MUSCAT NATIONAL HOLDING COMPANY SAOG
NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017

1 Legal status and principal activities

Muscat National Holding Company SAOG (the Parent company) is registered as a public joint stock company in the Sultanate of Oman. The conversion of Muscat Insurance Company SAOG (established on 16 January 1995) to Muscat National Holding Company SAOG was confirmed by the Administrative Order No. 1/99, dated 10 January 1999, of the Ministry of Commerce & Industry, Sultanate of Oman. The principal activity of the Parent company is dealing with investment including to hold 100% of the group's subsidiaries.

The Parent Company is planning to restructure its fully owned subsidiaries in order to comply with provisions of amendments to Oman's Insurance Companies Law to bring its share capital to RO 10 million by August 2017. Accordingly, the subsidiaries intend to merge with the Parent Company by transferring their assets and liabilities, as well as the licenses to underwrite general and life insurance businesses. The restructuring plan has been initially approved by the CMA and will be submitted to the shareholders for their approval at Extra Ordinary General Meetings. The restructuring is expected to complete in the second quarter of 2017.

Muscat National Holding Company SAOG and its subsidiaries (the Group) operate in the Sultanate of Oman.

The unaudited condensed interim consolidated financial statements include the financial position, financial performance and cashflows of the parent company and its subsidiaries:

	Shareholding %	Shareholding %	**Number of shares held**	
	Unaudited	Audited	**Unaudited**	Audited
	31 March 2017	31 December 2016	**31 March 2017 RO**	31 December 2016 RO
Muscat Insurance Company SAOC	**99.99%**	99.99%	**5,350,000**	5,350,000
Muscat Life Assurance Company SAOC	**99.99%**	99.99%	**5,200,000**	5,200,000

Muscat Insurance Company SAOC

Muscat Insurance Company SAOC is a closely held joint stock company incorporated in the Sultanate of Oman and is engaged in the business of general insurance.

Muscat Life Assurance Company SAOC

Muscat Life Assurance Company SAOC is a closely held joint stock company incorporated in the Sultanate of Oman and is engaged in the business of life assurance.

2 Summary of significant accounting policies

2.1 Basis of preparation

The condensed interim consolidated financial statements for the three month period ended 31 March 2017 has been prepared in accordance with IAS 34, 'Interim Financial Reporting' and in compliance with the applicable requirements of the Commercial Companies Law of 1974, as amended, and the Insurance Companies Law of 1979, as amended, of the Sultanate of Oman.

MUSCAT NATIONAL HOLDING COMPANY SAOG
NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017 (continued)

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

The unaudited condensed interim consolidated financial statements comprise the consolidated statements of comprehensive income, financial position, changes in equity and cash flows of Muscat National Holding Compnay SAOG and its subsidiaries. All inter-company balances and transactions and unrealised profits arising from intra-group transactions are eliminated.

The interim consolidated financial statements do not include all the information required for full annual financial statements and therefore, should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards (IFRSs).

The unaudited condensed interim consolidated financial statements have been prepared on a going concern basis and using the historical cost convention. The historical cost convention has been modified to include the measurement of fair value of investments carried at fair value through profit or loss, available-for-sale investments and held for trading investments.

The condensed interim consolidated statement of financial position is presented in descending order of liquidity, as this presentation is more appropriate to the Group's operations.

Information on future accounting developments and their potential effect on the consolidated financial statements of the Group are provided in the annual financial statements for the year ended 31 December 2016.

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning on 1 January 2017 which have a material impact on the condensed interim consolidated financial statements.

3 Critical estimates and judgements

The preparation of unaudited condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these unaudited condensed interim consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied in the preparation of consolidated financial statements of the Group for the year ended 31 December 2016.

4 Financial risk factors

The Group's activities expose it to a variety of financial risks: Market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the annual consolidated financial statements as at and for the year ended 31 December 2016. There have been no changes in the risk management policies since year end.

MUSCAT NATIONAL HOLDING COMPANY SAOG
NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017 (continued)

5 Fair values estimation

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and / or disclosure purposes based on the following methods.

When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

For investments traded in organised financial markets, fair value is determined by reference to stock exchange quoted market prices at the close of business on the reporting date, adjusted for transaction costs necessary to realise the asset. Fair value of unquoted investments is based on valuation techniques used by the Group. The fair value of trade and other receivables is estimated at the present value of future cash flow, discounted at the market rate of interest at the reporting date. The fair values of the Group's financial assets and liabilities are not materially different from their carrying values as of the reporting date.

6 Underwriting results

This is analysed as follows:

	Unaudited	Unaudited
	For the three month period ended 31 March 2017 RO	For the three month period ended 31 March 2016 RO
Revenue		
Gross written premiums arising from insurance contracts issued	**7,335,225**	5,684,282
Movement in unearned premiums	**(3,224,046)**	(2,307,487)
Insurance premium revenue	**4,111,179**	3,376,795
Premiums ceded to reinsurers on insurance contracts issued	**(5,871,960)**	(3,994,660)
Movement in unearned premiums	**3,258,280**	1,903,483
Insurance premium ceded to reinsurers	**(2,613,680)**	(2,091,177)
Gross insurance claims and loss adjustment expenses	**(2,271,008)**	(1,882,733)
Insurance claims and loss adjustment expenses recovered from reinsurers	**1,147,634**	891,077
Net claims incurred	**(1,123,374)**	(991,656)
Commission income	**570,269**	466,739
Commission expense	**(70,424)**	(38,186)
Underwriting results	**873,970**	722,515

MUSCAT NATIONAL HOLDING COMPANY SAOG
NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017 (continued)

6 Underwriting results (continued)

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

	Unaudited		Unaudited	
	For the three month period ended 31 March 2017		For the three month period ended 31 March 2016	
	Net written Premium	**Underwriting results before reinsurance recoveries**	Net written premium	Underwriting results before reinsurance recoveries
	RO	**RO**	RO	RO
Motor	**1,200,329**	**(378,013)**	1,026,868	(333,895)
Fire	**3,501**	**121,967**	5,052	47,607
Marine	**7,851**	**12,621**	6,603	21,580
Engineering, accident and others	**54,819**	**105,966**	56,579	107,505
	1,266,500	**(137,459)**	1,095,102	(157,203)

The life business underwriting results are analysed as follows:

	Unaudited		Unaudited	
	For the three month period ended 31 March 2017		For the three month period ended 31 March 2016	
	Net written premium	**Underwriting result before reinsurance recoveries**	Net written premium	Underwriting result before reinsurance recoveries
	RO	**RO**	RO	RO
Group life and group credit life	**91,709**	**(34,052)**	74,317	(5,499)
Medical	**105,056**	**131,985**	520,203	152,023
	196,765	**97,933**	594,520	146,524

The net claims ratios for general insurance business are as follows:

	Unaudited	Unaudited
	For the three month period ended 31 March 2017	For the three month period ended 31 March 2016
	%	%
Motor	**71**	83
Fire	**30**	6
Marine	**18**	4
Engineering, accident and others	**2**	22
Overall loss ratio	**68**	80

MUSCAT NATIONAL HOLDING COMPANY SAOG
NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017 (continued)

7 Investment income

	Unaudited	Unaudited
	For the three month period ended 31 March 2017 RO	For the three month period ended 31 March 2016 RO
Dividend income	**145,997**	139,524
Interest income on fixed deposits	**124,229**	19,554
Unrealised gain / (loss) on held for trading investments - net	**71,274**	(13,256)
Unrealised gain / (loss) on investments carried at fair value through profit or loss - net	**45,667**	(118,643)
Interest income on bonds - net of amortisation charge	**35,951**	111,559
Rental income	**23,631**	49,044
Sitting fees received from Omani Unified Bureau for Orange Card	**1,500**	1,000
Brokerage cost	**(9)**	(358)
Realised loss on disposal of investments carried at fair value through profit or loss - net	**(3)**	-
Other investment income	**1,386**	-
	449,623	188,424

8 Fixed deposits

	Unaudited	Unaudited	Audited
	31 March 2017 RO	31 March 2016 RO	31 December 2016 RO
Fixed deposits with banks	**9,050,000**	2,750,000	9,050,000
Fixed deposits with financial institutions	**2,150,000**	50,000	2,150,000
	11,200,000	2,800,000	11,200,000

As at 31 March 2017, the deposits with banks and financial institutions have maturity period of four to thirty six month from the date of placement.

In accordance with the law governing the operation of insurance companies within the Sultanate of Oman, the Group has pledged to the Capital Market Authority certain specific bank deposits, investments carried at fair value through profit or loss and investments held to maturity included in the unaudited condensed statement of financial position at their carrying amount of RO 10,042,767 (31 March 2016 - RO 8,517,445 and 31 December 2016 - RO 8,529,782). Under the terms of the legislation, the Group can transfer these assets only with the prior approval of the Capital Market Authority.

MUSCAT NATIONAL HOLDING COMPANY SAOG
NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017 (continued)

9 Investments

(a) At fair value through profit or loss

	Fair value			Average cost		
	Unaudited	Unaudited	Audited	**Unaudited**	Unaudited	Audited
	31 March 2017 RO	31 March 2016 RO	31 December 2016 RO	**31 March 2017 RO**	31 March 2016 RO	31 December 2016 RO
Quoted						
Banking	**2,844,763**	2,152,266	2,767,107	**3,431,651**	3,384,488	3,281,980
Services	**609,158**	652,190	674,344	**564,307**	506,729	516,206
Industry	**244,631**	181,427	213,403	**157,186**	157,352	157,352
Oil and energy	**278,380**	225,483	298,908	**161,155**	161,155	161,155
Consumer goods	**324,056**	337,695	323,445	**48,381**	48,442	48,442
Agriculture/food	**43,750**	43,750	43,750	**62,500**	62,500	62,500
Mutual Fund	**20,741**	18,946	20,299	**25,000**	25,000	25,000
Unquoted						
Services	**21,108**	22,998	-	**9,269**	9,269	-
	4,386,587	3,634,755	4,341,256	**4,459,449**	4,354,935	4,252,635

Quoted investments are listed on Muscat Securities Market.

(b) Held for trading

These represent foreign quoted investments held by portfolio manager on behalf of the Group as follows:

	Fair value			Average cost		
	Unaudited	Unaudited	Audited	**Unaudited**	Unaudited	Audited
	31 March 2017 RO	31 March 2016 RO	31 December 2016 RO	**31 March 2017 RO**	31 March 2016 RO	31 December 2016 RO
Technology, media and telecom	**253,574**	247,217	224,407	**343,413**	394,859	394,859
Industry	**125,784**	99,871	111,664	**60,499**	60,499	60,499
Healthcare and pharmaceuticals	**321,831**	366,337	299,635	**94,882**	94,882	94,882
Oil and energy	**55,361**	49,213	55,990	**63,731**	63,731	63,731
Services	**54,630**	65,331	45,841	**70,745**	70,746	70,746
Agriculture and food	**33,565**	44,666	35,934	**16,720**	16,720	16,720
	844,745	872,635	773,471	**649,990**	701,437	701,437

MUSCAT NATIONAL HOLDING COMPANY SAOG
NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017 (continued)

9 Investments (continued)

(c) Available for sale investments - unquoted

	Fair value			Average cost		
	Unaudited 31 March 2017 RO	Unaudited 31 March 2016 RO	Audited 31 December 2016 RO	**Unaudited 31 March 2017 RO**	Unaudited 31 March 2016 RO	Audited 31 December 2016 RO
Services and insurance	**567,141**	547,998	567,141	**428,354**	428,354	428,354

Management believes that fair values of unquoted investments classified as available for sale approximate to its carrying values as of 31 March 2017, 31 March 2016 and 31 December 2016.

(d) Investments held to maturity:

	Amortised costs		
	Unaudited 31 March 2017 RO	Unaudited 31 March 2016 RO	Audited 31 December 2016 RO
Bank Muscat bonds	-	3,933,298	-
Government development bonds	**4,056,973**	4,081,141	4,063,015
	4,056,973	8,014,439	4,063,015

Fair value of held to maturity investments as of 31 March 2017 was RO 4.349 million (31 March 2016 - RO 8.479 million and 31 December 2016 - RO 4.063 million).

(e) Details of the Group's investments in which its holding exceeds 10% of the market value of the reporting Group's investment portfolio, as at 31 March 2017 is as follows:

	% of investment portfolio	**Number of securities**	**Fair value**	**Cost**
MSM quoted security:			**RO**	**RO**
At 31 March 2017 - Unaudited				
HSBC Bank Oman SAOG	**44.84**	**20,663,885**	**2,599,767**	**2,995,046**
At 31 March 2016 - Unaudited				
HSBC Bank Oman SAOG	10.91	20,663,885	1,957,940	2,995,046
At 31 December 2016 - Audited				
HSBC Bank Oman SAOG	65.51	16,780,037	2,013,604	2,669,993

MUSCAT NATIONAL HOLDING COMPANY SAOG
NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017 (continued)

10 Premium and insurance receivables

	Unaudited 31 March 2017 RO	Unaudited 31 March 2016 RO	Audited 31 December 2016 RO
Premium receivable	**3,733,026**	2,278,378	1,555,860
Premium receivable from related parties [note 15(b)]	**753,981**	722,541	334,701
Reinsurance balances receivable	**578,878**	232,426	420,177
	5,065,885	3,233,345	2,310,738
Less: provision for impairment	**(93,303)**	(93,303)	(93,303)
	4,972,582	3,140,042	2,217,435

11 Receivables and prepayments

	Unaudited 31 March 2017 RO	Unaudited 31 March 2016 RO	Audited 31 December 2016 RO
Other receivables and prepayments	**526,376**	468,877	345,779
Accrued interest	**361,277**	316,375	256,905
	887,653	785,252	602,684

12 Property and equipment

	Land RO	**Building RO**	**Furniture and equipment RO**	**Motor vehicles RO**	**Computer hardware and software RO**	**Total RO**
Cost						
At 1 January 2017	**1,878,434**	**472,325**	**285,159**	**131,029**	**318,414**	**3,085,361**
Additions	**-**	**-**	**4,776**	**-**	**1,332**	**6,108**
At 31 March 2017	**1,878,434**	**472,325**	**289,935**	**131,029**	**319,746**	**3,091,469**
Accumulated depreciation						
At 1 January 2017	**-**	**222,782**	**121,418**	**86,811**	**212,948**	**643,959**
Charge for the period	**-**	**4,438**	**9,561**	**4,562**	**7,435**	**25,996**
At 31 March 2017	**-**	**227,220**	**130,979**	**91,373**	**220,383**	**669,955**
Net carrying value						
At 31 March 2017 - Unaudited	**1,878,434**	**245,105**	**158,956**	**39,656**	**99,363**	**2,421,514**
At 31 December 2016 - Audited	1,878,434	249,543	163,741	44,218	105,466	2,441,402
At 31 March 2016 - Unaudited	1,878,434	263,107	99,753	68,661	39,530	2,349,485

During the year 2016, the Parent Company purchased land and building from Muscat Life Assurance Company SAOC pursuant to an agreement dated 24 February 2016. Muscat Life Assurance Company SAOC holds the land in trust and, beneficially for and on behalf of the Parent Company, under an agency agreement dated 30 March 2016. The Parent Company has obtained a term loan facility from a local commercial bank in the amount of RO 8.8 million for construction of new building. Land purchased is mortgaged as security against the term loan.

MUSCAT NATIONAL HOLDING COMPANY SAOG
NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017 (continued)

13 Investment property

	Land RO	Building RO	Total RO
Cost			
At 1 January and 31 March 2017	**992,250**	**630,000**	**1,622,250**
Accumulated depreciation			
At 1 January 2017	**-**	**48,674**	**48,674**
Charge for the period	**-**	**10,356**	**10,356**
At 31 March 2017	**-**	**59,030**	**59,030**
Net carrying value			
At 31 March 2017 - Unaudited	**992,250**	**570,970**	**1,563,220**
At 31 December 2016 - Audited	992,250	581,326	1,573,576
At 31 March 2016 - Unaudited	992,250	612,970	1,605,220

At 31 March 2017, the management believes that the fair value of land and building approximates to its carrying value, based upon an independent external Market valuation as at 31 December 2016.

14 Insurance funds and reinsurers' share in insurance funds

	Unaudited 31 March 2017 RO	Unaudited 31 March 2016 RO	Audited 31 December 2016 RO
Gross			
- Outstanding claims reported and loss adjustment expenses	**10,583,217**	11,171,737	10,887,063
- Claims incurred but not reported (IBNR)	**1,173,000**	861,000	1,121,000
- Unearned premium reserve (UPR)	**13,227,067**	12,803,836	10,003,023
Total insurance funds - gross	**24,983,284**	24,836,573	22,011,086
Reinsurance			
- Outstanding claims reported and loss adjustment expenses	**9,096,720**	10,049,487	9,327,244
- Claims incurred but not reported (IBNR)	**640,275**	435,275	610,275
- Unearned premium reserve (UPR)	**9,503,978**	8,887,982	6,245,698
Total reinsurers' share of insurance fund	**19,240,973**	19,372,744	16,183,217
Net			
- Outstanding claims reported and loss adjustment expenses	**1,486,497**	1,122,250	1,559,819
- Claims incurred but not reported (IBNR)	**532,725**	425,725	510,725
- Unearned premium reserve (UPR)	**3,723,089**	3,915,854	3,757,325
Total insurance funds - net	**5,742,311**	5,463,829	5,827,869

MUSCAT NATIONAL HOLDING COMPANY SAOG
NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017 (continued)

14 Insurance funds and reinsurers' share in insurance funds (continued)

The Group has been following local regulations for provision for unearned premium reserve / unexpired risk reserve (UPR) in respect of general insurance business at 45% of the net written premium. In addition, the Group uses 1/24th method as a statistically acceptable method for calculation of UPR and shortfall in provision, if any, is provided for. For life business, an independent valuation is carried for unearned premium reserves by an independent actuary at year end. Management uses estimation techniques to arrive at quarterly provisions.

15 Trade and other payables

	Unaudited 31 March 2017 RO	Unaudited 31 March 2016 RO	Audited 31 December 2016 RO
Claims and other payables	**1,173,463**	1,245,379	1,610,258
Accrued expenses	**748,274**	603,149	969,194
Due to related parties [note 20(b)]	**22,377**	29,840	85,546
Advance rent	**-**	-	3,427
End of service benefits	**188,886**	147,792	180,235
	2,133,000	2,026,160	2,848,660

16 Reinsurance payable

	Unaudited 31 March 2017 RO	Unaudited 31 March 2016 RO	Audited 31 December 2016 RO
Premium and loss reserve retained from treaty reinsurers	**4,041,416**	3,112,985	3,880,117
Payable to reinsurers	**4,961,956**	2,629,409	2,422,716
	9,003,372	5,742,394	6,302,833

17 Contingency reserve

	Unaudited 31 March 2017 RO	Unaudited 31 March 2016 RO	Audited 31 December 2016 RO
At the the beginning of the period / year	**1,476,172**	1,303,536	1,303,536
Transfer during the period / year	**46,780**	40,578	172,636
At the end of the period / year	**1,522,952**	1,344,114	1,476,172

The contingency reserve is not distributable without prior approval from the Capital Market Authority.

MUSCAT NATIONAL HOLDING COMPANY SAOG
NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017 (continued)

18 Legal reserve

The statutory reserve which is not available for distribution is calculated in accordance with article 106 of the Commercial Companies Law. The annual appropriation shall be 10% of the profit for the year after tax, until such time the legal reserve amounts to at least one third of the issued and paid up share capital.

19 Share capital

	Unaudited 31 March 2017 RO	Unaudited 31 March 2016 RO	Audited 31 December 2016 RO
Authorised - Ordinary shares of RO 1 each	**10,000,000**	5,000,000	5,000,000
Issued and fully paid - Ordinary shares of RO 1 each.	**10,000,000**	5,000,000	5,000,000

Major shareholders of the Parent company who own 10% or more of the Parent company's shares capital are as follows:

	Unaudited 31 March 2017 RO	Unaudited 31 March 2016 RO	Audited 31 December 2016 RO
Dr. Omar Zawawi	**3,035,800**	1,517,900	1,517,900
Sulaiman Ahmed Said Al Houqani	**1,535,444**	748,230	767,722
Al Awal National (First National)	**1,098,988**	546,363	549,494
	5,670,232	2,812,493	2,835,116

The Annual General Meeting of shareholders held on 27 March 2017 (2016 - 28 March 2016) approved a cash dividend at the rate of RO 0.100 (2016 - RO 0.050) per share amounting to RO 500,000 (2016 - RO 250,000) for the year ended 31 December 2016. Further, a stock dividend at the rate of 100% (2016 – nil) was approved.

20 Related parties transactions and balances

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

The Company enters into transactions in the normal course of business with shareholders, directors, key management personnel and entities in which certain shareholders and directors have the ability to control or exercise significant influence in financial and operating decisions. These transactions are entered on arm's length basis.

MUSCAT NATIONAL HOLDING COMPANY SAOG
NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017 (continued)

20 Related parties transactions and balances (continued)

(a) Transactions with related parties

Transactions with related parties or holders of 10% or more of the Group's shares or their family members, included in the condensed interim consolidated statement of comprehensive income are as follows.

	Unaudited	Unaudited
	For the three month period ended 31 March 2017 RO	For the three month period ended 31 March 2016 RO
Gross premium written	**1,812,197**	1,807,631
Net claims incurred	**277,404**	121,288
Dividend income	**-**	6,899
Interest income	**13,597**	6,388
Expenses incurred	**13,087**	6,884
Compensation of key management personnel	**77,007**	66,829
Directors' sitting fee and remuneration	**8,700**	5,700

(b) Balances with related parties included in condensed interim consolidated statement of financial position are as follows:

	Unaudited	Unaudited	Audited
	31 March 2017 RO	31 March 2016 RO	31 December 2016 RO
Insurance premium receivable (note 10)	**753,981**	722,541	420,177
Investments	**128,437**	181,724	176,402
Fixed deposits	**1,250,000**	250,000	1,250,000
Insurance and other creditors (note 15)	**22,377**	29,840	85,546

There is no provision or write offs during the period ended 31 March 2017, 31 March 2016 and 31 December 2016 in respect of amounts due from related entities.

MUSCAT NATIONAL HOLDING COMPANY SAOG
NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017 (continued)

21 Segment reporting

The Group is organised into three major operating segments, General Insurance, Life Insurance and General Investment. Segment information is as follows:

	General Insurance RO	Life Insurance RO	General Investment RO	Total RO
At 31 March 2017 - Unaudited				
Gross premiums written	**6,716,978**	**618,247**	**-**	**7,335,225**
Profit for the period	**518,525**	**46,406**	**74,716**	**639,647**
At 31 March 2016 - Unaudited				
Gross premiums written	4,730,232	954,050	-	5,684,282
Profit / (loss) for the period	262,427	173,288	(115,183)	320,532

The total assets for each segment are as follows:

	General Insurance RO	Life Insurance RO	Investment RO	Total RO
Assets				
At 31 March 2017 - Unaudited	**36,262,360**	**11,194,548**	**5,581,228**	**53,038,136**
At 31 December 2016 - Audited	33,711,977	6,081,634	7,731,783	47,525,394
At 31 March 2016 - Unaudited	30,632,358	10,769,949	6,680,577	48,082,884

The total liabilities for each segment are as follows:

	General insurance RO	Life insurance RO	Investment RO	Total RO
At 31 March 2017 - Unaudited	**30,239,737**	**5,792,407**	**676,490**	**36,708,634**
At 31 December 2016 - Audited	25,647,474	5,523,440	164,625	31,335,539
At 31 March 2016 - Unaudited	25,730,360	6,805,914	394,529	32,930,803

MUSCAT NATIONAL HOLDING COMPANY SAOG
NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017 (continued)

22 Fair value estimation

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

Level 1:
Level 1 assets and liabilities are typically exchange -traded positions traded in active Marchs. These positions are valued using unadjusted quoted prices in active markets.

Level 2:
Fair value is determined using valuation techniques based on valuation models with directly or indirectly market observable inputs. These valuation techniques include discounted cash flow analysis models, option pricing models, simulation models and other standard models commonly used by market participants. Valuation techniques incorporate assumptions that other market participants would use in their valuations, such as discount rates, default rates, credit spreads and option volatilities. These inputs need to be directly or indirectly observable in order to be classified as level 2.

Level 3:
Level 3 assets are valued using techniques similar to those outlined for level 2, except that if the instrument has one or more inputs that are unobservable and significant to the fair value measurement of the instrument in its entirety, it will be classified as level 3.

	Unaudited	Unaudited	Audited
	31 March 2017 RO	31 March 2016 RO	31 December 2016 RO
Level 1			
Investments at fair value through profit or loss	**4,365,479**	3,611,757	4,341,256
Held for trading investments	**844,745**	872,635	773,471
	5,210,224	4,484,392	5,114,727
Level 2			
Investments at fair value through profit or loss	**21,108**	22,998	-
Level 3			
Available for sale investment	**567,141**	547,998	567,141

There were no transfers between level 1, level 2 and level 3 of the fair value hierarchy of the investment securities.

The management uses breakup values of the investment securities as a valuation methodology for valuation of investment securities categorised in level 3 of the fair value hierarchy.

MUSCAT NATIONAL HOLDING COMPANY SAOG
NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017 (continued)

23 Corresponding figures

Certain corresponding figures for the previous presented for comparative purposes have been reclassified in order to confirm with the presentation for the current period. However, such reclassifications do not impact previously reported net profit or equity of the Group.

Review report of the independent auditors – page 4.