for Category I Investors will be 1,000 Shares and in multiples of 100 Shares thereafter.

The minimum number of Shares for Category II Investors will be 100,100 Shares and in multiples of 100 Shares thereafter.

Maximum limit of public subscription

The maximum number of Shares that can be applied by Category I investors is 100,000 Shares.

The maximum number of Shares a Category II investor may subscribe for is 10% of the Offer which equates to [2,500,000] Shares. It is not permissible for any Applicant to subscribe for more than this amount.

For the purpose of calculating this percentage, the Application for the subscription of the father (or guardian) shall be aggregated with the Applications of such individual's minor children. If the volume of the Offer Shares subscribed exceeds the said percentage, the Shares registered under each Application shall be reduced proportionately before making the allotment.

The Company, the Board of Directors and the Issue Manager are not liable for any changes in applicable laws 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 prevailing laws and regulations.

Terms of payment

Each of the Subscription Banks shall open an escrow account entitled the "Vision Insurance IPO" account for the collection of the Application Money. This account will be managed by each Subscription Bank which shall, after allotment and refunds, transfer the balances in such account to the Issue Manager. Each Applicant can pay by cash, draw a cheque or demand draft or instruct an account transfer for the amount payable at the time of submission of the Application.

Particulars of the bank account

- Each Applicant is required to furnish in the Application, the particulars of his bank account (registered in the name of the Applicant). The Applicant must not use bank account number of any other person except in the case of minor children.
- If the bank account of the Applicant is registered with a bank other than one of the Subscription Banks, the Applicant will be required to submit a document to confirm the details of the bank account particulars as provided in the Application. 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 in this regard include account statements, a letter, or any document issued by the relevant 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 his bank account if he is subscribing through a Subscription Bank where he maintains his account. In this case, the Subscription 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.
- 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 the dividends distributed by companies listed on the MSM. 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.
- 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 the bank account particulars of their fathers.

Documentation required

- Submission of the filled and signed Application
- Submission of a document confirming the accuracy of the bank account number specified in the Application is required in the event that the bank account is registered with a bank that is not the Subscription Bank.
- Copy of a valid power of attorney duly endorsed by the competent legal authorities in the event that subscription is on behalf of another person (with the exception of the subscription made by a father on behalf of his minor children).
- In case of Applications submitted by juristic persons, which are signed by a person in his capacity as an authorized signatory, a copy of adequate and valid documentation should be attached.

Mode of Application

- The Applicant will be responsible for furnishing all his particulars and will ensure the correctness and validity of the information set out in the Application. The Applicant will be required, before completing the Application, to read this Prospectus including the conditions and procedures governing the subscription with total care and importance.
- The Applicant will be required to fill in the Application and furnish copies of all particulars as noted on the Application.
- The Applicant will be required to submit the Application to one of the Subscription Banks, together with the Application Money and the documents in support of the Application.
- Cheque or demand draft for the Application Money in favour of "Vision Insurance IPO".

Banks receiving the subscription

The Applications for subscription shall be accepted by one of the following Subscription Banks during official working hours only during the Offer Period:

- Ahli Bank SAOG
- Bank Sohar SAOG
- National Bank of Oman SAOG
- Oman Arab Bank SAOC

The Subscription Bank receiving an Application is required to accept the Application after establishing its compliance with the procedures set out in this Prospectus. The Subscription 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 Subscription Banks on or before the Offer Closing Date. The Subscription Bank shall refuse any Application received after its official working hours on the Offer Closing Date.

Payment into escrow account

- All Investors will, with the submission of the Application, pay by cash, draw a cheque or demand draft or instruct an account transfer for the full amount payable at the time of submission of the Application in favour of "Vision Insurance IPO"
- Where an Investor has been allocated fewer Shares than applied for in the Application, the excess amount, if any, paid on Application, will be refunded to the Investor from the escrow account of "Vision Insurance IPO"

Acceptance of the Applications for subscription

The Subscription Banks shall not accept Applications in the following circumstances:

- If the Application does not bear the signature of the Applicant
- If the Application Money is not paid by the Applicant in accordance with the conditions set out in this Prospectus
- If the Application Money is paid by cheque and the cheque is dishonoured for any reason
- If the Application does not include the Applicant's Investor Number
- If the Application is submitted in joint names
- If the Applicant is a sole proprietorship establishment
- If the Investor Number furnished in the Application is incorrect
- If the Applicant submits more than one Application in the same name, all such Applications will be rejected
- If the prescribed supporting documents are not enclosed with the Application
- If the Application does not contain all the particulars of the bank account of the Applicant
- If the particulars of the bank account provided for in the Application are found to be incorrect or not relevant 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

- 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)
- If the Application does not comply with the legal requirements as provided for in this Prospectus

If a Subscription Bank receives an Application that does not comply with the procedures set out in this Prospectus, the Subscription Bank may reject the Application without contacting the Applicant, or at its sole discretion may contact the Applicant so that the mistake may be corrected. If the Applicant does not rectify the Application within a specified period, the Subscription Bank shall return the Application together with the Application Money to the Applicant.

Refusal of Applications

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.

Enquiry and complaints

The Applicants who intend to seek clarification in respect of, or file complaints with regard to, issues related to the allotment, rejected Applications or refund of Application Money in excess of the allotment may contact the branch of the Subscription Bank where the Application was made. In case of absence of any response from the Subscription Bank, the subscriber may contact the person concerned as hereunder:

Collecting Bank	Name	Postal Address	Phone and fax	Email
Ahli Bank SAOG	Mr. Amin Al Balushi	PO Box 545, PC 116 Mina Al Fahal, Muscat, Sultanate of Oman	Tel: +968 24577830 Fax: +968 24567841	amin.albalushi@ahlibank.om
Bank Sohar SAOG	Mr. Jaffar Sadiq Al Lawati	PO Box 44, PC 114, Hayy Al Mina, Muscat, Sultanate of Oman	Tel: +968 24761938 Fax: +968 24761741	jaffar.allawati@banksohar.net
National Bank of Oman SAOG	Mr. Hussain Ali Abdullah Al Lawati	PO Box 751, PC 112, Ruwi, Sultanate of Oman	Tel: +968 24778757 Fax: +968 24816763 +968 24778993	hallawati@nbo.co.om
Oman Arab Bank SAOC	Mr. Basim Adil Mr. Marwan AlKhouli	PO Box 2010, PC 112, Ruwi, Sultanate of Oman	Tel: +968 24754340 Tel: +968 24754500 Fax: +968 24125104	basim.adil@oman-arabbank.com marwan.alkhouli@oman-arabbank.com

If the Subscription bank fails to resolve the complaint with the Applicant, it shall 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.

Allotment letters and refund of money

The Issue Manager shall arrange to allot the Offer Shares to the Applicants within 15 days after the end of the Offer Closing Date subject to receiving the approval of the CMA on the basis of allotment. The Issue Manager shall also arrange to refund the excess Application Money to the eligible Applicants within 15 days after the end of the Offer. The Issue Manager shall arrange to send allotment letters to the Applicants who have been allotted Shares through the MCD as per the addresses registered with the MCD.

Proposed timetable

The following table shows expected time schedule for completion of the subscription procedures:

Procedure	Expected dates
Commencement of subscription	9 July 2017
Closure of subscription	7 August 2017
Issue Manager to receive the subscription data and final application details from subscription banks	15 August 2017
Notification to CMA of the subscription outcome and proposed allotment	20 August 2017
Approval of CMA with regard to the proposed allotment	21 August 2017
Completion of allotment process and commencement of refunds	22 August 2017
Listing of Shares on MSM	23 August 2017

In case of undersubscription

In case the IPO is not fully subscribed, the unsubscribed shares will continue to be held by the Selling Shareholders and the Company will list on the MSM based on the actual subscription in the IPO.

The Company will, in consultation with the CMA, agree on a suitable course of action regarding the unsubscribed Shares.

Listing and trading of the Shares

The Shares shall be listed on the MSM in accordance with the laws 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.

Responsibilities and obligations

The Issue Manager, Subscription 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 Subscription Banks must also abide by any other responsibilities that are provided for in the agreements entered into among them and the Company and / or the Pre-IPO Shareholders.

The parties concerned shall 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 shall be the body responsible before the regulatory authorities in taking suitable steps and measures for reparation of such damages.

Chapter 19: Undertakings

Vision Insurance Company SAOG (under transformation)

The Board of Directors of Vision Insurance Company SAOG (under transformation) jointly and severally hereby confirm that:

- The information provided in this Prospectus is true and complete in all material respects.
- Due diligence has been taken to ensure that no material information has been omitted, the omission of which would render this Prospectus misleading.
- All the provisions set out in the Capital Market Law, the CCL, and the rules and regulations issued pursuant to them have been complied with.

On behalf of the Board of Directors (authorized signatories):

Name	Signature
Mr. Ali Bin Mohammed Bin Juma	Sd/-
Mr. Bassam Adib Amin Chilmeran	Sd/-

Issue Manager

Pursuant to our responsibilities under Article 3 of the Capital Market Law, Article 13 of the Executive Regulations of the Capital Market Law, issued under Ministerial Decision No. 1/2009 (as amended), and the directives issued by the CMA, we have reviewed all the relevant documents and other material required for the preparation of the Prospectus pertaining to the Offer.

The Board of Directors of Vision Insurance Company SAOG (under transformation) will bear the responsibility with regard to the correctness of the information provided for in this Prospectus, and they have confirmed that, that to the best of their knowledge, they have not omitted any material information from it, the omission of which would render this Prospectus misleading.

We confirm that we have undertaken the due diligence required by our profession with regard to this Prospectus which was prepared under our supervision and, based on the reviews and discussions with Vision Insurance, its directors, officers and other related parties, we confirm the following:

- We have undertaken reasonable due diligence to ensure the information given to us by Vision Insurance and included in this Prospectus is conformant with the facts in the documents and other material of the Offer.
- 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 this Prospectus misleading.
- This Prospectus and the Offer to which it relates, is conformant with all the rules and terms of disclosure stipulated for in the Capital Market Law, the Executive Regulations of the Capital Market Law, the prospectus models applied by the CMA, the CCL and the directives and decisions issued in this regard.
- The information contained in this Prospectus in the Arabic language (and the unofficial translation into the English language) is true, sound and adequate to assist the investor to take the decision as to whether or not to invest in the Shares offered.

Sd/-

Ahli Bank SAOG

Legal Advisor

The legal advisor whose name appears below, hereby confirms that all the procedures taken for the offering of the Shares as described in this Prospectus are in line with the laws and legislations related to the Company's business and the CCL, the Capital Market Law and the regulations and directives issued pursuant to them, the requirement and rules for the issue of the Shares issued by the CMA, Articles of Association of the Company and the resolutions of the general meeting and Board of Directors of the Company. The Company has obtained all the consents and approvals of the official authorities required to carry out the Offer as described in this Prospectus.

Sd-

Dentons & Co., Oman Branch

VISION INSURANCE SAOG
(Under Transformation)

الرؤية للتأمين ش.م.ع.ع
(قيد التحويل)

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