

DHOFAR INSURANCE COMPANY (S.A.O.G)



PROSPECTUS

Rights Issue of 20,000,000 Shares,
at Bzs 100 per Share

FINANCIAL ADVISOR AND ISSUE MANAGER



LEGAL ADVISER

DENTONS

COLLECTING BANK





His Majesty Sultan Qaboos Bin Said



Dhofar Insurance Company SAOG

PO Box 1002, Postal Code 112, Muttrah Muscat, Sultanate of Oman

RIGHTS ISSUE PROSPECTUS

Rights Issue of 20,000,000 Shares, at Bzs 100 per Share

**Financial Advisor and
Issue Manager**



Legal Advisor



Collecting Bank



RIGHTS TRADING PERIOD

Trading Opening Date: 24 May 2018

Trading Closing Date: 7 June 2018

RIGHTS SUBSCRIPTION PERIOD

Subscription Opening Date: 31 May 2018

Subscription Closing Date: 14 June 2018

This is an unofficial English version of the original Prospectus prepared in Arabic and approved by the Capital Market Authority (CMA) pursuant to the Administrative Decision No. KH/41/2018 dated 10 May 2018. In the event of any conflict between the Arabic version and the English version, the Arabic version will prevail. CMA assumes no responsibility for the accuracy and adequacy of the statements and information contained in this Prospectus nor shall 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.

IMPORTANT NOTICE TO INVESTORS

All investors are advised to read this notice

The aim of this Prospectus is to present material information that may assist investors in making an appropriate decision as to whether or not to invest in the shares of Dhofar Insurance Company SAOG (the **Company**) offered hereunder (the **Offer Shares**).

This Prospectus contains all material information and data and does not contain any misleading information or omit any material information that would have a positive or negative impact on an investor's decision as to whether or not to invest in the Offer Shares.

The Board of Directors of the Company are jointly and severally responsible for the integrity and adequacy of the information contained in this Prospectus and confirm that, to their knowledge, appropriate due diligence has been carried out 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 investors should examine and carefully review this Prospectus in order to decide whether it would be

appropriate to invest in the Offer Shares by taking into consideration all the information contained in this Prospectus. Investors should not consider this Prospectus a recommendation by the Company, the Board, the Issue Manager or the Legal Advisor to subscribe for the Offer Shares. Each investor shall bear the responsibility of obtaining independent professional advice on their investment in the Offer Shares and should conduct an independent evaluation of the information and assumptions contained herein using appropriate analysis or projections he/she sees fit as to whether or not to invest in the Offer Shares.

It is noteworthy that no person has been authorized to make any statements or provide information on the Company or the Offer Shares other than the persons whose names are indicated in this Prospectus. Where any other person makes any statement or provides information in this Prospectus, it should not be taken as authorized by the Company, the Issue Manager or the Legal Advisor.



FORWARD-LOOKING STATEMENTS

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

Moreover, forward-looking statements involve inherent risks, uncertainties and assumptions and are made as at the date they are made and should not be relied upon as representing the Company’s estimates as of any subsequent date.

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

- the level of demand for the Company’s products and services;
- the competitive environment;
- changes in the regulatory, legal and fiscal conditions that may have a bearing on the position of the Company’s clients, and/or suppliers, or the insurance sector in Oman;
- general political, economic and business conditions in Oman which may have an impact on the Company’s business activities;
- any fluctuations in foreign exchange rates, local or international inflation, equity prices or other rates or prices;
- inability to estimate future performance;
- performance of the Omani economy; and
- other factors described in Chapter 13 of this Prospectus (“Risk Factors and Mitigants”).

The Company cannot provide any assurance that the forward-looking statements will materialize. The Company, the Legal Advisor, the Issue Manager and any of their respective affiliates, disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by the applicable Laws. The risk factors described in this Prospectus are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in the forward-looking statements.



PRESENTATION OF FINANCIAL AND OTHER INFORMATION

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

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

Currency of presentation: All references to "Rials" or "RO" or "OMR" are to Omani Rials, the official currency of Oman. The Omani Rial is pegged to the

US Dollar and the pegged exchange rate is 1 US\$ = 0.385 Omani Rial. 1 Omani Rial is comprised of 1,000 Bzs.

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



ADDITIONAL POINTS TO BE NOTED

Scope of information: The information contained in this Prospectus is intended to provide a prospective Applicant with adequate information relating to the investment opportunity and background information on the Rights Issue. 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 advisor or tax advisor 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 the market conditions. Prospective Applicants should read Chapter 13 ("Risk Factors and Mitigants") of this Prospectus for other risks.

Restrictions on distribution of this Prospectus: The distribution of this Prospectus and the Offer Shares may, in certain jurisdictions, be restricted by law or may be subject to prior regulatory approvals. This Prospectus does not constitute an offer to sell or an invitation by or on behalf of the Company to subscribe for any of the Offer Shares in any jurisdiction outside Oman where such offer or invitation would be

unlawful. This Prospectus may not be distributed in any jurisdiction where such distribution is, or may be, unlawful. The Company, the Issue Manager, the Legal Advisor and the Collecting Bank require persons into whose possession this Prospectus comes, to inform themselves of and observe, all such restrictions. None of the Company, the Issue Manager, the Legal Advisor or the Collecting Bank accept any legal responsibility for any violation of any such restrictions on the sale of, offer to sell or solicitation to subscribe for the Offer Shares by any person, whether or not a prospective Applicant, in any jurisdiction outside Oman where such sale, offer to sell or solicitation to subscribe would be unlawful.

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

Disclaimer of implied warranties: Except as required under applicable law and regulations, no representation or warranty, express or implied, is given by the Company, the Issue Manager, the Legal Advisor or the Collecting Bank, 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 it; 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.



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DEFINITIONS/ABBREVIATIONS

AGM	Annual General Meeting of the Company.
Allotment Date	The date on which CMA approves the allotment of Offer Shares to successful Applicants.
Applicant	Shareholders who are eligible as at the Record Date for subscription to the Rights Issue or a person who has purchased a Rights Entitlement through the MSM and who submits their completed Application Form to the Collecting Bank on or before the issue closing date.
Application Form	The application form required to be completed by an Applicant for subscribing to the Rights Issue.
Articles of Association	The articles of association of the Company.
Banking Law	The Banking Law of Oman promulgated by Royal Decree Number 114/2000, as amended from time to time.
Basic Law	The Basic Law issued by Royal Decree 101/96, as amended from time to time.
Board/Board of Directors	The board of directors of the Company as elected, from time to time, by the Shareholders in accordance with the provisions of the Articles of Association, the CCL and the applicable rules and regulations issued by the CMA.
Bond Issuance	The issuance of Bonds through rights offering and private placement.
Bond Prospectus	The prospectus for rights issue of Bonds approved by the CMA.
Bonds	5,000,000 Mandatory Convertible Bonds of the Company approved at the company's General Meeting dated 18 January 2018.
Bzs	Baizas. 1,000 Baizas equals 1 RO.
CAGR	Compounded Annual Growth Rate.
CBO	The Central Bank of Oman.
CCL/Commercial Companies Law	The Commercial Companies Law of the Sultanate of Oman promulgated by Royal Decree Number 4/74, as amended from time to time.
CMA	The Capital Market Authority established pursuant to Royal Decree 80/98, as amended from time to time.
CML	The Capital Market Law promulgated by Royal Decree Number 80/98, as amended from time to time.
Code	The CMA code of corporate governance for public joint stock companies issued by circular 4/2015 in June 2015, as amended from time to time.
Collecting Bank	Bank Muscat SAOG.

Company/Issuer	Dhofar Insurance Company SAOG having commercial registration number 1318977 and registered office address PO Box 1002, PC 112, Mutrah, Muscat, Oman Royal.
DIDIC	Dhofar International Development & Investment Holding Company SAOG, a public joint stock company having commercial registration number 2039826 and registration office at PO Box 2163 and Postal Code 211.
Eligible Shareholder	A person who is a Shareholder as on the Record Date.
Executive President	The Executive President of the CMA from time to time.
Executive Regulations	Executive Regulations of the Capital Market Law issued by Decision No. 1/2009, as amended from time to time.
First Capital Reduction	The reduction of the issued and paid-up share capital of the Company from OMR 20 million to OMR 10 million as on 6 May 2018.
FY/Financial Year	The financial year of the Company which commences on 1 January and ends on the 31 December of the same year.
GCC	The Gulf Cooperation Council.
General Meeting	An Ordinary General Meeting or an Extraordinary General Meeting of the shareholders, as the case may be.
Government	The Government of Oman or subsidiaries thereof, any government ministry, quasi-governmental or other regulatory departmental body, instrumentality agency or authority of Oman or any subdivision thereof.
Gross Written Premium or GWP	The total amount of premium that an insurance company charges its customers before making any deduction for reinsurance.
Insurance Law	The Insurance Companies Law of Oman promulgated by Royal Decree 12/79, as amended from time to time.
Investor Shareholders	DIDIC and Muscat Overseas.
Issue Manager / Financial Advisor	Bank Muscat SAOG.
Issue Period / Rights Subscription Period / Subscription Period	The time during which Eligible Shareholders and holders of Entitlement Rights can commit to purchase the Offer Shares, commencing on 31 May 2018 and ending on 14 June 2018
Laws	The legally binding laws, decrees, directives, Ministerial Decisions, regulations, rules/orders issued by the Government.
Legal Advisor	Dentons & Co. Oman Branch.
MCDC	The Muscat Clearing & Depository Company SAOC.
MOCI	The Ministry of Commerce and Industry of Oman.
MSM	The Muscat Securities Market of Oman.



Muscat Overseas	Muscat Overseas Company LLC, an Omani Limited Liability Company having commercial registration number 1018582 and registered office address at PO Box 488, PC 112, Ruwi, Muscat.
Net Written Premium or NWP	The total amount of premium that is booked by an insurance company less premiums remitted to reinsurance companies.
OCCI	The Oman Chamber of Commerce and Industry.
Offer Shares	The Shares that are the subject of the Rights Issue.
Oman/the Sultanate	The Sultanate of Oman.
Private Placement	The private placement of the Unsubscribed Shares as set out in this Prospectus.
Prospectus	This Rights Issue prospectus, as approved by the CMA.
Record Date	The date as on which the Shareholders whose names are registered in the MCDC records will be eligible to subscribe to the Rights Issue.
Regulations	The Regulations for implementing the Insurance Law promulgated by Ministerial Decision 5/1980, as amended from time to time.
Rial Omani/RO/OMR	The lawful currency of Oman.
Rights Entitlement	An Eligible Shareholder's preferential right to subscribe for the Offer Shares that may be traded during the Rights Trading Period.
Rights Trading Period	The period between 24 May 2018 and 7 June 2018 (both dates inclusive)
Rights Issue/Issue	The rights issue of the Offer Shares made under this Prospectus.
Second Capital Reduction	The proposed reduction of RO 2 million of the issued and paid-up share capital of the Company immediately following the allotment of all the Offer Shares.
Shareholders	The shareholders of the Company.
Shares	The ordinary shares of the Company with a nominal value of RO 0.100.
SME	Small and Medium Enterprise.
Solvency Margin	The solvency margin prescribed for the Company by the CMA pursuant to the Insurance Law and Regulations.
Subscription Price/Issue Price	The subscription price per Offer Share payable by an Applicant as stated in this Prospectus.
Underwriting Profit/Loss	The amount of profit or loss from insurance operations before deduction of general, administrative and financial expenses.
Unsubscribed Shares	The Offer Shares that are not subscribed to pursuant to the Rights Issue.
US\$	United States Dollars, the lawful currency of the United States of America.

1 GENERAL INFORMATION ON THE ISSUE AND THE ISSUER

Name of the Issuer	Dhofar Insurance Company SAOG.
Commercial Registration No.	1318977 established on 7 July 1989.
Principal Place of Business	Postal Address: PO Box 1002, PC 112, Mutrah, Muscat, Oman.
Company's Duration	50 years from the date of registration in the commercial register.
Financial Year	Financial year commences on 1 January and ends on 31 December of the same year.
Authorized Share Capital	The authorized share capital of the Company is RO 30,000,000 divided into 300,000,000 Shares of Bzs 100 each.
Issued and Paid-up Capital of the Company as on 31 March 2018	The issued and fully paid-up share capital of the Company as on 31 March 2018 was RO 20,000,000 divided into 200,000,000 Shares of Bzs 100 each.
Issued and Paid-up Capital (Post-completion of the First Capital Reduction)	The issued and fully paid-up share capital of the Company after completion of the First Capital Reduction is RO 10,000,000 divided into 100,000,000 Shares of Bzs 100 each.
Issued and Paid-up Share Capital (Post completion of the First Capital Reduction, Rights Issue and Private Placement)	The issued and fully paid-up share capital of the Company shall be RO 12,000,000 divided into 120,000,000 Shares of Bzs 100 each.
Issued and Paid-up Share Capital (Post-completion of the First Capital Reduction, Rights Issue, Private Placement and Second Capital Reduction)	The issued and fully paid-up share capital of the Company shall be RO 10,000,000 divided into 100,000,000 Shares of Bzs 100 each.
Nominal Value of the Shares	Bzs 100 per Share.
Issue Size	20,000,000 Offer Shares offered at Bzs 100 per share, aggregating to RO 2 million of the capital.
Ratio of the Offered Share to the Current Issued and Paid-up Capital	Every existing Shareholder as at the Record Date is entitled to subscribe for 0.2 Offer Shares for each Share held as on the Record Date (20%) i.e. 1 Offer Share against every 5 Shares held on the Record Date, duly rounded to the nearest whole number.
Issue Price	Bzs 100 per Share, consisting of a nominal value of RO 0.100, payable in full on submission of the Application Form.



Issue Expenses	The total issue expenses as set out in Chapter 2 shall be borne by the Company.
Purpose of the Issue	Issue proceeds will be used primarily to meet the Solvency Margin prescribed by the CMA. For further details, please refer to Chapter 2 of this Prospectus.
Eligibility for Subscription	<p>Subscription for the Rights Issue is open to the Shareholders whose names appear in the Company's shareholder register with the MCDG as at the Record Date. Persons who purchase the trading rights on the MSM before the end of the trading period of the Rights Issue are also eligible to subscribe for the Offer Shares before the Rights Issue closes.</p> <p>The Rights Entitlement may be traded on the MSM during the period prescribed for that purpose. A Shareholder has the option to either subscribe to the Rights Issue or sell its Rights Entitlement on the MSM to an interested investor. The eligibility to subscribe for Offer Shares shall lapse in the event that the Shareholder neither exercises his right of subscription to the Rights Issue nor sells its Rights Entitlement on the MSM during the Subscription Period.</p>
Minimum and Maximum Subscription	For details, please refer to Chapter 16.
Refund of Rejected Application Money	The refund of rejected application amounts (without any interest), if any, shall be made to the respective bank account of the Applicant within 15 days of the closure of the Rights Issue. The refund of excess application amounts (without any interest), if any, shall be made to the respective bank account of the Applicant after the Allotment Date in accordance with the Regulations.
Permissible Level of Foreign Shareholding	It is permissible for non-Omanis to own up to 49% of the Share Capital of the Company in accordance with the Articles of Association. GCC nationals and GCC-owned companies shall be treated on par with Omani nationals in respect of ownership of and trading in shares and establishment of companies in Oman pursuant to Ministerial Decision 205/2007 dated 1 December 2007.
Record Date	17 May 2018
Start of Trading of Rights Entitlement	24 May 2018
End of Trading of Rights Entitlement	7 June 2018
Subscription/Issue Opening Date	31 May 2018



Subscription/Issue Closing Date	14 June 2018
Private Placement	All Unsubscribed Shares shall be issued to the Investor Shareholders at the Issue Price. Please refer to Chapter 3 for more information on the Private Placement and allotment.
Listing	The Offer Shares shall be listed on the MSM.
Regulatory Approvals for the Rights Issue	<ul style="list-style-type: none"> Shareholders approval dated 18 January 2018. Approval received from the CMA, vide its CMA Administrative Decision No. KH/41/2018 dated 10 May 2018.
Allotment	The Offer Shares shall be allotted against valid Application Forms, subject to the provisions of Chapter 16.
Financial Advisor and Issue Manager	<p>Bank Muscat SAOG</p> <p>P.O. Box 134, Postal Code 112, Ruwi, Sultanate of Oman.</p> <p>Tel: +968 2476 8064; Fax: +968 2478 7764</p> <p>www.bankmuscat.com</p>
Statutory Auditors	BDO Oman, Suite 601-602, Pent House, Beach One Building, Way 2601, Shatti Al Qurum, Muscat, Oman.
Legal Advisor to the Issue	<p>Dentons & Co. Oman Branch</p> <p>PO Box 3552, PC 112, Ruwi, Oman</p> <p>Tel: +968 24573000, Fax: +968 24573097</p>
Collecting Bank	<p>Bank Muscat SAOG.</p> <p>P.O. Box 134, Postal Code 112, Ruwi, Sultanate of Oman.</p> <p>Tel: +968 2476 8064; Fax: +968 2478 7764</p> <p>www.bankmuscat.com</p>



2 OBJECTIVE OF THE ISSUE AND USE OF PROCEEDS

2.1 Objective of the Rights Issue, Private Placement and Use of Proceeds

The Insurance Law requires every Omani insurance company to meet a minimum solvency margin prescribed by the CMA. The CMA has in 2014, 2015, 2016 and 2017 instructed the Company to replenish the deficit in its solvency margin. The entire proceeds of the Rights Issue and Private Placement will be used to finance a part of the solvency margin requirement. The remaining deficit of up to RO 5 million shall be satisfied by the Bond Issuance proposed by the Company.

2.2 The estimated cost of the Rights Issue and Private Placement

The Issue Expenses of the Rights Issue and Private Placement are estimated at RO 84,000, which is equal to approximately 4.20% of the total gross proceeds of the Rights Issue and Private Placement. The Issue Expenses of the Rights Issue and Private Placement will be fully borne by the Company. The breakdown of the estimated Issue Expenses of the Rights Issue and Private Placement is given below:

Particulars	Amount (in RO)
Financial Advisor, Issue Manager Fee	60,000
CMA Fees	2,000
Legal, Marketing, Advertising, Printing & Postage Fees	20,000
Other Contingency Expenses	2,000
TOTAL	84,000

*These are estimates and may change as per actuals.

3 PRIVATE PLACEMENT

The Investor Shareholders have agreed to subscribe for the Unsubscribed Shares. This chapter sets out relevant information on the Private Placement required in accordance with Chapter II of the Executive Regulations.

3.1 Investor Shareholders details

Names	Nationality	Number of proposed unsubscribed shares
Dhofar International Development & Investment Holding Company SAOG	Omani	At least 50% of the Unsubscribed Shares
Muscat Overseas Company LLC	Omani	At least 50% of the Unsubscribed Shares

3.2 Business of the Investor Shareholders and ownership

3.2.1 Dhofar International Development & Investment Holding Company SAOG (DIDIC): DIDIC was established as an Omani investment holding company and public joint stock company on 9 December 1987 under commercial registration number 2039826. DIDIC's investments are diversified across various sectors such as banking, financial services, manufacturing, insurance and medical supplies. DIDIC owns a 35% shareholding in the Company.

The following shareholders own 5% or more of DIDIC as at 31 December 2017:

Names	Shareholding percentage in DIDIC
Muscat Overseas Company LLC	16.52%
Eng. Abdul Hafidh Salim Rajab Al Aujaili	12.19%
FINCORP Investment Company	7.18%
Civil Service Employees Pension Fund	6.47%
Dhofar Cattlefeed Company SAOG	5.60%
Mohammed Musa Al Yousef	5.54%
Royal Oman Police Pension Fund	5.09%
Total	58.60%

3.2.2 Muscat Overseas Company LLC: Muscat Overseas Company LLC is an Omani conglomerate operating in the agriculture, real estate, marine oil and gas drilling, and irrigation sectors. Its commercial registration number is 1018582 and its registered address is at PO Box 488, PC 112, Ruwi, Muscat. It owns a 1.078% shareholding in the Company. The shareholders of Muscat Overseas Company LLC are H.E. Sheikh Mustahil Ahmed Ali Al Maashani and H.E. Sheikh Salim Mustahil Ahmed Al Mashani.

3.3 Rationale for Private Placement and selection of the Investor Shareholders

In light of the adverse consequences to the Company of the failure to meet the solvency margin required by the CMA, it is imperative that the Company achieves a full subscription for the Offer Shares. Through the proposed Private Placement the Company is assured of a full subscription in the event the Rights Issue is not fully subscribed. This will not only assist the Company in partly finance the deficit in its solvency margin (as mandated by the CMA), but also provide a strategic and assured capital base. Article 15 of the Insurance Law prohibits an insurance company from distribution of profits until it has attained its statutory solvency margin prescribed by the CMA.



3.4 Ownership restrictions and disposition of the Unsubscribed Shares

The Private Placement should not result in a breach of the maximum foreign shareholding prescribed in Article 20 of the Articles of Association on the basis that the existing Shareholders subscribe to the Offer Shares and the Offer Shares are allotted by the bearing in mind the maximum foreign shareholding restrictions.

As the Unsubscribed Shares will be allotted from the unsubscribed portion of the Rights Issue, they shall not be subject to the lock-in period prescribed for under Article 23 of the Executive Regulations.



4 COMPANY'S OBJECTS & APPROVALS

4.1 Overview

The Company was established in Oman on 1 July 1989 as a public joint stock company (under commercial registration number 1318977) and is engaged in life insurance and general insurance business. The Company's equity Shares are listed on the MSM. Its principal place of business is in Mutrah/Muscat, P.O. Box 1002 and Postal Code 112. The Company's website address is www.dhofarinsurance.com, its telephone number is (+968) 24 705 305 and its fax number is (+968) 24 782 801.

4.2 Objects of the Company

Under the Articles of Association, the objects for which the Company is established are as stated below:

- a) Life insurance;
- b) Industrial insurance;
- c) Liability insurance;
- d) Marine, air and transport insurance;
- e) Motor insurance;
- f) Financial loss insurance;
- g) Personal accidents insurance;
- h) Property insurance; and

All other types of insurance not listed in any of the above categories carried out by similar insurance companies as per internationally recognized concepts, subject to the provisions of the Commercial Companies Law and Insurance Companies Law referred to above.

The Company may, to achieve its objects, contract with persons or companies in the Sultanate or abroad to manage all or part of its activities and undertakings or for assisting in such management; and contract with local or foreign consultants; and participate with companies carrying out similar businesses that might assist it in achieving its objects in Oman or abroad and generally carry out all transactions, contracts and disposals which it sees expedient to achieve its objects.

4.3 Licences

The Company presently holds the following material licences:

Authority	Description	Expiry Date
CMA	General Insurance and Life Insurance License	4 September 2021

4.4 Shareholders' approval and CMA approval

4.4.1 Shareholders' Approval

At an extraordinary general meeting held on 18 January 2018, the Shareholders of the Company approved:

- a) To increase the authorised share capital of the Company from OMR 20 million to OMR 30 million and amend Article 5 of the Articles of Association
- b) To restructure the existing issued and paid-up share capital of the Company in the following manner:
 - reduce the issued and paid-up share capital of the Company from OMR 20 million to OMR 10 million to write off part of the accumulated losses of the Company (First Capital Reduction)



- utilize legal reserves of the Company up to OMR 6,616,470 to write off a part of the accumulated losses of the Company; and
 - utilize special reserve of the Company amounting to OMR 50,000 to write off a part of the accumulated losses of the Company .
- c) The rights issue of an aggregate amount of 5 million Mandatorily Convertible Bonds (MCBs) of a nominal value of OMR 1 per MCB at an issue price of OMR 1
- d) The allotment of the unsubscribed MCBs at an issue price of OMR 1 to the Investor Shareholders
- e) The rights issue of an aggregate amount of 20 million Shares of a nominal value of 100 bzs per share at an issue price of 100 bzs in a manner that the allotment of the Rights Shares is conditional upon completion of the First Capital Reduction with the relevant regulatory authorities.
- f) The allotment of the Unsubscribed Shares at an issue price of 100 bzs to the Investor Shareholders (Private Placement)
- g) To undertake a further capital reduction of the issued and paid-up share capital of Company from OMR 12 million) to OMR 10 million immediately after completion of the Rights Issue and registration of the Offer Shares with the relevant regulatory authorities (Second Capital Reduction).
- h) To authorize the Board, management of the Company or anyone duly authorized by the Board to undertake all required or desirable steps to implement the First Capital Reduction, Rights Issue, Bonds Issuance, Private Placement and the Second Capital Reduction (together referred to as the Transaction) (including, but not limited to authorizing the execution of documents) and do all that is required to give effect to the Transaction, and to agree any amendments to the Transaction and terms and conditions of the Transaction and the Transaction documents, however fundamental, on behalf of the Company.

4.4.2 CMA Approval

The CMA approved this Prospectus through its Administrative Decision No. KH/41/2018 dated 10 May 2018.

4.5 Change in the Company's equity capital

Please see below the change in the Company's equity capital during the last five years:

Year	Paid-up capital opening balance (RO '000)	Distributions of bonus shares (RO '000)	Stock dividend as % to paid-up capital	Paid-up capital end of the year (RO '000)
2013	20,000	-	-	20,000
2014	20,000	-	-	20,000
2015	20,000	-	-	20,000
2016	20,000	-	-	20,000
2017	20,000	-	-	20,000



5 SHAREHOLDING DETAILS

The significant Shareholders as at 31 December 2017, owning 5% or more of the paid-up capital of the Company, are listed as follows:

Name	Nationality	Class of shares	No. of Shares	%
Dhofar International Development & Investment Holding Co. SAOG	Omani	Equity Shares	70,096,000	35.05
H.E. Abdul Alim Mustahil Nasib Rakhyoot	Omani	Equity Shares	30,125,600	15.06
Qatar General Holding Company	Qatari	Equity Shares	12,897,011	6.45
Trust International Insurance and Reinsurance Company B.S.C.	Bahraini	Equity Shares	12,613,784	6.31



6 OMAN ECONOMY

Location

Strategically positioned at the crossroads of Asia and Europe, Oman has historically been a centre of trade and commerce. With a population of approximately 4.6 million as at December 2017, spread over a land area of 309,500 km², Oman is a country with stable political, economic and social systems. Oman is administratively divided into 11 governorates (Ad Dakhiliyah, Ad Dhahirah, Al Batinah North, Al Batinah South, Al Buraimi, Al Wusta, Ash Sharqiyah North, Ash Sharqiyah South, Dhofar, Muscat and Musandam), which are further divided into 61 provinces or wilayats. Oman's capital city is Muscat (in the Muscat Governorate), which is situated on the north-east coast of the country.

Government

His Majesty Sultan Qaboos bin Said Al Said came to power in 1970 and he is both the Head of State and Prime Minister. As Prime Minister he presides over the Council of Ministers. The Council of Ministers assists His Majesty in framing and implementing the general policies of Oman. The Basic Law serves as the basis of a constitution governing state affairs. The Basic Law establishes a bicameral system of elected representatives with advisory powers and numerous civil liberties for the population. Members of each chamber serve in an advisory capacity, although members of the lower chamber may also propose legislation.

International Relations

Oman maintains strong relations with its neighbours, as well as a wide range of Western and other countries. Oman has enjoyed political and economic stability over the past 40 years and is a member of various prominent international organizations, including the United Nations, the International Monetary Fund, the International Bank for Reconstruction and Development, and the World Trade Organization.

Regionally, Oman is a founding member of the GCC (alongside five other Arab Gulf states: Bahrain, Kuwait, Qatar, Saudi Arabia and the United Arab Emirates). Oman is also a member of the GCC's Permanent Petroleum Cooperation Committee which is charged with preparing the long-term petroleum strategy of the GCC in accordance with its sustainability goals.

Key Economic and Social Indicators

The following table shows a selection of key economic and social statistics for Oman for the periods indicated:

Particulars	2013	2014	2015	2016	2017
GDP at market prices (OMR billions)	30.60	31.45	26.9	25.5	20.3*
Population (millions)	3.86	3.99	4.2	4.6	4.6
Per capita GDP at market prices (OMR)	7,935	7,882	6,493	5,774	4,413*
Annual inflation	1.1%	1.0%	0.1%	1.1%	1.7%#
MSM market capitalization (OMR billions)	13.0	14.5	15.8	17.3	17.9

Sources: Ministry of National Economy, formerly NCSI, CBO Annual Reports, MSM Annual Statistical Bulletin, World Bank figures

* For 9 months as on September 2017

As of December 2017

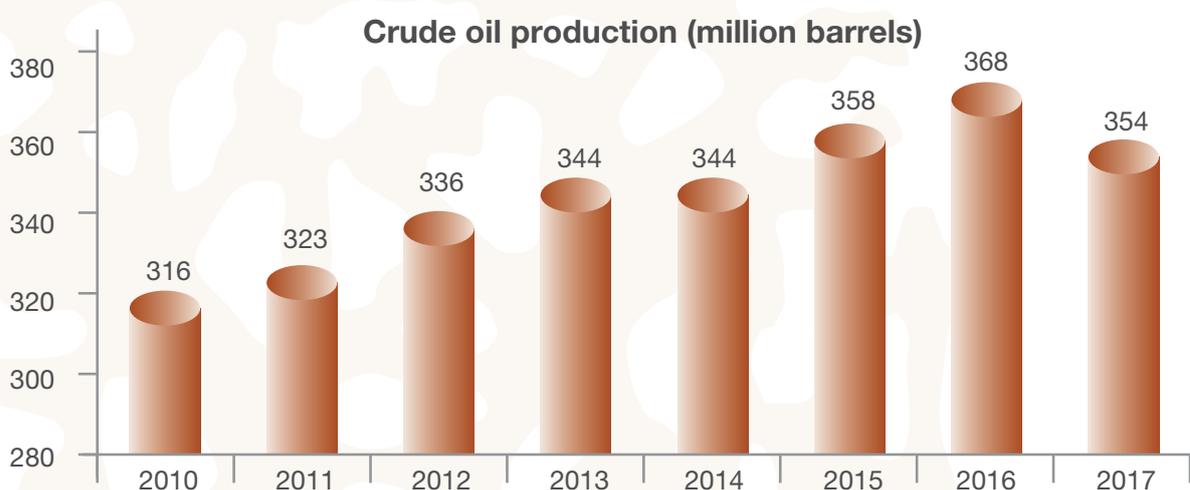
Economy

Oman has a credit rating of “BB” by Standard & Poor’s as on 10 November 2017 and “Baa3” by Moody’s Investors Service as on 16 March 2018. The Omani Rial is pegged to the US Dollar at a fixed exchange rate of US\$1 = OMR 0.385.

Since the discovery of oil, its extraction and exportation has served as the backbone of Oman’s economy and is the principal contributor to the Government’s revenues, exports and gross domestic product (GDP). The Dubai Mercantile Exchange’s Oman Crude Oil Futures Contract is now the third of three global crude oil benchmarks and sets the benchmark export price for crude oil produced in Oman and Dubai. Oman is the world’s 20th largest producer of oil, as well as the 26th largest producer of gas, and held the world’s 23rd largest proven oil reserves and 30th largest proven gas reserves. The Government continues to focus on diversification of the economy in order to gradually reduce its dependence on oil and hydrocarbon revenues, which still represents 33% of Oman’s GDP. The Government is committed to further non-oil industry growth into the future.

Source: World Factbook published by the US Central Intelligence Agency as on 12 December 2017

The graph below displays annual oil production in Oman during the period from 2010 to 2017:



Source: Statistical Yearbook 2016 and January 2018 Monthly Statistical Bulletin, NCSI

Public Finance

The data in this section is based on information gathered from publications of the NCSI, the Central Bank of Oman and other public sources.

The Financial Affairs and Energy Resources Council (FAERC) is responsible for Oman’s fiscal policy, including the endorsement of the annual general state budget. A net fiscal deficit of OMR 3.0 billion was recorded in 2017 (preliminary), compared with a net fiscal deficit of OMR 5.3 billion in 2016 (provisional). The lower deficit in 2017 was primarily driven by recovery in oil prices which led to higher revenues and decline in expenditure due to cost rationalization initiatives of the Government.

In 2017, the Government recorded total revenues of OMR 7.9 billion (preliminary) compared with total revenues of OMR 7.6 billion in 2016; an increase of 3.4%. In 2017, the Government recorded total net oil and gas revenues (after transfers to reserve funds) of OMR 6.0 billion (preliminary) compared with net oil and gas revenues (after transfers to reserve funds) of OMR 5.2 billion in 2016; a year-on-year increase in net oil revenues of 15.4%. The increase in revenue was primarily due to recovery in average oil prices from US\$ 40.1/barrel in 2016 to US\$ 51.3/barrel in 2017.



In 2017, the Government recorded total public expenditure of OMR 11.4 billion (preliminary) compared to total public expenditure of OMR 12.9 billion in 2016 (provisional); a decrease of 11.6%. The decline in expenditure was on account of reduced spending on oil & gas production, subsidies, security and defence and reduced expenditures by ministries and government units.

The Government's total revenues have been budgeted to increase to OMR 9.5 billion in 2018 on the account of the increase in gas revenue driven by production of the Khazzan field and increase in non-oil & gas revenue driven by higher corporate taxes. The Government intends to continue focusing on cost rationalisation and reduction in subsidies and has budgeted for total expenses of OMR 12.5 billion. The projected deficit for 2018 is OMR 3.0 billion proposed to be financed by a mix of domestic borrowing, international borrowing and financing from reserves.

Development Plans

National programme for enhancing economic diversification (Tanfeedh)

The Tanfeedh programme is an initiative launched by the Government in 2016 aimed at creating and implementing initiatives to diversify the Oman economy. The focus sectors include tourism, manufacturing and logistics with an aim to improve the investment climate in Oman and ease of doing business to attract local and foreign investment. The first phase of the eight phase programme has created 121 initiatives to be implemented from 2017. Initial estimates are that these initiatives could increase GDP by more than OMR 1.7 billion, and could create more than 30,000 jobs for Omani nationals.

Privatization

In order to reduce reliance on borrowing by the Government, the Government is continuing its plan to sell off or privatize certain assets. The initial steps being undertaken are to rationalize the holding of target assets, by transferring investments to a number of newly formed, sector-specific holding companies, or by transferring them to the ownership of the sovereign wealth funds. With the privatization programme, the Government is looking to maintain good levels of private investment to spur economic growth.

Currency and Financial System

The Oman Rial is the official currency of Oman. It is divided into 1,000 Baizas. From 1973 to 1986, the OMR was pegged to US\$ at 1 Rial = 2.895 dollars. In 1986, the rate was changed to 1 Rial = 2.6008 dollars, which translates to approximately 1 US\$ = 0.384497 Rial. The CBO buys US\$ at 0.384 Rial, and sells US\$ at 0.385 Rial.

The CBO was established in December 1974 by the Banking Law which sets out its functions and responsibilities. The CBO sets monetary policy independently after consulting with the Government about its fiscal policy objectives. The CBO also provides advice to the Government on economic policy. In addition to the formulation and implementation of monetary policy, these include regulation and supervision of the banking system and the execution of foreign currency transactions on behalf of the Government. The financial sector comprises of commercial banks, Islamic banks, specialized banks, non-bank finance and leasing companies, and money exchange houses.

The CMA commenced its duties on 9 January 1999. The CMA is a Government entity with financial and administrative independence. The principal role of the CMA is to supervise the capital market and insurance sectors in Oman and to develop the legal framework governing the same (for example, promulgating the Code of Corporate Governance for companies listed on the Muscat Securities Market). A number of entities are regulated by the CMA, including the Muscat Securities Market. The CMA also aims to promote market efficiency for investors and raise awareness of investor rights and the importance of the capital market.

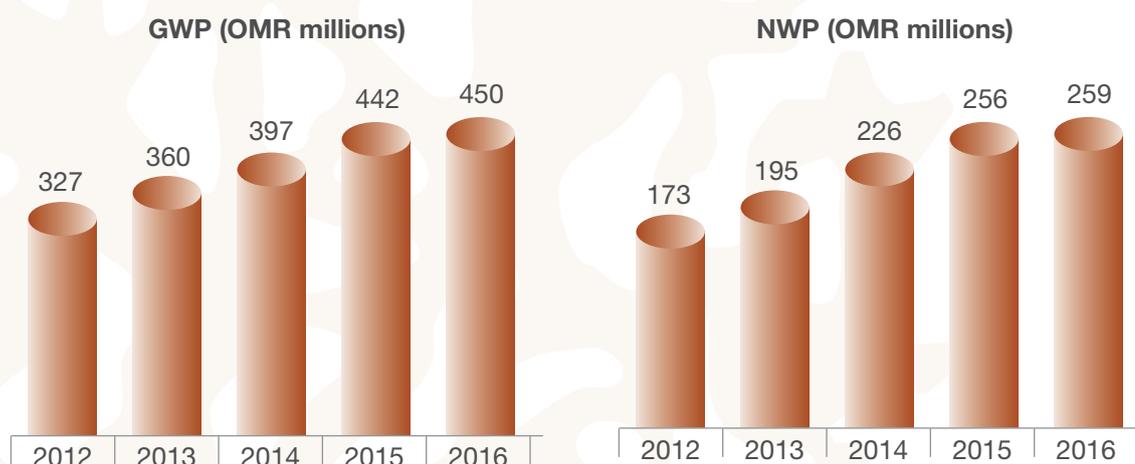
7 INDUSTRY OVERVIEW

7.1 Importance of the insurance sector in Oman

The insurance sector is a key segment of the financial services sector in Oman. The insurance sector has seen a steady growth even in the current challenging macro economic environment. The sector helps the overall economy with the encouragement of long-term investments through the provision of a risk transfer mechanism. The insurance sector contributed to 1.8% of the GDP in 2016 as compared with 1.1% in 2012. Insurance companies are amongst the largest institutional investors in Oman aiding in the development of the Sultanate's capital markets. The insurance sector is also a key source of skilled employment and has seen strong growth in the prescribed Omanization levels. Currently there are 10 national insurance companies, 10 foreign insurance companies and one reinsurance company which are licensed to operate in the Sultanate. The CMA has played a key role in the development of the insurance sector and enhancing its role in the national economy. The CMA issues necessary directives to introduce best international practices whilst maintaining consideration for the characteristics and uniqueness of the local market.

7.2 Growth in Omani insurance sector

The GWP of insurance sector has grown at a CAGR of 8.3% from 2012 to 2016 despite slowing economic activity. Both GWP and NWP (CAGR of 10.6% from 2012 to 2016 in NWP) have seen growth showcasing both the growth in the industry as well as the ability to absorb more risk due to sound management and supervision from the CMA.



Source: CMA Insurance Market Index 2013, 2014, 2015, 2016

7.3 Key segments of the insurance sector

The key segments in the insurance sector in Oman are motor, health, life, property, marine and others (including liability and engineering). Motor is the largest and fastest growing segment in Oman especially due to the mandatory motor coverage. Health is the second largest segment and has seen strong growth in recent times. The life segment saw a sharp fall in 2013 but has been steadily recovering since then.

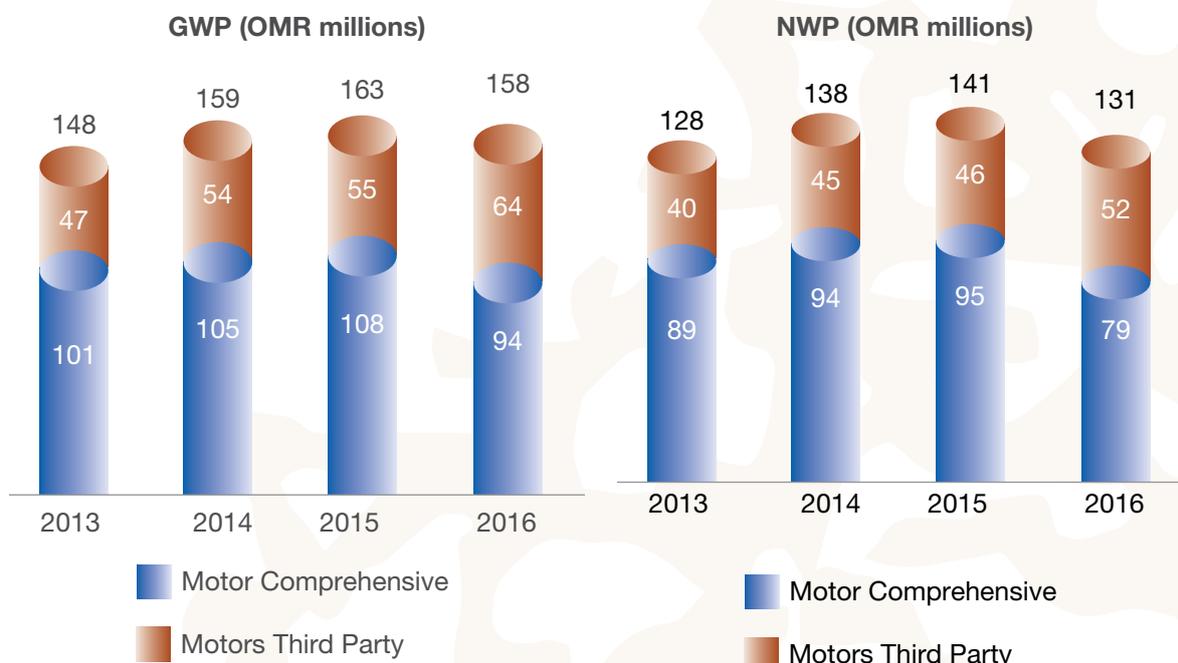
Source: CMA Insurance Market Index 2013, 2014, 2015, 2016

Segment-wise GWP (OMR millions)

Segment	2012	2013	2014	2015	2016	CAGR (2012-2016)
Motor	136	148	159	164	158	3.9%
Health	0	58	78	102	116	N/M
Life	77	36	42	53	68	-3.1%
Property	48	50	50	49	45	-1.7%
Marine	14	14	14	13	14	-0.3%
Other	51	50	53	62	49	-1.2%

Source: CMA Insurance Market Index 2013, 2014, 2015, 2016

Motor insurance overview



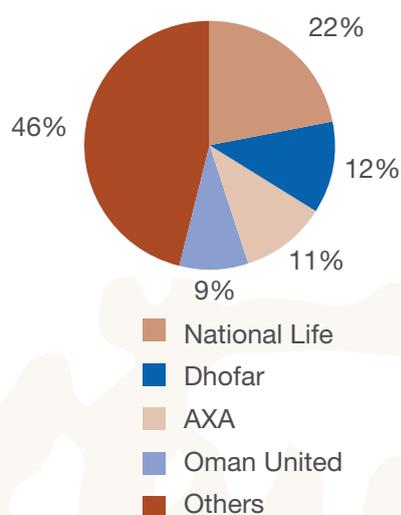
Source: CMA Insurance Market Index 2013, 2014, 2015, 2016

7.4 Competition

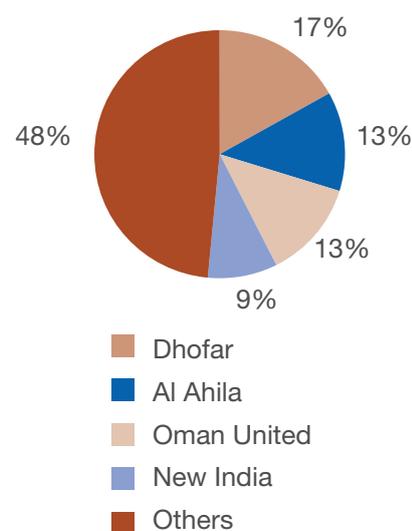
The insurance sector in Oman is highly competitive. Twenty-one insurance companies are currently licensed, including two companies licensed to run Takaful operations. However, the top five companies, including the Company, had more than 50% market share in 2016. The competition is expected to intensify between the Company and recent market entrants seeking to obtain and increase their sector market share by offering competitive prices and innovative insurance products.



Market share by GWP (2016)



Motor insurance market share by GWP (2016)



Source: CMA Insurance Market Index 2016

7.5 Market forecast and projections

Segment-wise GWP forecasts

Amount in OMR millions

Segment	2016 A	2017 F	2018 F	2019 F	2020 F	CAGR (2016-20)
Motor	158	161	166	171	175	2.5%
Health	121	134	167	201	228	17.2%
Life	64	66	69	73	75	4.0%
Property	43	44	46	47	48	2.8%
Marine	14	14	14	15	16	3.4%
Others	54	54	57	59	61	3.1%
Total	454	473	519	566	603	7.3%

Source: Company estimates

7.6 Key opportunities and challenges for insurance sector

- 7.6.1 Sustainable oil prices are critical for Oman’s economy. Recovery in oil prices should result in increased government spending and is likely to have a positive effect for the insurance sector in general. The Government’s increased focus on the SME segment is likely to result in increased demand for products such as credit insurance.
- 7.6.2 Demographics are a key growth driver for the insurance industry. Oman enjoys a favourable demographic base comprising of a steadily growing local population, especially in the younger segment, and a large expatriate base. New regulations in Oman prescribing mandatory medical insurance for expatriates are expected to drive growth in medical insurance products. Further, increasing urbanization levels and changing lifestyle are expected to generate demand for products which suit the requirements of the population.



7.6.3 The major challenge for the insurance sector is low consumer confidence on the back of sustained low oil prices. This has resulted in increased pricing pressure as insurers look to garner market share in an already price-sensitive market.

7.7 Overview of Regulatory Framework

7.7.1 The regulatory framework for insurance companies in Oman is contained in the CCL, the Insurance Law, the Executive Regulations and the circulars, directives, decisions and guidelines issued by the CMA concerning the insurance sector. The insurance sector is regulated by the CMA. In 2004, responsibility for the insurance sector was transferred from the MOCI to the CMA in order to develop and restructure the legislative and regulatory framework applicable to the insurance sector.

7.7.2 The various rules, circulars, regulations, policies and guidelines issued by the CMA aim to keep up with global best practices and take into account the requirements of the local market. Some of the regulations/circulars issued by the CMA in relation to the insurance sector (other than the Regulations) are:

- a) Regulations for Investing Assets of Insurance Companies (Decision No. E11/20, as amended);
- b) Regulations concerning licensing requirements for conducting insurance business (Ministerial Decision No. 31/2007, as amended);
- c) Code of Practice for Conduct of Insurance Business issued by the CMA; and
- d) Code of Corporate Governance for Insurance Companies issued by the CMA.

7.7.3 As a general rule, companies can only conduct insurance business in Oman and offer insurance products to persons resident in Oman or to Omani nationals through a public joint stock company registered in Oman. Foreign insurance companies are also allowed to establish branches or offer insurance services through a registered licensed agent.

7.7.4 No insurance company can undertake insurance business unless it is licensed by the CMA to carry on one or more of the classes of insurance business listed in Article 1 of the Insurance Law, has a minimum issued share capital of OMR 10,000,000, is listed on the MSM and maintains the minimum margins of solvency prescribed by the Regulations during its operations.

8 OVERVIEW OF THE COMPANY AND ITS BUSINESS

The Company is registered as an Omani Public Joint Stock Company. It was established in the Oman on 1 July 1989 with commercial registration number 1318977. The Company's principal activities comprise of writing all classes of insurance. The entire premium is generated from the risks located within Oman.

The Company has a network of 42 branches which are spread across the length and breadth of Oman and includes the borders from Dubai to Yemen, providing efficient, coherent services to residents and visitors throughout the Sultanate.

As on 31 March 2018, the issued and paid-up share capital of the Company was OMR 20 million divided into 200,000,000 Shares of Bzs 100 each. The issued and paid-up capital of the Company was reduced from OMR 20 million to OMR 10 million pursuant to the First Capital Reduction. Assuming full subscription of the Rights Issue, the issued and paid-up capital of the Company will increase to OMR 12 million. The issued and paid-up capital will be further reduced from OMR 12 million to OMR 10 million pursuant to the Second Capital Reduction.

Founders of the Company

Dhofar International Development and Investment Holding Company SAOG

DIDIC is a key founder shareholder owning a 35% shareholding in the Company. DIDIC is a publicly listed investment firm having interests in banking, insurance, services and stock broking. DIDIC has been a shareholder of the Company since inception.

H.E. Abdul Alim Mustahail Rakhyoot

H.E. Abdul Alim Mustahail bin Naseeb Rakhyoot has served in the Government of the Sultanate of Oman (Ministry of Defence and Royal Court Affairs) in various senior positions. He has diversified business interests in insurance, hospitality and the real estate sectors amongst others. He is one of the founder Shareholders of the Company and has a shareholding of 15% in the Company.

Qais Al Omani Establishment LLC

The company is a founder shareholder of Dhofar Insurance. Qais Al Omani Establishment LLC is a part of the Muscat Overseas Group and has interests in real estate and investments.

Select Financial Data

The table below shows select financial data of the Company for the periods indicated:

Select Financial Data (OMR millions):	For the year ended, 31 December				
	2013	2014	2015	2016	2017
Gross Written Premium	62.4	64.1	65.5	55.2	44.8
Net Written Premium	22.8	26.3	26.9	23.5	23.0
Underwriting Profit/(Loss)	8.0	9.3	1.4	(3.8)	3.5
Investment Income/(Loss)	1.8	2.4	(4.8)	2.5	2.1
Comprehensive Income/(Loss)	4.5	2.9	(10.1)	(6.8)	(1.3)

Source: Company financial statements



Product portfolio

PRODUCTS			
PORTFOLIO & SUB-CLASS			
ENGINEERING			
1	Contractors All Risks Insurance	7	Insurance (MLOP)
2	Erection All Risks Insurance	8	Deterioration of Stock Insurance
3	Delay in Start-up Insurance	9	Boiler & Pressure Vessel Insurance
4	Plant & Equipment All Risks Insurance	10	Comprehensive Machinery Insurance
5	Electronic Equipment Insurance	11	Machinery Loss of Profit Insurance
6	Machinery Breakdown Insurance Loss of Profit following Machinery Breakdown	12	Principal's Advanced Loss of Profit Insurance
PROPERTY			
1	Fire & Perils Insurance	4	Loss of Profits following Fire & Perils
2	Property All Risks Insurance	5	Office Combined Insurance
3	Business Interruption Insurance	6	Home Insurance
GENERAL ACCIDENTS			
1	Personal Accident Insurance	7	Group Life Insurance
2	Group Personal Accident Insurance	8	Personal Property Insurance
3	Travel Insurance	9	Health / Medical Insurance
4	Group Business Travel Insurance	10	Professional Indemnity Insurance
5	Money Insurance	11	Directors and Officers Liability Insurance
6	Employee Dishonesty Insurance		
LIABILITY			
1	Workmen Compensation Insurance	3	Commercial General Liability Insurance
2	Public Liability Insurance	4	Public & Products Liability Insurance
MARINE			
1	Marine Cargo Insurance	4	Marine Hull Insurance
2	Marine Open Cover Cargo Insurance	5	Marina Operator's Liability Package Insurance
3	Inland Transit Cargo Insurance	6	Port and Terminal Package Insurance
MOTOR			
1	Motor-Compulsory Third Party Insurance	3	Motor Trade-Internal Risks Insurance
2	Motor Comprehensive Insurance		

Underwriting Philosophy

The Company remains committed to the practice of a prudent underwriting policy and adapting a balanced approach. With the largest network of 42 branches spread across Oman, the focus is to capitalize on the Company's strong brand image in writing retail lines such as motor, individual life, travel and personal accident, and to introduce and expand the sale of other retail products such as individual and family medical, home and other options. An underwriting committee meets every week, or as may be required, to discuss and agree on large risks and any other business which deviates from the Company's underwriting guidelines.

Claims Management Processes

The test of an insurance programme and the efficiency and effectiveness of the insurer lies in effective claims management. Claims management is an integral part of the service provided by the Company. This philosophy has been instrumental in the success of the Company and its continuous growth during the last 27 years of operation. The Company has demonstrated the prompt and efficient claims handling to the satisfaction of its clients, despite handling over 25,000 claims per year for all classes of insurance provided by the Company.

There are separate teams working at the Company that specialize in claims for different lines of business. Working side by side with its clients and partners, the Company is fully versed in potential loss scenarios so that in the event of an incident or catastrophic event, its team is prepared to act immediately with reinsurers, loss adjusters and the insured(s) to mitigate the effects of such incidents and do their utmost to expedite settlements. The Company's clients benefit from efficient claims management by its dedicated claims team, which has handled a wide range of often complex and difficult claims.

Reinsurance Strategy

The primary purpose of reinsurance is to enable the Company to seek underwriting protection for large and multiple risks and to manage the consequent impact on the balance sheet in the event of a major catastrophic event. These essential elements are the backbone of the Company's strategy and its reinsurance treaties cater to the Company's business needs with a blend of proportional and non-proportional and catastrophic covers which are renewed annually.

At each reinsurance treaty renewal, discussions are held with the reinsurance treaty leader to work out best possible improvements in terms of capacity, premium, commissions and conditions. The Company's reinsurance treaties are mainly led by one of the world's largest reinsurers. The Company has therefore developed the right blend of security, diversification and overall protection. Over the years, the Company has never faced any material issue in claims settlement from its current panel of reinsurers.

For risks which exceed the Company's reinsurance treaty limits, placement is done on a facultative basis with reputable insurers which assure protection in the event of claims.

Key Customers

The Company has experience of working with the largest corporate clients in Oman, including Petroleum Development Oman LLC, Saud Bahwan Group, Bank Dhofar, Oman Refineries and Petrochemicals Company LLC, Petronas Oman, Oman Investment & Finance Co. SAOG, Octal, Salalah Methanol, Tethys Oil, MEDCO Energy, CC Energy Development Oman Branch, Sembcorp Power, Dhofar Power, Raysut Cement Company, Oman Trading Establishment LLC (OTE) Group etc.

Distribution and Channels

The Company uses multiple channels for the distribution and sales of the insurance products to its customers. Please see a brief overview of the key business channels i.e. branches (including border offices) and direct sales:

Branches: The Company operates its business through a network of 38 territorial branches and four border offices. The branches are focussed on motor and travel insurance and they distribute all products of the Company. The network of branches enables the Company to have a wide geographic distribution as well as direct sales to the customers. The Company has the largest number of border offices to service overseas travellers using motor vehicles.

Direct sales: The Company has developed and maintained relationships with key long-standing corporate commercial clients for directly marketing various products from simple to complex. The Company has built a customer base of more than 300,000 direct customers which it has been servicing for a number of years.



Leadership and Staff

The Company has a management team with extensive experience and knowledge in the Omani insurance industry. The members of the management team of the Company have work experience averaging 25 years in the insurance industry. For more details refer to Chapter 14 (“Corporate Governance”).

As at September 2017, the total number of employees in the Company was 322, of which 235 were Omani nationals. The Company’s Omanization ratio is at 73% as compared with the required level of Omanization of 65% applicable to the insurance industry. The Company has received various awards from the Ministry of Manpower for its excellent manpower initiatives and its Omanization percentage achieved.

Investment Strategy

The Company has adopted a conservative investment strategy of high quality/low risk and low volatility investments by seeking to invest a large portion of its investment portfolio into fixed income securities. The Company is seeking to reduce its exposure to the stocks listed on the MSM and is deploying the proceeds into fixed maturity instruments. This strategy would enable the Company to receive consistent investment returns with predictable cash flows and reduced risk.

Risk Management Framework

The Company undertakes an ongoing development of its enterprise risk management policy and framework which enable it to transform strategies into tactical objectives and processes and define the tasks and responsibilities of the personnel working in risk management.

Enterprise Risk Management

- Enterprise Risk Management involves the identification and assessment of enterprise related risks followed by reporting of the risks that the Company encounters, and ascertaining the extent of their impact on achieving the Company’s objectives. The Company;
- issues quarterly reports to the Audit Risk and Compliance Committee and the Company’s executive management, summarizes the risks that have been discovered or predicted within the Company and preventing inconsistencies and gaps in policies and procedures.
- prepares a risk register that includes the risks identified by the Company and how to mitigate those risks in order to minimize the negative consequences resulting therefrom.
- reviews the guidelines, procedures and policies that govern the operations of each department to ensure better management of and risk assessment where applicable.
- maintains necessary records to ascertain the Company’s compliance with the provisions of the resolution of CMA number 7/2005 on risk management (as amended from time to time).

Corporate Governance Strategy

The Board of Directors are committed to applying the highest level of corporate governance standards and confirm the commitment and responsibility to manage the Company and provide the transparency strategy for the Company in accordance with the requirements of the Code. The Board has constituted the following Board committees: (a) Audit, Risk and Compliance Committee, (b) Board Executive Committee and (c) Nomination, Remuneration and HR Committee. All the Committees have well-defined terms of reference.

CMA Inspection

The CMA issued a report of regulatory findings in respect of the Company on 27 December 2015. Most of the issues highlighted by the report involve a group of individuals who occupied key positions, some of whom were close relatives of the previous Chief Executive Officer of the Company. The Company then instructed the Legal Advisor on around May 2016 to analyse the CMA report and report to the Board thereon. Over the course of 18 months, the Legal Advisor provided the Board with feedback and recommendations in respect of the CMA report. On the basis of their recommendations and other consultants retained by the Company the Board appointed Ernst & Young to perform an internal audit function. The Company also appointed a CMA approved actuarial firm to assess the Company's reserve requirements. The actuarial firm's recommendations were incorporated in the Company's financial statements.

Following the CMA investigation and further inspection, it was ascertained that the Company should undertake steps to investigate the issues raised by the CMA and implement remedial actions. As a result, the Company has dismissed certain key officials who were highlighted in the CMA report and has taken legal action against some of them.

Legal Proceedings*

Please see below the major outstanding civil cases that the Company is a party to:

Brought by	Against	Claim type	Status	Claim value
Mr Taher Al Heraki (Ex-Chief Executive Officer of the Company)	The Company	Employment, Unfair dismissal	The Primary Court awarded Mr. Taher Al Heraki approximately OMR 39,500 to the claimant. The Appeal Court dismissed the claimant's request and upheld the Primary Court's judgement.	Approximately OMR 6,000,000
The Company	Mr Taher Al Heraki (Ex-Chief Executive Officer of the Company)	Outstanding amounts due from Taher Al Heraki (Ex-Chief Executive Officer)	The Primary Court rendered a judgment in favour of Mr Taher Al Heraki and it has been upheld at the Appeal Court. The company has filed and objection with the Supreme Court. The objection has still not been decided upon.	Approximately OMR 1,124,986
Mr Mohammad Al Heraki (Ex-Vice President Administration and HR of the Company)	The Company	Employment, Unfair dismissal	The case was unsuccessful by Mr Mohammad Al Heraki at the Primary Court and Appeals Court.	Approximately OMR 609,000



Mr Rawny Al Khadr (Ex-General Manager of the Company)	The Company	Employment, Unfair dismissal	The Primary Court issued a judgement instructing the Company to pay OMR 4,300 and Appeal Court upheld the Primary Court's judgement. The Supreme Court has overturned the judgement with regard to "leave" and upheld the rest of judgement. The claim is now at the Muscat Appeals Court with regards to leave.	Approximately OMR 800,000
The Company	Mr Rawny Al Khadr (Ex-General Manager of the Company)	Claim to vacate villa following termination of employment	The Primary Court and Appeal Court passed a judgement requiring Mr Rawny Al Khadr to vacate the villa.	-
The Company	Mr Taher Al Heraki (Ex-Chief Executive Officer of the Company)	Claim to vacate villa following termination of employment	The Primary Court passed a judgement in favour of the Company. The claim is now at the Appeal Court.	-
The Company	Mr Mohammad Al Heraki (Ex-Vice President Administration and HR of the Company)	Claim to vacate villa following termination of employment	The Primary Court passed a judgement in favour of the Company. The claim is now at the Appeal Court.	-
Mr Abdul Alim Mustahil Nasib Rakhyoot Mr Qazi Abu Nahal	The Company	Claim to: (i) annul decisions passed at the General Meeting of the Company held on 16 July 2017 (ii) remove the current Board of Directors; (iii) appoint a steering committee for the Company; and (iv) elect a new board of directors of the Company.	CMA's Grievance Committee passed a judgement in favour of the Company.	-

* As at 30 April 2018

In addition to the above, the Company had also initiated criminal action against certain individuals which are currently ongoing.

9 HISTORICAL FINANCIAL STATEMENTS

Summary historical financial statements for the year ended December 31, 2013 to December 31, 2017 are provided below. Detailed financial statements of the Company including Company's financial statements for the first quarter ending on 31 March 2018 are available on the MSM website www.msm.gov.om.

Statement of Comprehensive Income for the year ended 31 December

(in RO)

	(Audited) 2013	(Audited) 2014	(Audited) 2015	(Audited) 2016	(Audited) 2017
Gross Written Premium	62,441,504	64,097,965	65,452,032	55,200,745	44,767,344
Net Underwriting Result	7,994,374	9,341,473	1,370,555	(3,781,248)	3,468,437
Investment Income (Net)	2,520,115	1,264,099	680,034	2,516,902	2,055,677
Other Income	1,330,533	1,740,091	1,686,213	1,602,054	861,115
	3,850,648	3,004,190	2,366,247	4,118,956	2,916,792
General & Administration Expenses	(6,414,215)	(8,283,115)	(8,798,702)	(7,198,658)	(7,288,926)
Depreciation	(188,425)	(259,725)	(491,520)	(578,890)	(527,028)
Total expenses	(6,602,640)	(8,542,840)	(9,290,222)	(7,777,548)	(7,815,954)
Operating Profit / (Loss)	5,242,382	3,802,823	(5,553,420)	(7,439,840)	(1,430,725)
Unrealized Fair Value Loss on Investment Property	-	-	(5,445,000)	-	-
Finance Costs	(131,421)	(119,599)	(183,657)	(278,359)	(273,763)
Profit / (Loss) before Tax	5,110,961	3,683,224	(11,182,077)	(7,718,199)	(1,704,488)
Income Tax Expense	(466,048)	(526,144)	-	-	-
Deferred Tax Liability Reversed	-	-	1,121,125	868,492	394,705
Profit / (Loss) for the Year	4,644,913	3,157,080	(10,060,952)	(6,849,707)	(1,309,783)
Items that are or may be classified to profit & loss					
Revaluation Surplus on Reclassification of Land & Building to Investment Property	-	-	-	963,864	-
Net Change in Fair Value of Available for Sale (AFS) Investments	-	(2,585)	284,700	-	8,128
Changes in Fair Value of AFS Investments	735,141	(176,807)	(448,528)	(224,270)	266,980
Forex Revaluation Reserve in Equity A/c Investee	(1,104,552)	-	-	-	-
Items that will never be classified to profit & loss					
Share of Other Comprehensive Income of Investments accounted using Equity Method	244,239	(47,226)	(121,893)	(60,392)	(85,405)
Deferred tax Liability On Revaluation Surplus on Reclassifying Land & Building	-	-	-	(115,664)	-
Other Comprehensive Income / (Loss)	(125,172)	(226,618)	(285,721)	563,538	189,703
Total Comprehensive Income / (Loss) for Year	4,519,741	2,930,462	(10,346,673)	(6,286,169)	(1,120,080)
Basic Earnings per Share	0.023	0.016	(0.050)	(0.034)	(0.007)



Statement of Financial Position as at 31 December

(in RO)

	(Audited) 2013	(Audited) 2014	(Audited) 2015	(Audited) 2016	(Audited) 2017
Assets					
Non-Current Assets					
Property & Equipment	817,651	1,205,612	2,720,615	2,123,718	1,661,930
Investment Property	13,030,000	13,030,000	7,585,000	8,935,000	8,935,000
Available for Sale Investments	8,496,352	7,957,773	4,972,945	4,748,675	4,932,111
Investment in Equity Accounted Investees	3,794,733	2,891,231	2,808,507	2,839,962	2,943,015
Bank Deposits	29,619,314	30,769,978	35,112,546	35,112,546	31,112,546
Deferred Tax Credit	-	-	-	857,147	1,180,312
	55,758,050	55,854,594	53,199,613	54,617,048	55,888,714
Current Assets					
Held for Trading Investments	2,623,186	3,664,864	3,200,479	3,619,797	1,474,925
Insurance and Reinsurance Contracts Receivables	13,641,318	13,453,370	14,098,181	7,562,867	5,619,155
Reinsurers share of Insurance Funds	83,597,690	75,338,645	35,384,678	34,027,628	35,639,209
Other Receivables & Prepayments	3,127,589	3,856,599	5,214,552	2,507,342	1,676,175
Bank Deposits & Cash	6,315,833	5,764,017	5,902,054	4,739,012	2,773,950
Income Tax Receivables	-	-	-	94,719	88,309
	109,305,616	102,077,495	63,799,944	52,551,365	47,271,723
Total Assets	165,063,666	157,932,089	116,999,557	107,168,413	103,160,437
Equity & Liabilities					
Capital & Reserves					
Share Capital	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Legal Reserve	6,300,762	6,616,470	6,616,470	6,616,470	6,616,470
Special Reserve	50,000	50,000	50,000	50,000	50,000
Contingency Reserve	8,418,148	9,616,658	9,616,658	9,616,658	9,616,658
Fair Value Reserve	687,264	507,872	344,044	119,774	394,882
Revaluation Reserve in Equity Accounted Investees	1,034,779	987,553	865,660	805,268	719,863
Revaluation Reserve on Investment Property	-	-	-	848,200	848,200
FOREX Reserve in Investment in Equity A/c Investee	(2,673,628)	-	-	-	-
Retained Earnings / (Losses)	3,242,213	(1,676,312)	(13,637,264)	(20,486,971)	(21,796,754)
Total Equity	37,059,538	36,102,241	23,855,568	17,569,399	16,449,319
Non-Current Liabilities					
Deferred Tax Liability	1,375,034	1,378,181	147,912	115,664	-
Employees End of Service Benefit	446,894	574,034	670,595	550,921	498,606
	1,821,928	1,952,215	818,507	666,585	498,606
Current Liabilities					
Insurance Funds	102,608,621	96,839,108	63,559,845	66,867,414	67,577,209
Reserves Withheld from Reinsurers	12,178,336	14,043,296	11,170,390	10,218,954	7,288,270
Due to Reinsurers	8,562,445	5,993,583	9,759,975	6,048,161	4,058,223
Bank Loan	-	-	4,900,000	3,000,000	3,000,000
Accounts Payable and Accruals	2,390,466	2,570,062	2,920,983	2,797,900	4,288,810
Income Tax Payable	442,332	431,584	14,289	-	-
	126,182,200	119,877,633	92,325,482	88,932,429	86,212,512
Total Liabilities	128,004,128	121,829,848	93,143,989	89,599,014	86,711,118
Total Equity & Liabilities	165,063,666	157,932,089	116,999,557	107,168,413	103,160,437
Net Assets per Share	0.185	0.181	0.119	0.088	0.082

Statement of Cash Flows for the year ended December 31

(in RO)

	(Audited) 2013	(Audited) 2014	(Audited) 2015	(Audited) 2016	(Audited) 2017
Operating Activities					
Premium Received	60,516,986	63,891,004	63,750,613	60,132,030	45,768,654
Payment to Insurance & Reinsurance Companies (net)	(16,258,448)	(18,688,877)	(18,072,478)	(18,572,098)	(11,696,813)
Claims paid net of recoveries	(33,283,736)	(35,143,809)	(39,129,833)	(40,515,718)	(33,741,048)
Amounts recovered from disposal of salvage	824,120	2,618,428	3,038,292	2,395,917	1,242,502
General and Administrative expenses paid	(6,369,569)	(7,946,932)	(8,747,421)	(6,769,072)	(6,686,193)
Cash Generated / (Used) from Operations	5,429,353	4,729,814	839,173	(3,328,941)	(5,112,898)
Income tax paid	(265,121)	(533,745)	(526,439)	(245,575)	(37,714)
Net Cash Generated / (Used) from Operating Activities	5,164,232	4,196,069	312,734	(3,574,516)	(5,150,612)
Investing Activities					
Purchase of property, plant and equipment	(180,237)	(561,736)	(1,844,422)	(368,129)	(107,683)
Proceeds from disposal of property, plant and equipment	-	-	-	-	38,100
Purchase of investment properties	(18,045)	-	-	-	-
Purchase of investment securities	(849,812)	(1,234,629)	(270,619)	-	(5,607,300)
Proceeds from sale of investment securities	2,526,107	153,921	2,610,090	-	1,952,344
Rental income	281,675	287,932	294,307	618,567	281,030
Dividend and interest income	1,247,486	757,291	378,515	4,061,036	2,089,060
Investment in equity accounted investees	(100,000)	-	-	-	-
Investment in bank deposits	(8,555,000)	(2,595,664)	(6,342,568)	-	-
Encashment of bank deposits	-	2,000,000	2,000,000	-	4,000,000
Net cash provided / (used) in Investing Activities	(5,647,826)	(1,192,885)	(3,174,697)	4,311,474	3,185,551
Financing Activities					
Bank loan (Repaid)/Received	-	-	4,900,000	(1,900,000)	-
Dividend Paid (net)	(1,000,000)	(3,000,000)	(1,900,000)	-	-
Net Cash used in Financing Activities	(1,000,000)	(3,000,000)	3,000,000	(1,900,000)	-
Net change in cash and cash equivalents	(1,483,594)	3,184	138,037	(1,163,042)	(1,965,062)
Cash and cash equivalents as at 1 January	7,094,427	5,610,833	5,614,017	5,752,054	4,589,012
Cash and cash equivalents as at 31 December	5,610,833	5,614,017	5,752,054	4,589,012	2,623,950



10 SHARE PRICE MOVEMENT AND DIVIDEND POLICY

10.1 The following table illustrates the movement in the share price of the Company for period January 2012 to December 2017 as per the MSM

Share price (Bzs)	Opening	High	Low	Closing
2012				
Q1	0.198	0.200	0.180	0.184
Q2	0.175	0.189	0.166	0.171
Q3	0.171	0.180	0.171	0.178
Q4	0.170	0.178	0.176	0.177
2013				
Q1	0.177	0.245	0.177	0.230
Q2	0.230	0.235	0.200	0.200
Q3	0.200	0.260	0.200	0.250
Q4	0.255	0.312	0.255	0.285
2014				
Q1	0.288	0.302	0.250	0.255
Q2	0.250	0.261	0.232	0.236
Q3	0.236	0.240	0.228	0.228
Q4	0.228	0.232	0.190	0.230
2015				
Q1	0.230	0.230	0.210	0.230
Q2	0.227	0.227	0.210	0.210
Q3	No trading			
Q4	0.205	0.205	0.205	0.205
2016				
Q1	0.200	0.205	0.205	0.205
Q2	0.200	0.208	0.197	0.206
Q3	No trading			
Q4	No trading			
2017				
Q1	No trading			
Q2	0.200	0.200	0.200	0.200
Q3	0.200	0.200	0.200	0.200
Q4	0.180	0.180	0.180	0.180
2018				
Q1	0.100	0.100	0.100	0.100

Source - MSM

10.2 Dividends

10.2.1 Any decision to pay dividends by the Company to Shareholders and the amount of such dividends will be at the discretion of and upon the recommendation of the Board of Directors, subject to the Articles and applicable Laws.

10.2.2 The Company's dividend policy is subject to provisions contained in the CCL, its Articles. These are summarised as follows:

- a) The CCL requires a proposed dividend payment to be approved by the passing of a resolution at shareholders meetings, and that a dividend must be paid out of net profits or out of distributable reserves subject to the provisions of Article 106 of the CCL.
- b) In accordance with the CCL, in each Financial Year, 10% of the net profits after tax of every Company must be transferred to a legal reserve until the reserve amounts to at least one-third of the Company's Issued and Paid Up Share Capital.
- c) In accordance with Article 10(bis) (2) (c) and 10(bis) (3) (b) of Regulations for Implementing Insurance Companies Law (Ministerial Order 5/80), as amended, 10% of the net outstanding claims in case of the general insurance business at the reporting date is required to be transferred from retained earnings to contingency reserve in accordance with the Regulations. The Company may discontinue this transfer when the reserve equals to its issued and paid up share capital.

10.2.3 The amount of dividends and the determination of whether to pay dividends in any year may be affected by a number of factors, including but not limited to the Company's financial performance, distributable reserves, and the outlook for the insurance sector and other macro economic factors.

The dividend details of the Company for the past three years are given below:

Dividend paid in the year	Cash Dividend as % to paid-up capital	Stock Dividend as % to paid-up capital
2015	0.0%	0.0%
2016	0.0%	0.0%
2017	0.0%	0.0%



11 PRICE JUSTIFICATION

The Issue Price for the Offer Shares takes into account various qualitative and quantitative factors and forms the basis for the pricing of the Rights Issue.

11.1 Qualitative factors

The Company's unique investment proposition, which is crucial to delivering returns for the Shareholders, can be summarized as follows:

- a) One of the largest and oldest insurance companies in Oman;
- b) Strong market share and distribution network across Oman;
- c) Solid position in motor insurance;
- d) Loyal employee base with deep commitment to Omanization; and
- e) Successful capital restructuring to create a strong capital position for future growth.

11.2 Quantitative factors

Average share price

For the Period	Average closing price (Bzs)	Discount of rights price to average closing price
1-month	No trading	Not applicable
3-month	200	50%
6-month	200	50%
9-month	200	50%
1 year	200	50%

Source: MSM

11.3 Historical Financial Performance of the Company (in OMR Millions)

	2013	2014	2015	2016	2017
Gross Written Premium	62.4	64.1	65.5	55.2	44.8
Net Written Premium	22.8	26.3	26.9	23.5	23.0
Underwriting Profit/(Loss)	8.0	9.3	1.4	(3.8)	3.5
Investment Income / (Loss)	1.8	2.4	(4.8)	2.5	2.1
Comprehensive Income/(Loss)	4.5	2.9	(10.1)	(6.8)	(1.3)
Return on Equity	12.8%	8.7%	n.m.	n.m.	n.m.
Return on Asset	2.8%	2.0%	n.m.	n.m.	n.m.

For further details on the Company's performance please refer to the "Chairman's Report" available on the MSM website.

11.4 Pro-forma balance sheet

The Company is undertaking a capital restructuring as per the resolution proposed to the Company's Shareholders in an Extraordinary General Meeting (**EGM**) held on 18 January 2018. The restructuring has been undertaken to offset the accumulated losses on the Company's balance sheet. The key items of equity on the balance sheet of the Company before and the pro-forma balance sheet after the First Capital Reduction are presented hereunder:

In OMR millions	Dec 17	Pro-forma after completion of First Capital Reduction	Pro-forma assuming full subscription of Rights Issue	Pro-forma after completion of Second Capital Reduction
Paid up capital	20.00	10.00	12.00	10.00
Legal reserve	6.62	0.00	0.00	0.00
Contingency reserves	9.62	9.62	9.62	9.62
Revaluation reserves	1.57	1.57	1.57	1.57
Investment fair value reserve	0.39	0.39	0.39	0.39
Special reserves	0.05	0.00	0.00	0.00
Accumulated losses	(21.80)	(5.13)	(5.13)	(3.13)
Total equity	16.45	16.45	18.45	18.45
Book value per share (in Bzs)	82.2	164.5	153.8	184.5

As shown above, the book value per share as per December 2017 prior to the First Capital Reduction is 82.2 bzs and it increases to 184.5 Bzs after the Second Capital Reduction.



12 RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Company conducts certain transactions with the Board of Directors, Shareholders and affiliated companies. The aggregate amounts of balances with such related parties are as follows:

Premiums Written

(in RO)

Particulars	2015	2016	2017
Dhofar International Development and Investment Holding Company SAOG	5,908	26,055	3,500
Omani Vegetable Oil & Derivatives Company LLC	6,426	26,000	36,301
Aon Majan LLC	1,101,762	1,101,691	-
Bank Dhofar SAOG	3,722,429	2,799,673	3,715,084
Raysut Cement Company SAOG	236,329	-	-
Shanfari and Partners Company LLC	237,132	213,535	181,277
Sharikat Fanniya Omaniya	39,987	48,184	55,962
Oman Factory for School and Offices Stationery LLC	-	-	3,075
Other related parties	36,088	18,376	22,954
Total	5,386,061	4,233,514	4,017,883

Claims Paid

(in RO)

Particulars	2015	2016	2017
Dhofar International Development and Investment Holding Company SAOG	4,435	3,050	58
Omani Vegetable Oils and Derivatives LLC	-	-	3,392
Aon Majan LLC	481,807	244,273	-
Bank Dhofar SAOG	1,808,904	1,936,752	2,339,662
Raysut Cement Company SAOG	30,923	145,556	-
Shanfari and Partners Company LLC	33,644	51,003	70,746
Sharikat Fanniya Omaniya	14,801	12,403	39,536
Other related parties	5,115	16,093	15,894
Total	2,379,629	2,436,130	2,469,288

13 RISK FACTORS AND MITIGANTS

RISK FACTORS AND MITIGANTS

Investment in the Offer Shares involves a degree of risk and investors should not invest in the Offer Shares unless they can afford to take the risk of losing their investment. Investors are advised to read the below risk factors carefully before making an investment decision in the Offer Shares.

However, please note that the risks set out in this section may not be exhaustive and additional risks and uncertainties not presently known to the Company, or which the Company currently deems to be immaterial, may arise or may become material in the future. In making an investment decision, prospective investors must rely on their own examination of the Company's business and financial performance and the terms of the Offer Shares, including the merits and the risks involved. Unless otherwise stated in the relevant risk factors set out below, the Company is not in a position to specify or quantify the financial or other risks mentioned herein.

13.1 Insurance business related risks

Similar to any other insurance company, the Company's product pricing is based on assumptions and estimates for future claim payments and these assumptions are derived from historical experience and industry data. If the actual outcomes are not consistent with the estimates and historical data, the Company's financial results could be adversely affected.

The Company manages these uncertainties through the implementation of a prudent underwriting strategy together with adequate reinsurance arrangements and proactive claims management.

13.2 Reinsurance risk

Like other insurance companies, the Company relies on reinsurance agreements in order to minimize financial exposure arising from large claims. 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. However, such reinsurance may not be sufficient to adequately protect the Company against losses due to limitations in the underwriting capacity, terms and conditions of the reinsurance market and difficulties in assessing the Company's exposure to catastrophes. Also, the reinsurance arrangements would not relieve the Company from its obligations towards the customers, a credit exposure especially with respect to settled claims exist until the reinsurer honours the Company's claim under the reinsurance arrangement.

Moreover, the Company cannot assure that these reinsurance companies will be able to meet their obligations under the existing reinsurance arrangements on a timely basis, or at all, or that these insurance companies. If the reinsurers either fail to pay the Company or fail to pay on a timely basis, the Company's financial condition and results of operations could be materially and adversely affected.

The Company could suffer significant losses if any of its reinsurers do not perform their obligations due to bankruptcy, lack of liquidity, business failure, economic downturn, fraud, or due to any other reason beyond our control. The Company is also subject to the risk that its rights against these reinsurance counterparties may not be enforceable in all circumstances, or at all and such losses could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

The Company tries to mitigate risks associated with the reinsurer's financial position by reinsuring its business with companies that have credible credit ratings. It also evaluates the financial position of its reinsurers and monitors concentration of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurer.



However, there is no assurance that the chosen reinsurance companies will be able to maintain their respective credit ratings during the term of their reinsurance arrangements with the Company.

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.

13.3 Any adverse change in the Company's relationship with its intermediaries may have an adverse effect on the Company's business and operations

The Company distributes its products through brokers and other financial intermediaries. Since these are not exclusive arrangements, the Company competes with other insurance companies to attract and retain intermediaries. The Company's success would depend on the sales commission and other rewards and programs extended by the Company subject to regulatory restrictions. An increasing competition amongst insurance companies may work to the intermediaries' advantage who could demand high commissions. Payment of high commissions could have an adverse implication on the Company's financial performance.

Moreover, working with intermediaries also poses a credit risk to the Company. As in a Company - intermediary arrangement, the customer would pay the premium to the intermediary there could be a significant delay in receiving the funds from the intermediary. There could also be a situation where the intermediary fails to pay the Company. Notwithstanding the delay by the intermediaries, the Company is required to adhere to its contract with the customer and honour any claims. Any delays and non-payments by the intermediary could hamper the revenues and financial performance of the Company.

13.4 Dependence on motor business

The Company's primary source of revenue is from the motor insurance business. In 2017, the Company derived around 44.5% of its GWP from the motor insurance business which represents a large segment of the insurance industry in Oman. Although the size of the motor insurance business in Oman has grown, several factors such as an increase in competition, an increase in loss ratios and a force majeure event in Oman could adversely impact the business and financial results of the Company.

Motor insurance is compulsory in Oman and motor vehicles are likely to remain a key mode of transportation in Oman. In order to avoid continued dependence on the motor business, the Company plans to further diversify into other segments of the insurance industry.

13.5 Risk related to loss of personnel

The Company's success is dependent on its experienced Board, executive management team and personnel. There can be no guarantee that the Company will be able to retain the services of its employees or to enhance its manpower as and when needed.

However, the Company places high importance on developing effective human resource policies aimed at achieving employee satisfaction and motivation. The Company continuously strives to build a strong human resources infrastructure so that it can attract suitable candidates to meet both replacement and growth needs of the Company.

The Company has an Omanization percentage in excess of the minimum target specified for the insurance sector. The Company has suitable policies and infrastructure that support continuous recruitment of Omani nationals and their professional development.

13.6 Inability to meet solvency margin requirements

The solvency margin comprises various variable factors and is calculated at the end of every Financial Year. The Company's solvency margin has been in deficit since 2014 and the CMA has since then been instructing the Company to replenish it. Solvency margin may be affected by various factors such as the amount of capital available, mix of insurance products sold by the Company and business growth.

Failure to meet the prescribed solvency margin will adversely impact the business of the Company and its ability to distribute dividends. If the deficit is not rectified, the CMA may require the Company to cease or reduce underwriting new business or sell its business. It could also result in a loss of the Company's current insurance licence.

The Company believes that on successful closure of the Rights Issue and Bonds Issuance, the existing deficit in solvency margin will be met. However, this does not imply that the Company may not be in deficit in solvency margin in future. In the event of any deficit in the Company's solvency margin requirements in the future, the Company will endeavour to undertake appropriate measures to address the issue in consultation with CMA. However, the Company's ability to address this issue would be subject to a variety of uncertainties including the Company's future financial condition, its financial results, economic and political conditions in Oman, general market conditions.

13.7 Risk of a substantial impairment in future or a claim not reported

In accordance with the Insurance Law, the Company is required to maintain reserves and provisions as balance sheet liabilities to cover expected future claims, liabilities and obligations. These reserves are expected to represent estimates of amounts required to cover reported and unreported losses and to cover related loss adjustment expenses. The Company's results depend upon the extent to which its actual claims experience is consistent with the assumptions that it uses in setting its premiums and establishing its reserves, in addition to the Company's provisions for outstanding claims.

Provisions for outstanding claims cannot represent an exact calculation of liability, but rather are estimates of the expected cost of the ultimate settlement of claims. These estimates are based on actuarial and statistical projections of facts and circumstances known at a given time; estimates of trends in claims severity and other variable factors that can be affected by both internal and external events. As the underlying risks and liabilities are uncertain in nature, the Company may not be able to determine precisely the amount actually required to settle these liabilities, and as a result it is possible that the Company's reserves at any given time will be inadequate.

If actual claims exceed the Company's reserve for losses and loss expenses, the Company may be required to increase its reserves.

The Company has reinsurance arrangements to mitigate risks associated with unexpected large claims. Additionally, the Company has entered into excess of loss treaties that will cover claims due to risks associated with natural catastrophes such as earthquakes, storms, floods etc. In case of Incurred But Not Reserved (IBNR) claims, Incurred But Not Enough Reserved (IBNER) claims, Unearned Premium Reserves (UPR) and Unexpired Risk Reserves (URR), the Company has appointed an independent actuary, approved by the CMA, to recommend the fair amount of reserves required. Whilst an independent report on such matters is not required by the CMA (save for life insurance components) the Company undertakes this task as a prudent measure to ascertain the appropriate amount of reserves that should be maintained.

13.8 Inability to complete the Second Capital Reduction

The completion of the capital reduction is contingent upon satisfaction of all the procedures set out in Article 84 of the CCL.

In the event these procedures are not satisfied, the Second Capital Reduction may not be completed. This would result in a situation where the Company continues to have accumulated losses in its financial statements that could in turn lead to a delay in the payment of dividends until the financial position of the Company is improved.

If the capital reduction is not successful, the Company will be required to undertake further financial restructuring measures to rectify its financial position.



13.9 Risk related to illiquidity of the Shares

The Shares are not actively traded on the MSM and there is a risk that investments in the Offer Shares will be relatively illiquid. Investors should be aware that finding buyers for the Offer Shares could take some time. This may also affect the prevailing market price at which Shareholders are able to sell their Shares.

13.10 Market competition

Any increase in competition could have an adverse effect on the overall business of the Company. Increased competition could also result in an increase in the operating costs, reduction in premiums which would have a material adverse effect on the Company's business, operating results thereby leading to a reduction in its profitability.

The Company has a long-standing presence in the Omani insurance market and has long-standing relationships with its customers, brokers and agents. The Company has strong capabilities and is constantly undertaking steps to study the market and expand its operations.

13.11 Risks relating to litigation

A summary of the significant legal proceedings that the Company is currently involved in is listed in Chapter 8. As mentioned in the summary some lawsuits involve high claim amounts and if the Company is unsuccessful in either defending these cases or settling them, it will have to pay significant damages which will adversely affect the financial position of the Company. Even if the Company is successful in its cases, it will be subject to legal and other costs relating to such litigation.

Following the previous regulatory audit conducted on the Company by the CMA, the Company will be subject to a periodic regulatory investigation in its ordinary course of its business. This may uncover further issues (if any) related to the Company's business and operations which may affect the financial performance of the Company.

In addition to the above, the Company faces a significant risk of litigation and similar actions in the ordinary course of its business, including the risk of lawsuits and other legal actions relating to suitability, sales or underwriting practices, claims payments and procedures, product design, distribution, disclosure, administration, denial or delay of benefits and breaches of fiduciary or other duties.

The Company has retained a legal advisor to assist it with these issues.

13.12 Force majeure

Any force majeure events such as acts of war, armed conflicts, blockades, acts of rebellion, riots, civil commotions, strikes, sabotage, terrorist acts, lightning, fires, floods, earthquakes, tsunamis, floods, cyclones, typhoons, tornados or other natural calamities or acts of God within or outside of Oman could affect the Company's business, operations and the price of its Shares.

These risks are common to any business operation. The Company has entered into suitable reinsurance treaties to deal with risks associated with natural calamities such as cyclones, floods and fire. However, please refer to risks associated with reinsurers mentioned above.

13.13 Failure of Information Technology (IT) systems

The current IT systems of the Company could be subject to viruses, outages, breaches of data security or force majeure events. System failures or interruptions could have a range of adverse impacts on the Company's business such as disruption to its ability to conduct business, inability to perform contractual obligations, a reduction in its service levels and reputational damage. These could eventually result in financial consequences such as penalties, fines or other liabilities.

The Company has a backup of its IT systems and disaster recovery plans. The Company has also appointed Cedar Management Consultants, a reputed international advisory firm, to work on an IT transformation strategy. Their scope of work includes designing an IT plan, conducting a high level analysis of the Company's current applications, infrastructure portfolio, IT organization structure and IT framework. They have already made some recommendations to improve the existing IT framework of the Company and their work is on-going.

13.14 Operational risks

Operational risk is the risk of loss arising from system failure, human error, fraud, failure to adequately monitor and control intermediaries, failure to implement sufficient security controls, an interruption in services by service providers, damage to physical assets.

Operational losses have adverse legal or regulatory implications and can lead to financial and reputational loss.

The Company has suitable systems and procedures manuals with effective segregation of duties, controls, authorization, reconciliation and assessment processes that are supported with a compliance and internal audit framework to deal with unexpected operational risks.

13.15 No lock-in period for Investor Shareholders

The shares proposed to be allotted to Investor Shareholders as part of Private Placement are not subject to any lock-in period. Therefore, there is no restriction on the Investor Shareholders from disposing their shares in the Company after the Rights Issue. Any large disposal of shares by Investor Shareholders may have an adverse impact on the share price of the Company.

13.16 Financial risk

The Company's principal financial instruments are receivables arising from insurance and reinsurance contracts, listed and unlisted investments, cash and cash equivalents, and interest-bearing deposits. The main risks arising from the Company's financial instruments are interest rate risk, foreign currency risk, credit risk, market price risk and liquidity risk. 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 Asset Liability Management (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 framework 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 framework 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.

13.17 Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. All foreign currency transactions of the Company are either in US Dollars or in currencies linked to the US Dollar.

However, if the Omani Rial is unpegged or devalued against the US Dollar, the Company's business and financial position could be adversely affected.



13.18 Investment and interest rate risk

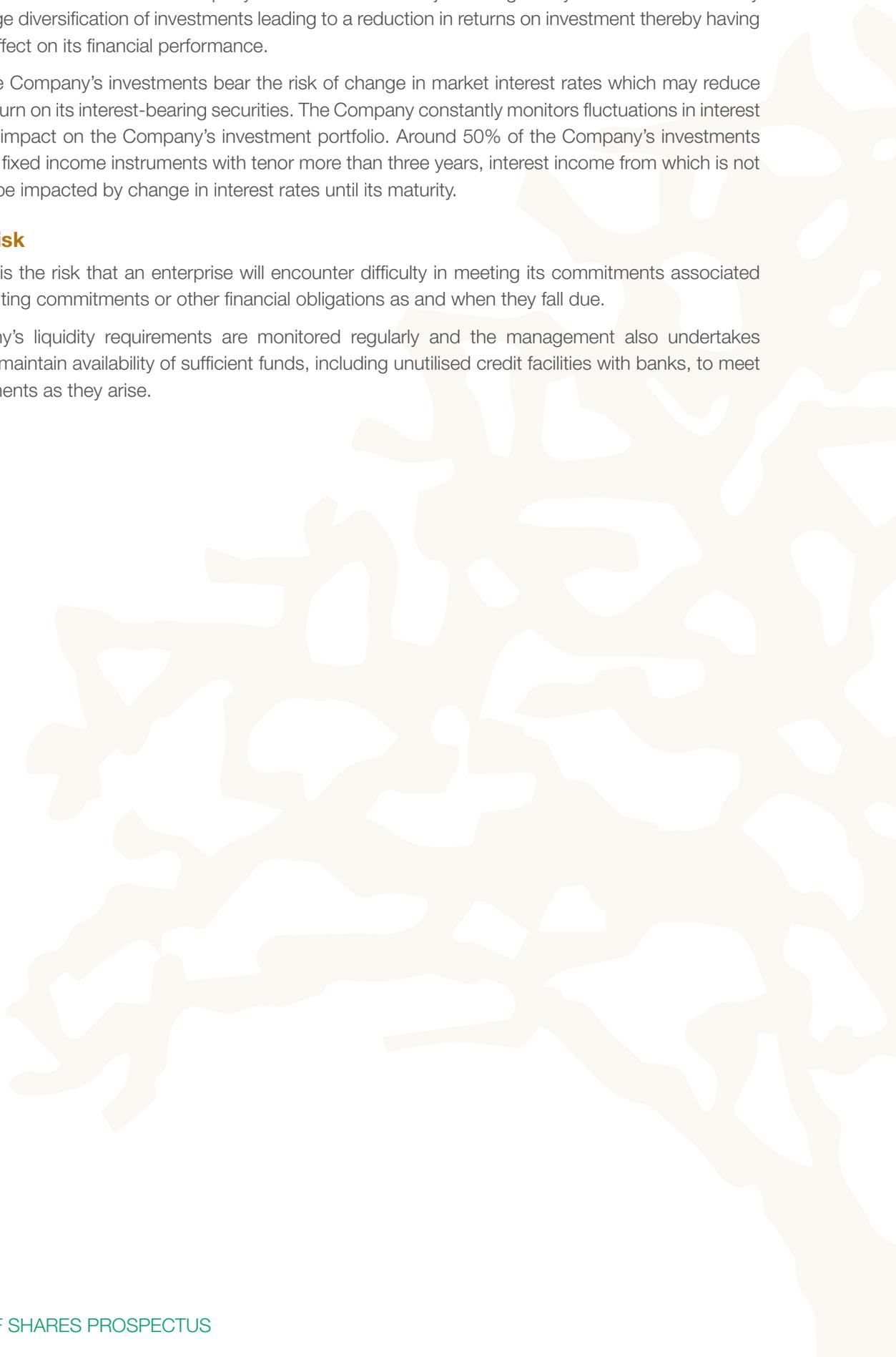
The operations and profitability of the Company will partly depend on the performance of its invested assets and interest income. An insurance company's investments are subject to regulatory restrictions which may hamper a large diversification of investments leading to a reduction in returns on investment thereby having an adverse effect on its financial performance.

Moreover, the Company's investments bear the risk of change in market interest rates which may reduce the overall return on its interest-bearing securities. The Company constantly monitors fluctuations in interest rates and its impact on the Company's investment portfolio. Around 50% of the Company's investments comprises of fixed income instruments with tenor more than three years, interest income from which is not expected to be impacted by change in interest rates until its maturity.

13.19 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in meeting its commitments associated with underwriting commitments or other financial obligations as and when they fall due.

The Company's liquidity requirements are monitored regularly and the management also undertakes measures to maintain availability of sufficient funds, including unutilised credit facilities with banks, to meet any commitments as they arise.



14 CORPORATE GOVERNANCE

14.1 Corporate Governance Structure & Philosophy

14.1.1 Corporate governance establishes the relationship and responsibilities between Shareholders, the Board of Directors and senior management of the Company through the structure of setting objectives, formulating strategies, controlling and monitoring performance whilst ensuring compliance with regulations and promoting a culture of transparency through disclosures and commitment to the highest ethical standards.

14.1.2 The respective roles and responsibilities of the Board and executive management team of the Company are, in large part, governed by provisions of the CCL, the Articles of Association, the Code and relevant circulars issued by the CMA.

14.1.3 The Board bears the principal responsibility of designing the Company's corporate governance policy as appropriate to the Company, within the broad framework prepared by the CMA. The Board may perform all acts necessary or useful for achieving the Company's corporate objectives with the exception of those acts that are prohibited by law or the Articles of Association or are explicitly reserved for the Shareholders to be decided at a General Meeting. The day-to-day management of the Company is performed by its executive management team.

14.2 The Board

14.2.1 Board of Directors

The Board has the full authority to perform all acts required for managing the Company as well as protecting and developing the Shareholders' interests pursuant to the Company's objectives in addition to securing the interests of other stakeholders. Such authority is not limited or restricted except as described in paragraph 14.1.3 above. However, such authority is not extended to the operational matters and day-to-day affairs of the Company, which remain the responsibility of the executive management.

The responsibilities and functions of the Board include the following:

- approving the business and financial policies of the Company and its estimated budget in order to achieve its objects as well as maintaining and enhancing the rights of its Shareholders;
- preparing, reviewing and updating from time to time the plans necessary for the accomplishment of the Company's goals and the performance of its activities in light of the objects for which it was incorporated;
- carrying out disclosure procedures of the Company and monitoring their application in accordance with regulations issued by the CMA;
- providing information to Shareholders in an accurate and timely manner in accordance with CMA disclosure regulations;
- appointment of the CEO or the general manager as well as appointment of key employees in the Company and specifying their competences and entitlements;
- appraisal of the performance of the officers mentioned in the preceding paragraph and appraisal of the work carried out by the committees formed by the Board and constituted according to Article 102 of the CCL;
- approval of the financial statements pertaining to the Company's business and the results of its activities which are submitted to it by the executive management every three months, so as to disclose its true financial position to the market;



- inclusion, in the annual report submitted to the General Meeting, of a reasoned affirmation of the Company's ability to continue to carry on the activities prescribed for it and to achieve its aims;
- appointment of the Board secretary; and
- inclusion, in the financial statements, a statement of all amounts which each director has received from the Company during the year, including such amounts as are paid to the Board of Directors in their capacity as officers of the Company.

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

- Make donations, except business donations if 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 purpose of achieving the Company's objectives.

The Company shall be bound by all acts performed by its Board of Directors, its Chairman, its Chief Executive Officer and all other executives (if any) as long as they act in the name of the Company and within the scope of their powers.

14.2.2 Current Board of Directors

No.	Name	Representing	Non-Executive	Independent/Non-Independent
1	Majid Sultan Said Al Toky	Self	Yes	Independent
2	Tariq Abdul Hafidh Salim Al Aujaili	Self	Yes	Non-Independent
3	Mohamed Masud Said Al Kharusi	Self	Yes	Independent
4	John Robertson Wright	Self	Yes	Independent
5	Sridhar Ganesan Panchapagasan	Self	Yes	Independent
6	Azhar Haroun Saleh Al Kindi	Self	Yes	Independent
7	Christos G. Patsalides	Self	Yes	Independent

Majid Sultan Said Al Toky – Chairman

Mr Al Toky is the Resident Managing Partner of the Oman office of Trowers & Hamblins, a leading international law firm. He worked for a period of 10 years at Petroleum Development Oman LLC as an in-house lawyer prior to joining Trowers & Hamblins. He is also an arbitrator, qualified under the UK Chartered Institute of Arbitrators, and has acted both as arbitrator and counsel on a number of high-profile arbitration proceedings in Oman. He was also a board member of the CMA, where he served for a period of six years and was elected a Chairman of Oman Society for Petroleum Services (OPAL), a society formed by companies engaged in oil and gas activities in Oman.

Tariq Abdul Hafidh Salim Al Aujaili – Vice Chairman

Mr Al Aujaili holds a Bachelor of Science degree in accounting and finance from the London School of Economics and Political Science and has extensive experience of directorship in public companies such as Bank Dhofar SAOG and Dhofar International Development & Investment Holding Company SAOG, where he is Deputy Chairman.

Mohamed Masud Said Al Kharusi

Mr Al Kharusi has a bachelor's degree in industrial mathematics and a master's in numerical and functional analysis. He started work as a Research Assistant in 1972 with the University of London. He joined the oil & gas industry in 1975 with Petroleum Development Oman in IT and was subsequently assigned in 1979 to Brunei Shell Petroleum as a systems analyst and returned in 1982 and progressed to the position of IT Manager in 1985. He was assigned to Shell International EP in the Netherlands as Head of Information Planning until 1999. He became the PDO HR Director in 1999 and spent a total of 30 years with Petroleum Development Oman LLC. After retirement in 2005, he joined Emirates National Oil Company (ENOC) in Dubai as Group HR Manager.

John Robertson Wright

Professor John Wright is an associate and Fellow of the Chartered Institute of Bankers in Scotland and a Fellow of the Chartered Institute of Bankers Ireland. Professor Wright's career in commercial banking spans over 44 years and includes assignments in the UK, India, Sri Lanka, West Africa, Canada, Hong Kong and the United States.

Sridhar Ganesan Panchapagasan

Mr Sridhar Ganesan has professional experience of over 35 years in India and the Middle East. He last served as Group General Manager – Corporate Banking and International Operations at Bank Muscat SAOG. He has held the position of General Manager of the Bank Muscat SAOG for the past seven years prior to which he has held several senior management positions in Bank Muscat SAOG since 1990. He is also on the board of a large oil field services company in Oman.

Azhar Haroun Saleh Al Kindi

Mr Al Kindi is currently the advisor to His Excellency, the Chairman of Oman Environmental Holding Company SAOC (Beah), and had served as the CEO of Beah from 2009-2012. As CEO, he formulated the National Waste Management Strategy of the Sultanate and steered Oman towards zero waste. He also served as the Executive Director for Civil Defence, Royal Oman Police. He was responsible for developing the Oman's first National Emergency Plan.

Christos G. Patsalides

Mr Patsalides is a Fellow of the Society of Actuaries and holds a Masters of Actuarial Sciences. He has over 24 years of experience in insurance industry and currently is the Group Chief Actuary and Risk Manager for Nest Investment (Holdings) Ltd.

14.2.3 Rules and Conditions for Election of Directors

The members of the Board are elected by the Shareholders. A Shareholder can be elected as a member of the Board or appoint a representative only if it owns at least 40,000 Shares. Election is through a secret ballot of Shareholders. Each Shareholder has a number of votes equivalent to the number of Shares he owns and has the right to utilize all his votes for one candidate or divide them amongst the candidates of his choice, provided the total number of votes is equal to the number of Shares he owns.

Appointments to the Board that do not follow the above procedure are null and void from the date of election and the Board of Directors must call a General Meeting to elect another member within a maximum of one month from the date of annulment. The Company shall have the right to demand compensation for any losses it suffers from the member and any other person who facilitated his or her appointment.

The duration of the Board membership is three years. Re-election is permitted for a similar period which begins on and from the date of the General Meeting at which the member was elected and ends on the date of the third annual General Meeting following the General Meeting at which the Board member was



elected. If the date of this General Meeting exceeds a period of three years, membership of the Board will be extended by law until the date of the General Meeting (but it must not exceed the period specified in Article 120 of the CCL for the holding of the annual General Meeting).

As far as the Board is aware, the restrictions stipulated by Article 95 of the CCL have been observed in relation to the election of the Board. These include the following:

- All the directors of the Board are of good standing and sound reputation.
- All the directors of the Board are at least 25 years of age.
- None of the directors of the Board are unable to settle their indebtedness to the Company.
- None of the directors of the Board have been declared insolvent or bankrupt.
- None of the directors of the Board have been convicted of a felony or dishonourable crime.
- None of the directors of the Board are members or representatives of a juristic person in more than four public joint stock companies based in the Sultanate.
- None of the directors of the Board are members of the board of directors of a public or closed joint stock company which is based in the Sultanate and which is carrying out similar objectives to that of the Company.
- Each director of the Board has presented an acknowledgement that contains a statement of the number of his Shares he owns if he is a Shareholder and that he will not dispose of them to the extent that he shall be deprived of his status as a Shareholder in the Company, throughout the term of his office.
- All of the Board members are non-executive directors. A non-executive director means a member of the Board who is not engaged in day-to-day management of the Company (i.e. he/she is not an employee), or who does not draw a monthly or an annual salary from the Company.
- A minimum of one third of the Board (subject to a minimum of two) are independent directors (as defined in the Code).
- A juristic person is not represented by more than one director on the Board.
- The roles of the Chief Executive Officer/General Manager and Chairman of the Company are not combined.

14.3 Remuneration of the Board

Total remuneration, including sitting fees, in respect of the Board of Directors for each of 2016 and 2017 are set out below:

No.	Name	Position	Total remuneration in 2016 (RO)	Total remuneration in 2017 (RO)
1	Majid Sultan Said Al Toky	Chairman	9,500	7,600
2	Tariq Abdul Hafidh Salim Al Aujaili	Deputy Chairman	8,700	7,600
3	Mohamed Masud Said Al Kharusi	Director	4,700	5,500
4	John Robertson Wright	Director	4,700	5,300
5	Ganesan Sridhar Panchapagasan	Director	8,200	9,600
6	Azhar Haroun Saleh Al Kindi	Director	4,700	5,500
7	H.E. Tahir Salim Al Amri *	Director	10,000	8,300
8	Christos G. Patsalides #	Director	0	0
Total			50,300	49,400

*Resigned as Board Member on 6th September 2017

Appointed as Board Member on 28th March 2018

13.4 Other Disclosures

Position held by directors of the Board and officers of the Company in subsidiary companies (if any)	Not applicable
Names of the Board of Directors who are shareholders in companies carrying out the same business as the Company	Not applicable
Disclosure of any direct and indirect interests of the Board of Directors and senior/executive management in the Company	Mr Tariq Al Aujaili has an indirect interest in the Company as his first- degree relative is a major shareholder in DIDIC.
Disclosure of the names of the Board of Directors and officers who are/were members of the board or senior/executive management of other public joint stock companies that had been liquidated or distressed within the last five years and the reasons for that.	Not applicable

14.5 Brief Profile of Senior Management

Deepak S. Kamath, Chief Operating Officer

Mr Kamath is an engineering graduate from a prestigious university in India. He worked for four years in his field of study before moving to the insurance industry in India in 1980 as a specialist engineering underwriter. Following this, he worked in Saudi Arabia, Bahrain, Dubai and Oman in different roles with primary responsibility in management, underwriting, claims and reinsurance. Prior to joining the Company, Mr Kamath worked for AXA Insurance for 16 years as Country Manager, Oman; Regional Complaints Manager, and Regional Technical Manager. Mr Kamath comes with a rich and diverse experience of 37 years in insurance, with over 34 years in the GCC.

Mr Omar Abdullah Al Shaikh, Deputy Chief Executive Officer

Mr Al Shaikh holds an MBA from the University of Southern Colorado, USA and a Bachelor of Science in Business Administration major in Management from the same university. Mr Al Shaikh was Finance Director of Shanfari & Partners Co LLC from 2001 to 2013 and currently serves as Chairman of Financial Services Co SAOG, Director, Dhofar International Development & Investment Co SAOG and Omani Vegetables Oil & Derivatives Co LLC.

Mr Masood Ali Khan, Vice President Technical

As an Associate of the Chartered Insurance Institute, London, Mr Khan has over 50 years of experience in the insurance industry. He worked in various capacities in the New India Assurance Company in India before moving to the Oman Branch of Gulf Insurance Company. He has been with the Company since inception.

Mr S B Malleswara Rao, Underwriting Manager

Mr Rao has over 30 years of experience in the general insurance industry in various capacities. Mr Rao's previous employments include United India Insurance Company in India and The Company for Co-operative Insurance (Tawuniya) in KSA. Mr. Rao is focussed on the development of commercial lines of business in the Company.



Mr Sekar Venkatachalam – Chief Financial Officer

Mr Sekar Venkatachalam has around 15 years of finance experience in the life and general insurance segment and last served as the Chief Financial Officer of Royal Sundaram General Insurance in Chennai, India. While he was working in India, he was also responsible for setting up the processes for another large insurance company in India. Mr Venkatachalam is a qualified chartered accountant and cost accountant.

Mr Prashant Chikhal – Head of Internal Audit

Mr Prashant Chikhal has served as Head of Internal Audit in Future Generali India Insurance Company. He last served as Chief Internal Auditor in Tata Motor Finance. Prashant is a qualified Chartered Accountant and holds additional qualifications from the Insurance Institute of India and is also a Certified Information Systems Auditor.

Mr Mehdi Al Harthy, Head of Retail & Services.

Mr Al Harthy holds an ACII degree from the Chartered Insurance Institute, an MBA from Strathclyde Business School and has more than 16 years of experience in the Omani insurance industry. He joined the Company after a brief period with a Saudi Arabian insurance company and prior to that served in the capacity of General Manager of Zurich Insurance Oman Branch.

Prior to Zurich, Mr Al Harthy worked for the Lebanese Insurance Company (Oman Branch) in the position of Development Manager before the Company eventually merged with Zurich in 2011. He had also worked for AXA Insurance (Gulf) – Oman Branch in several positions, the last being Relationship & Agency Manager. Mr Al Harthy started his career in Insurance as a management trainee with Norwich Union Insurance Company in 2001.

Mr Adil Hassan Al Lawati – General Manager, Corporate Sales and Marketing

Mr Adil Lawati has around 23 years of work experience in senior management positions with local and foreign insurance companies in Oman and the GCC. Mr Lawati last served as the Country Manager of Orient Insurance Company in Oman. He holds an advanced diploma in Insurance from the Chartered Insurance Institute, U.K in addition to several other qualifications.

Mr Tahir Ayub, Deputy General Manager, Reinsurance

Mr Ayub holds a master's degree in social sciences and is a law graduate. He started his professional career with the Company in 1990 and is currently the deputy general manager Reinsurance. Under his leadership the department has been able to design strong and profitable reinsurance programmes supported by top rated reinsurance markets to protect the Company. Mr Ayub has successfully built a cordial relationship with underwriters representing leading reinsurance companies in the regional and global markets.

Mr Sandeep Kumar Jain – Deputy General Manager (Life & Medical)

Mr Sandeep Kumar has around 24 years of insurance industry experience spanning across India, U.K and the GCC. He last served as Assistant General Manager (Life and Actuarial) in National General Insurance Company in Dubai, UAE. He is also a qualified actuary from the Society of Actuaries, USA.

14.5.1 Board Committees

The Board has the following three permanent Board committees, whose objectives, powers and procedures are governed by the terms of reference of the respective committees as enshrined in their charters, approved by the Board:

(a) Audit, Risk and Compliance Committee

Name	Designation
Azhar Haroun Saleh Al Kindi	Chairman
Sridhar Ganesan	Member
John Robertson Wright	Member
Christos G. Patsalides	Member

(b) Board Executive Committee

Name	Designation
Majid Al Toky	Chairman
Sridhar Ganesan	Member
Tariq Al Aujaili	Member

(c) Nomination, Remuneration and HR Committee

Name	Designation
Mohamed Masud Said Al Kharusi	Chairman
Majid Al Toky	Member
Tariq Al Aujaili	Member

Additional committees may be established from time to time based on business needs. Each committee has access to the information and resources it requires, including direct access to staff and consultants. The Board has selected the committee members based on their professional backgrounds, skills and other qualities they bring to the committees.

14.5.2 Roles of Board Committees

Terms of Reference of Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee (**ARC**) is a sub-committee of the Board and as such assists the Board to discharge its responsibilities of oversight and governance in relation to the financial reporting process, the system of internal control, the audit process and the Company's process for monitoring compliance with the applicable Laws.

In addition, the ARC is responsible for making recommendations to the Board of Directors on the risk appetite of the Company in relation to insurance risk, credit risk, market risk, operational risk, information risk and business continuity management with a focus on the Company's policy framework.

The objective of the committee is to assist the Board in discharging its responsibilities in relation to the following responsibilities of the Company:

- regulatory reporting of financial information;
- application of accounting policies;
- internal control systems;
- implementation of a risk strategy and policy in addition to ensuring that a robust risk framework is in place within the Company; and
- establishment and management of compliance procedures over regulatory and legal requirements.



Terms of Reference of Board Executive Committee

The Board Executive Committee (**EXCO**) aids the Board in discharging its responsibility to guide and oversee the executive management of the Company in matters related to the business, administration and management activities of the Company. The main purpose of the EXCO is to actively facilitate and engage in overseeing the management of the Company, consistent with good corporate governance principles.

Functions and Responsibilities

The EXCO's responsibilities include review and recommendation to the Board for approval, and/or approval subject to confirmation and ratification of the Board, of the following:

- a) Review of annual business plans, capital expenditure and performance targets.
- b) Review and monitoring the performance of the investment portfolio.
- c) Resources and delegated authority matrix.
- d) Monitoring the work of management to ensure that the business is properly managed according to the Company's objectives and ensuring compliance with Laws and regulations issued by the CMA.
- e) Management information systems, IT infrastructure and operating policies and procedures.
- f) Customer service and quality.
- g) Performance of product lines, branches and delivery channels.
- h) Profitability of underwriting and approval of large risks.
- i) Reinsurance agreements and arrangements.
- j) CSR initiatives and execution thereof.
- k) Communication, internal and external, and advertising and promotion.
- l) Claims and legal proceedings by/against the Company.

Terms of Reference of Nomination, Remuneration and HR Committee

The principal role of the Nomination, Remuneration and HR Committee is to effectively manage Board and Board Committee appointments as required and to review the effectiveness of the Board on an annual basis. Further, the Committee are tasked with reviewing and approving any remuneration-based policy of the company including, and not limited to, senior management pay, company bonus schemes, company pay-rises, sales commission schemes, long term incentive plans and any changes to the HR policy.

The Nomination, Remuneration and HR Committee is responsible for the following issues:

- a) Recommend to the Board of Directors appointments to the Board in accordance with the approved policies and standards. The Committee shall ensure that no person who has been previously convicted of any offence affecting honour or honesty is nominated for such membership.
- b) Annual review of the requirement of suitable skills for membership of the Board of Directors and the preparation of the description of the required capabilities and qualifications for such membership.
- c) Review the structure of the Board of Directors and recommend any amendments to this.
- e) Determine the points of strength and weakness in the Board of Directors and recommend remedies that are compatible with the company's interest.
- f) Ensure on an annual basis the independence of the independent members and the absence of any conflict of interest in case a Board member also acts as a member of the Board of Directors of another company.

- g) Draw clear policies regarding the indemnities and remunerations of the Board member and top executives; in laying down such policies, the standards related to performance shall be followed.
- h) Prepare an annual report as to the remuneration granted to Board members and members of subordinate committees to be included in the annual report of the Company.
- i) Review on an annual basis the levels of salaries, incentives and remuneration at the end of service as well as recommendation thereof for the Board of Directors.
- j) Evaluate the CEO according to laid-down purposes and objectives by the Board of Directors.
- k) Set and approve the CEO and his direct reports' compensation and rewards.
- l) Approve the overall annual performance bonus scheme for the company as well as its resultant cost every year.
- m) Review and agree sales commission schemes.
- n) Approve Long Term Incentive Plans for senior executives.
- o) Approve long term incentive payments for senior executives.
- p) Set and agree company and personal targets in relation to direct pay of bonuses and long term incentives.
- q) Approve proposed succession plans for key positions.
- q) Approve HR policies and procedures..

14.6 Compliance with Regulatory and Control Requirements

As disclosed in Chapter 8 of this Prospectus, the CMA had in its regulatory findings report of April 2016 identified several regulatory and procedural violations by the Company. Since then, the new Board elected in March 2016, has undertaken and continues to undertake substantial steps to rectify the issues. A few examples of the issues identified by the CMA and remedial actions undertaken by the Board are listed below:

No.	Matter	Remedial action
1.	Payment of special bonus, excess allowances	These payments were investigated and excess payments have been recovered by the Company.
2.	Absence of an appropriate financial authority matrix	The financial authority matrix has been amended and approved by the Board. Amongst other changes, the new financial authority matrix ensures that there is no centralisation of authority in the hands of a few individuals with the intent to safeguard Company's interests.
3.	Reinsurance agreements	The Company has negotiated new reinsurance agreements containing better terms and conditions which are expected to be beneficial for the Company.
4.	Incorrect property valuation	The external auditors of the Company had raised concerns regarding the carrying value of the Company's investment in real estate. These investments have subsequently been revalued by a Tier-1 external property consultant.

14.7 Channels of Contact for Shareholders and Investors

The financial statements of the Company are available in digital form at the MSM website, www.msm.gov.om. The quarterly, half yearly and annual results of the Company are published in two national daily newspapers, one in English and one in Arabic.



15 RIGHTS & LIABILITIES OF SHAREHOLDERS

This section summarizes the rights and liabilities of shareholders in an Omani public joint stock company. The description provided hereinafter is only a summary and it does not purport to give a complete overview of either the rights and liabilities of Shareholders or the relevant provisions of the Law. Additionally, this section should not be considered as legal advice regarding these matters. A copy of the Articles of Association is available at the corporate office of the Company.

15.1 Shareholders' Liability

The liability of a Shareholder shall be limited to the payment of the value of the Offer Shares it subscribes for and it shall not be responsible for the debts of the Company except within the limits of the par/nominal value of the Shares that it subscribes for.

15.2 Shareholders' Rights

All the Shares shall enjoy equal and inherent rights in the ownership thereof, which in accordance with the CCL are:

- a) the right to receive dividends declared by the General Meeting;
- b) the preferential right of subscription for new Shares;
- c) the right to share in the distribution of the Company's assets upon liquidation;
- d) the right to transfer Shares in accordance with the applicable law;
- e) the right to inspect the Company's balance sheet, profit and loss statements and register of Shareholders;
- f) the right to receive notice of and the right to participate and vote in all General Meetings in person or by proxy (each Shareholder will have one vote for each ordinary share owned);
- g) the right to apply for annulment of any resolution made by the General Meetings or the Board of Directors which is contrary to law or the Articles of Association or other internal regulations of the Company;
- h) the right to institute actions against the directors and auditors of the Company on behalf of the Shareholders or on behalf of the Company pursuant to Article 110 of the CCL; and
- i) the right to approach the CMA (provided that the move is supported by Shareholders who own at least 5% of the Shares), to suspend resolutions of the General Meeting which are passed in favour of or against any category of Shareholders or in the interests of the members of the Board or others.

15.3 Ownership and Transfer of Shares

Ownership and transfer of Shares shall be entered in the registers of the MCDC. The transfer of ownership shall also be entered in the registers which shall list the name and nationality of each Shareholder as well as its place of residence, the quantity of Shares he holds and their shareholder identification numbers. In the case of death of a Shareholder, the person whose name stands next in the register, where the deceased was a joint holder, shall be deemed by the Company to be the representative of the joint owners of the Shares. If the deceased was a sole holder, his/her legal personal representatives shall be the only persons recognized by the Company as having any title to his/her Shares, but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been held jointly by him/her with other persons.

15.4 Reports and Statements to be sent to the Shareholders

Within two months from the end of the financial year, the Board of Directors shall prepare the balance sheet of the Company and a statement containing the Company's profit and loss account after they have been audited by the Company's auditors. The Board shall also prepare a report on the Company's operations during the preceding year and on the net profits proposed to be distributed. A copy of the balance sheet, the report of the Board of Directors and the report of the auditors shall, likewise, be sent to each Shareholder together with the invitation to attend the meeting of the ordinary annual General Meeting. The annual financial statements will also be disclosed through the electronic transmission system hosted on the MSM website.

The Board of Directors must also prepare unaudited quarterly financial statements for the first, second and third quarters of each Financial Year. These statements must also be disclosed through the electronic transmission system of the MSM website.

The Company must also publish the unaudited quarterly financial statements as directed by the CMA.



16 SUBSCRIPTION CONDITIONS & PROCEDURES

16.1 Eligibility for the Subscription of the Offer Shares

The subscription to the Rights Issue is open to the Shareholders appearing on the Company's register with the MCDC as at the Record Date and to those persons who have bought rights through the MSM. Every Shareholder is entitled to subscribe to the Rights Issue, provided they own Shares as at the Record Date and/or they have purchased rights through the MSM. It is pertinent to mention here that it is permissible for foreign individuals/corporates to own Shares to an extent of 49% of the total paid-up share capital of the Company, in accordance with the Articles of Association and the applicable law.

Every Shareholder may subscribe for a number of Offer Shares that is equal to one Offer Share for every 5 Shares currently held by the Shareholder as at the Record Date, duly rounded to the nearest whole number.

The Rights Entitlement will be listed on the MSM and can be sold or purchased through the MSM.

16.2 Issue Period and Price

The Issue Period shall commence on 31 May 2018 and end on 14 June 2018 (both days inclusive) with the end of the official working hours of the Collecting Bank. The entitlement to the Rights Issue will lapse if valid application is not made.

Issue Price – Bzs 100 per share (equivalent to the nominal value of Bzs 100).

16.3 Trading of Rights Entitlement

The Rights Entitlement of a Shareholder to subscribe for the Offer Shares of the Company is tradable on the MSM in accordance with the applicable Laws. Such Rights Entitlement can be traded i.e. bought and sold during the trading period. The buyer of such Rights Entitlement shall contact and coordinate with the Issue Manager or the Collecting Bank to collect the requisite application form, fill it in and submit it to the Collecting Bank, together with application money and required documents, on or before the Issue Closing Date, in accordance with the terms contained in this Section. Unexercised Rights Entitlement shall lapse at the end of the Issue Period.

16.4 Private Placement of Unsubscribed Offer Shares

The Unsubscribed Shares shall be allotted to the following Investor Shareholders in the agreed percentages:

Investor Shareholder name	Percentage of the Unsubscribed Shares to be allotted	Price per Share
DIDIC	50	100 Bzs
Muscat Overseas LLC	50	100 Bzs

Each Investor Shareholder shall pay its share of the subscription amount for the Unsubscribed Shares on the same day it is notified of the subscription amount payable for its portion of the Unsubscribed Shares.

The decision of the Issuer, in consultation with the Issue Manager and the CMA, shall be final and binding in respect of the allotment of Shares and the Unsubscribed Shares.

The following is a working example using illustrative numbers to elaborate on the allotment of Shares:

Particulars	Shares
Right Issue Offer	100,000,000
Subscription	75,000,000
Unsubscribed	25,000,000
Private placement of shares to Investor Shareholders	25,000,000

16.5 Subscription on behalf of Minor Children

16.5.1 An applicant of age less than 18 years as on the Record Date will be considered a minor.

16.5.2 Only a father may subscribe on behalf of his minor child(ren).

16.5.3 If a subscription is made on behalf of a minor by any person other than the minor's father, the person submitting the Subscription shall be required to attach a valid Sharia (Legal) Power of Attorney notarized and attested by the competent authorities authorizing him to deal in the funds of the minor through sale, purchase and investment.

16.6 Particulars of the Bank Account

16.6.1 Each Applicant is required to furnish the particulars of his bank account, which must be registered in the Applicant's name. The Applicant must not use the bank account number of any other person, except in the case of minor children, which may contain the father's bank account details.

16.6.2 If the bank account of the Applicant is registered with a bank other than the one receiving the subscription, he shall be required to submit a document evidencing correct bank account particulars as provided for in the Application Form. This can be done by submitting any document from the bank of the Applicant furnishing therein the number and name of the account holder, such as the upper portion of the account statement issued by the bank containing these particulars only, a letter or any document issued by the said bank containing the said information, or a copy of the bank card (ATM/Debit) where such particulars are clearly stated. The Applicant shall ensure that the evidence submitted is readable in a clear manner, containing the number and full name of the account holder. The Applicant is not required to submit any evidence with regard to correctness of his bank account if he is subscribing through the bank in which he maintains his account. In this case, the Collecting Bank shall be required to verify and confirm the correctness of the Applicant's account through its specific system and procedure or through the evidence submitted to it by the Applicant.

16.6.3 In accordance with the instructions issued by the CMA, the particulars of the bank account referred to above shall be recorded in the registers of the MCDC. This shall be used for the transfer of excess funds of the subscription and distribution of any dividends payable to the Shareholder. Whereas, with regard to the Applicants who have their bank accounts currently registered with the registers of the MCDC, the bank account number provided for in the Application Form for the subscription would be utilized only for the purpose of transfer of the excess sums.

16.6.4 An Application containing the bank account number of a person other than the Applicant shall be rejected, with the exception of the applications made on behalf of minors that contain bank account particulars of their fathers.

16.7 Documentation Required

16.7.1 Copy of a valid civil identity card/valid resident card or valid passport.

16.7.2 Submission of a document confirming correctness of the bank account number as provided for in the Application Form for subscription in one case only, being subscription through a bank other than the one with which the Applicant has his account.

16.7.3 Copy of a valid power of attorney duly endorsed by the competent legal authorities in the event the subscription is on behalf of another person (with the exception of the subscription made by a father on behalf of any minor).

16.8 Mode of subscription

16.8.1 The Applicant shall be responsible for furnishing all his particulars, ensuring correctness and validity of the information provided for in the Application Form, while emphasizing on it that the bank receiving



the subscription has been instructed to accept the applications for subscription that comply with all the requirements as provided for in the Application Form and this Prospectus.

16.8.2 The Applicant shall be required, before filling in the Application Form, to peruse this Prospectus and read the conditions and procedures governing the subscription with all due care and diligence.

16.8.3 Only the original Application Form (with pre-printed details) sent to eligible Shareholders should be used. Photocopies of Application Forms will not be accepted. If any eligible Shareholder does not receive the Application Form, such person must contact the Issue Manager or the Collecting Bank sufficiently in advance of the Subscription Closing Date to obtain a duplicate Application Form. Applicants submitting the duplicate Application Form should not use the original application form, even if it is received/subsequently found. In case of violation of this requirement, both the Application Forms may be rejected.

16.8.4 Non-shareholders who validly purchase the Rights Entitlement in the MSM during the Subscription Period should contact the Issue Manager and submit a copy of their purchase invoice issued by their broker or statement of account issued by MCDC showing their holding of the Rights Entitlement. The Issue Manager will issue an Application Form to such Applicants. Only the Application Form issued by the Issue Manager should be used by such Applicants.

16.8.5 The Applicants are required to fill in the Application Form for the subscription and furnish all their particulars including the Shareholder number available with MCDC, civil number/passport number, date of birth in case of minor children and contact phone number.

16.8.6 Applicants are required to confirm the details provided by signing off the Application Form. In the case of minors, only the father may sign on the Application Form, on its behalf.

16.8.7 The Applicant shall submit the Application Form to the Collecting Bank and make the full payment towards the Offer Shares applied as specified in this Prospectus and ensure that the documents in support of the information furnished (referred to above) are enclosed.

16.8.8 If any overseas Applicant wishes to subscribe to the Rights Issue, he must pay in Rial Omani. Such Applicant must ensure that its Application Form and application money is received by the Collecting Bank within the Subscription Period.

16.8.9 Payment of the value of the subscription, if done by cheque, shall be in favour of "Dhofar Insurance Rights Issue".

16.8.10 In case of payment through bank transfer or by cheque, the Applicant is responsible for ensuring the successful transfer of the subscription amount to the Collecting Bank within the Subscription Period and, in the case of bank transfer, the acknowledgement copy has to be attached with the Application Form.

16.9 Collecting Bank receiving the Subscription

16.9.1 Application Forms shall be accepted by the Collecting Bank during its official working hours only.

16.9.2 The Collecting Bank shall be required to accept Application Forms after confirmation of compliance with the procedures and requirements as provided for in this Prospectus and the applicable Laws.

16.9.3 The Collecting Bank must instruct the Applicants to comply with and fulfil any requirements that appear in the Application Form before submission.

16.9.4 The Applicant shall be responsible for submission of his Application Form with full payment to the Collecting Bank before the Subscription Closing Date. In this regard, the Collecting Bank shall have the right not to accept any Application Form that reaches it after the official working hours on the Subscription Closing Date.

16.10 Acceptance of the Applications for Subscription

The Collecting Bank shall neither receive nor accept the Application Forms from Applicants under the following circumstances:

- a) the Application Form does not bear the signature of the Applicant, with the exception of fathers who subscribe and sign on behalf of its minor(s);
- b) in the event of a failure to pay the value of the Offer Shares (including Additional Shares applied for) subscribed in accordance with the conditions provided for in this Prospectus;
- c) if the value of the Offer Shares subscribed for is paid by cheque and if the same is dishonoured for whatever reason;
- d) if the Application Form for subscription does not bear the Shareholder number, available with the MCDG;
- e) if the Shareholder number furnished in the Application Form is noted to be incorrect;
- f) if the Applicant submits more than one Application Form in the same name, all of them shall be rejected;
- g) if the supporting documents referred to in the Prospectus are not enclosed with the Application Form;
- h) if the Application Form does not contain all the particulars of the bank account of the Applicant;
- i) if all the particulars of the bank account held by the Applicant as provided for in the Application Form are noted to be incorrect;
- j) if the particulars of the bank account provided for in the Application Form are found to be not relevant to the Applicant, with the exception of the applications submitted in the name of any minor(s), who are allowed to make use of the particulars of the company accounts held by their father;
- k) in case of failure to have the powers of attorney attached with the Application Form as provided for in this Prospectus in respect of the person who subscribes and signs on behalf of another person (with the exception of a father who subscribes on behalf of his minor children);
- l) if the Application Form does not comply with the legal and organizational requirements as provided for in the Prospectus;
- m) if the Application Form is not the original form sent by the Company or a form which is not duly issued and stamped by the Issue Manager;
- n) if the Application Form is not complete or any information provided in it is found to be incorrect.

If the Collecting Bank observes, after receipt of the Application Form and before expiry of the Issue Period prescribed for handing over of the Application Form in a final manner to the Issue Manager, that the application has not complied with the legal requirements as provided for in this Prospectus, due effort would be taken for contacting the Applicant so as to correct the mistake detected. In the event the Applicant fails to have the mistake corrected within the period referred to, the Collecting Bank shall be required to return the Application Form for the subscription together with the Subscription Price before the Subscription Closing Date.

16.11 Refusal of Applications

The Issue Manager may reject the applications under any of the conditions referred to above, after securing the approval of the CMA and submission of a comprehensive report furnishing the details of the applications that are required to be rejected and reasons behind such rejection.



16.12 Enquiry and Complaints

The Applicants who intend to seek clarification or file complaints with regard to the issues related to the allotment or rejected applications or refund of the funds in excess of the subscription may contact the branch of the Collecting Bank where the Application Form was submitted. In case of no response from the branch, the Applicant may contact the person concerned as follows:

Dhofar Insurance Company SAOG

Name: Younis Al Salti

Address: PO Box 1002, Postal Code 112, Muttrah Muscat, Oman

Phone: +968 24705305 Ext : 124, E-Mail: younis@dhofarinsurance.com

If the Collecting Bank fails to arrive at a solution or settlement with the person who has subscribed for the Offer Shares, it shall refer the subject matter to the Issue Manager, and keep the Applicant posted of the progress and development in respect of the subject matter of the issue. The Applicant shall also keep in contact with the Company in order to remain updated as to the status of his Application.

Collecting Bank's Contact Details

Name: bank muscat SAOG

Address: P.O. Box 134, Postal Code 112, Ruwi, Sultanate of Oman

Contact person : Ihsan Al Zadjali

Phone: +968 2476 7271, E-Mail: ihsan@bankmuscat.com

Issue Manager's Contact Details

Name: bank muscat SAOG

Address: P.O. Box 134, Postal Code 112, Ruwi, Sultanate of Oman

Contact person : Ghada Al Jufaili

Phone: +968 2480 1285, E-Mail: ghadaj@bankmuscat.com

16.13 Restrictions on Shareholding

Shareholders are required to comply with the provisions of the CML and any other directives or regulations issued by the CMA from time to time regarding limits on shareholding in SAOGs. Allotment of the Offer Shares and Unsubscribed Shares through this Rights Issue and Private Placement will be in compliance with the applicable law. Any Shareholder whose shareholding is found to be in breach of the limits imposed by the CML will not be allotted any Offer Shares to that extent and the subscription money will be refunded accordingly.

The Company undertakes to comply with the shareholding limits stipulated by the applicable Laws and allotment of shares from the Rights Issue and Private Placement shall be subject to the relevant Laws.

16.14 Allotment

The Applicant, upon the announcement of the allotment in the MSM, shall ensure that the Offer Shares are allotted to him/her from the MCDC.

16.15 Responsibilities of Shareholders/Applicants in Rights Issue

16.15.1 A Shareholder who wishes to sell his Rights Entitlement through the MSM will lose his right to subscribe for the Offer Shares to that extent.

16.15.2 An investor who buys the rights listed in the MSM should exercise his right to subscribe for the Offer Shares through submitting his Application Form (which is obtained from the Issue Manager) to the Collecting Bank before the Subscription Closing Date.

16.16 Responsibilities and Liabilities

The responsibilities and the liabilities of the Issue Manager, Collecting Bank and MCDC shall be in accordance with the responsibilities as specified by the CMA. They should also comply with other responsibilities of the agreement entered into between them and the Company. If appropriate, all responsible parties shall compensate others for damages resulting from any negligence in performing their duties. The Issue Manager shall coordinate with the regulatory authorities in order to take all necessary actions and procedures in this regard.

16.17 Proposed Timetable

The following table shows the expected time schedule for completion of the Rights Issue:

ACTIVITY	DATE
Approval of Prospectus by CMA	10 May 2018
Date of publication of announcement: After approval of this Prospectus, at least five working days before the Record Date, the Issuer must publish an advertisement approved by the CMA in two daily newspapers, at least one of them to be an Arabic daily, for two consecutive days, notifying the Shareholders and other investors of the Rights Issue. The advertisement must include a summary of this Prospectus, including the volume and ratio of the increase in the capital, Issue Price, the Record Date, Collecting Bank, Subscription Period and the period for the trading of the Rights Entitlement.	12, 13 May 2018
Record Date: Shareholders registered in MCDC records as at this date are eligible for subscription to the Rights Issue as holders of the rights.	17 May 2018
Service of notices on the shareholders: At least three days before the date set for the exercise of the rights, the Issue Manager shall send written notices to each Shareholder at the address recorded in the shareholders record advising of the Rights Issue together with an approved copy of this Prospectus and an application form. The notice must specify the number of shares that may be subscribed for, the period of subscription under such Rights Issue or the assignment of the rights, which period shall not be less than 15 days from the date of publication as provided for by Article 83 of the Commercial Companies Law.	22 May 2018
Listing of the Rights Entitlement: The Issuer and the Issue Manager in collaboration with MCDC and MSM carry out the procedures for listing of the rights for trading on MSM within five (5) working days from the Record Date. A record of holders of the rights shall be prepared for the purposes of the trading of the rights within the specified period. The rights shall be separated from the Shares and shall be traded separately.	24 May 2018
Date of commencement of subscription (Issue Open Date): This date shall not be less than fifteen 15 days from the date of publication of the notice of the Rights Issue. Application Forms will be issued directly to the Shareholders, but duplicate Application Forms may be obtained from the Collecting Bank or Issue Manager.	31 May 2018
End of trading of the Rights Entitlement	7 June 2018
End of Subscription Period (Issue Close Date): After this date, the Issue Manager shall collect the list of subscriptions from the Collecting Bank, verify the subscription list, match it with the rights holders' record and process the allotment of Shares.	14 June 2018
Listing and allotment: The new Shares shall be allotted and listed on the MSM within 15 days of the closure of the subscription period.	3 July 2018



17 UNDERTAKINGS

17.1 Dhofar Insurance Company SAOG

The directors of the Company jointly and severally confirm that, to the best of their knowledge:

- a) The information provided in this Prospectus is true and complete.
- b) Due diligence has been taken so as to avoid omission of any important facts or information that would have made the expressions in this Prospectus misleading.
- c) All the provisions set out in the CML as amended and the CCL and the rules and regulations issued pursuant to them have been complied with.

Signed on behalf of the Board of Directors:

Name

Signature

Azhar Haroun Saleh Al Kindi

Sd/-

Sridhar Ganesan

Sd/-

17.2 Issue Manager

In accordance with the responsibilities assigned to us pursuant to the provisions laid down in Article 3 of the CML, Executive Regulations and instructions issued by the CMA, we have reviewed all the relevant documents and other material required for the preparation of this Prospectus pertaining to the Rights Issue.

The Board of Directors of Dhofar Insurance Company SAOG shall bear the responsibility for the validity and correctness of the information provided in this Prospectus, and they have confirmed that no material information has been omitted from it, the omission of which would render this Prospectus misleading.

We do confirm that we have taken necessary due care as required by our profession with regard to this Prospectus that it has been prepared under our supervision. On the basis of the review work referred to above and discussions held with the Issuer, its directors, officials and other related parties with regard to the subject matter of the Issue and contents of the documents submitted to us, we confirm that:

- a) We have taken necessary and reasonable care to ensure that the information given to us by the Issuer and contained in this Prospectus is consistent with the facts available in the documents and other material pertaining to the Issue.
- b) To the best of our knowledge and on the basis of our perusal and information given to us by the Issuer, the Issuer has not omitted any material information, the omission of which would render this Prospectus misleading.
- c) This Prospectus and the Issue to which it relates is consistent with all the rules and terms of disclosure stipulated for in the CML, the Executive Regulations and prospectus models applied by the CMA and is in conformity with the Commercial Companies Law and decisions issued in this regard.
- d) The information contained in this Prospectus in Arabic (with its unofficial translation in English) is correct, reasonable and adequate as per our perusal to assist the investor/Applicants in taking an appropriate decision whether or not to invest in the securities offered.

Signed for and on behalf of **Bank Muscat SAOG**

Name

Signature

Abdullah Al Hinai

Sd/-



17.3 Legal Advisor

The Legal Advisor, whose name appears below, hereby confirms that all the procedures undertaken with regard to the offering of the securities the subject matter of this Prospectus are in line with the laws and legislation related to the Issuer's business, the Commercial Companies Law, the CML, dispensations issued by the CMA and the regulations, and directives issued pursuant to them, the requirement and rules for the issue of securities issued by the CMA, the Articles of Association of the Issuer and the resolutions of the General Meeting and Board of Directors of the Issuer. The Issuer has secured all the consents and approvals of the official authorities required to carry out the activities which are the subject matter of this prospectus.

Signed for and on behalf of **Dentons & Co. Oman Branch**

Name

Signature

Dali Al Habboub

Sd/-

