Oman Qatar Insurance Company SAOG
الشركة العمانية القطرية للتأمين ش.م.ع.ع

ANNUAL REPORT 2022

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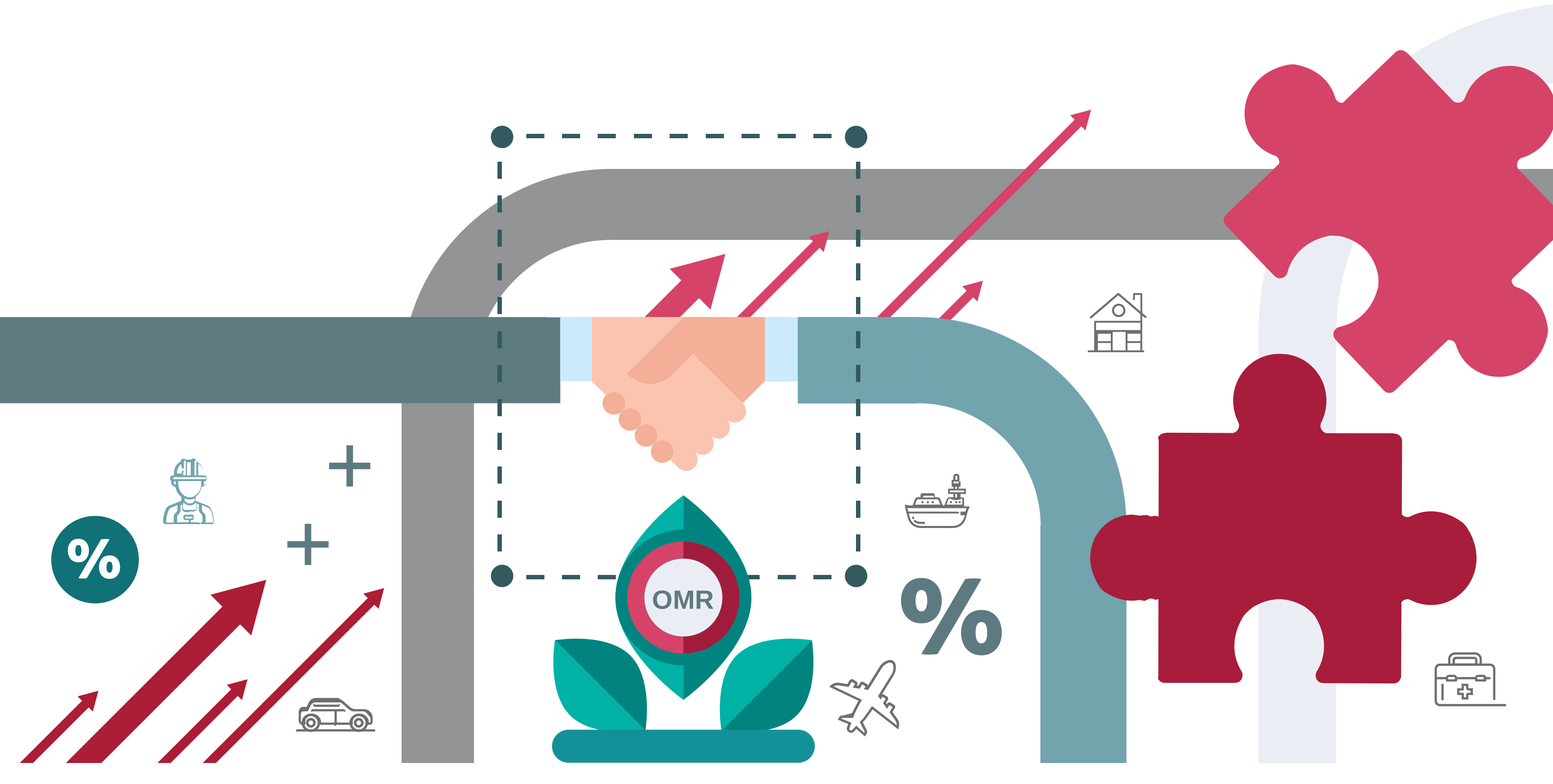
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HIS MAJESTY
SULTAN QABOOS BIN SAID AL SAID

HIS MAJESTY
SULTAN HAITHAM BIN TARIQ AL SAID

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BOARD OF DIRECTORS

H.E. Khalaf Ahmed Al Mannai
Chairman, Board of Director

Mr. Musallam Mahad Ali Qatan
Deputy Chairman, Board of Director Member, Board Strategy & Investment Committee Member, Board Nomination and Remuneration Committee

Mr. Ali Saleh Al Fadala
Chairman of Nomination and Remuneration Committee

Mr. Tariq Marzooq S A Al-Shamlan
Chairman of Audit, Risk and Compliance Committee

Mr. Salem Khalaf A Al-Mannai
Board Member, Strategy and Investment & Nomination and Remuneration Committee

Mr. Mohammed AL kharusi
Board Member, Audit, Risk and Compliance Committee Member, Chairman of Strategy & Investment Committee.

Mr. Said Mobarak S Al-Mohannadi
Board Member Audit, Risk and Compliance Committee & Nomination and Remuneration Committee.

MANAGEMENT TEAM

Hasan Yaseen Al Lawati
Chief Executive Officer

Mr. Omar Bakhit Ali Al Shanfari
Relationship Manager- Govt. & HR

Mr. Mohamed Jawad
Chief Financial Officer

Mr. Muhannad Aldouri
Senior Manager – Clients & Operations

Mr. Hamad Al Musallami
Retail Manager

Mr. C V Satish Kumar
UW Manager – P&C, Marine & Energy

Mr. Srinivasan keerthi
Head of Life & Medical

Mr. Mohammed Abdel Sabour
Claims Manager – Motor

DIRECTOR'S REPORT

H. E. Khalaf Ahmed Al Mannai
Chairman

Dear Shareholders,

On behalf of the Board of Directors of Oman Qatar Insurance Company S.A.O.G. ("OQIC" the company), I am pleased to present the company's Annual Report for the Year ended 31st December 2022 including the Audited Financial Statements, Auditors Report, the Management discussion & Analysis Report and the Corporate Governance Report. I am also pleased to highlight that OQIC has been recognized both as "Best Performing Company in Small Cap" & "Insurance Company of the Year" by Alam Al-Iktisaad Awards which felicitates the top corporate leaders, business performers and achievers in the Sultanate of Oman.

Business Environment

In 2022, we witnessed Oman's resilient strategy steering the country to strong economic recovery driven by increased oil price. The Government maintaining safe and sustainable levels of public spending under the framework of the Government's Medium-Term Fiscal Plan (2020-2024), as well as a determined implementation of wide-ranging structural reforms underpinning Vision 2040. However, there are growing concerns regarding a global recession and the steep trend of inflation rates. The insurance industry in particular has thrived through the obstacles faced during the pandemic. The drastic increase in the loss ratio for non-life business can be attributed to the unsustainable price competition and significant increase in motor & medical claims as the claim activity restores to pre-pandemic levels. Moreover, the country's geographic location makes it highly prone to natural catastrophic events which has led to the increase in reinsurance pricing and limitations.

Company Performance

Despite stiff competition from other insurers, a challenging business environment, and significant losses arising from increased frequency of heavy rainfall which impact the top and bottom lines, OQIC enhanced its market presence with performance driven and customer centric approached and managed to witness sizeable growth in Gross Written Premium and marginal increase in Net Underwriting Income. During the year, as part of the strategic initiative, Company has entered a merger agreement with Vision Insurance.

The company managed to achieve a significant growth in Gross Written Premium of 20% to RO 37.65 million in 2022 vs RO 31.39 million in 2021. This major growth is contributed by Engineering, Motor, Energy, Marine Cargo & Medical Lines of Businesses which combined increased by approx. 46% in 2022 as compared to 2021.

Net Underwriting Income has increased by 3% to RO 2.89 million in 2022 vs RO 2.82 million in 2021. This increase is due to higher net retention ratio by approx. 7% in 2022 as compared to 2021.

Net Investment Income has slightly increased by 2% to RO 3.10 million in 2022 vs RO 3.04 million in 2021 despite bearish market move/fluctuations in market in past months and is the result of management's firm commitment and vigilant strategy for Investment. This increase is due to high profit earned on sale of securities and dividend income. Net Profit after tax in 2022 stood at RO 2.87 million.

Shareholders Returns

Positive results achieved by the company have generated attractive returns for investors. Net Asset Value (NAV) per share increased to 229 Baisa as on 31st December 2022 as compared to 208 Baisa as on 31st December 2021 on 100 million equity shares. Market capitalization stood at RO 20 million as of 31st December 2022. The company delivered good return on equity of 12% in 2022.

Merger by incorporation with Vision Insurance

I am pleased to inform you that all legal and regulatory formalities in relation to the merger by incorporation with Vision Insurance is going smoothly and in right direction and is expected to successfully complete during the first quarter of 2023. Following this merger, Vision Insurance will be dissolved and its assets, liabilities and existing business portfolio will be transferred to OQIC. This merger by incorporation will bring synergies across multiple functions. Our assets base shall increase from RO 74 million to RO 106 million and the wider branch network across all the Sultanate of Oman will facilitate customer experience and boost retail revenue. This transaction will position the company among the leaders in Oman in terms of Gross written premium. We welcome 140+ skilled and talented workforce of the merging entity into OQIC family. Following the completion of this merger transaction, the Company expected to issue its first Q1 2023 financial result on consolidate basis.

Implication of IFRS 17 and IFRS 9

IFRS 17 and IFRS 9 which are applicable from 1st January 2023. These standards will bring significant changes to the accounting for insurance and reinsurance contract and financial instruments and are expected to have an impact on the Company's financial statements in the year of initial adoption. The company has been set a team for IFRS 17 & IFRS 9 Implementation, comprising senior management from Finance, Risk, Operations and Investment Operations. The implementation work progressing well and at nearly completion stage and Company will issue it's Q1 FY 2023 financials based on the provision of IFRS 17 & IFRS 9.

Outlook

The outlook for 2023 is more cautious given the weaker external environment, although the GCC will likely continue to outperform many developed economies in terms of GDP growth. In light of the ongoing government initiatives to improve and diversify the Omani economy, the economic outlook has improved. Leading international credit rating agency Standard & Poor's has upgraded the credit rating of Oman to BB with a stable outlook in November 2022. The International Monetary Fund expect the Oman's real GDP growth at 4.4% for 2023. The government's key priorities include achieving a strong and sustainable private sector, increased opportunities for job seekers, increasing living standards, enhancing labor market flexibility, advancing state owned enterprises, leveraging digitalization, and continuing the implementation of green initiatives. The government is also working towards privatization, energy transition and public private partnership initiatives.

High oil and gas prices, fiscal consolidation under the authorities' Medium-Term Fiscal Plan (2020-2024) coupled with increased production of oil at near maximum capacity levels, as well as the continued development of hydrocarbons processing and export facilities, especially in the port of Duqm and industrial free zones, is expected to provide a large boost to fiscal revenue and exports.

Appreciation

On behalf of the Board of Directors, I thank Ministry of Commerce, Industry and Investment Promotion and the Capital Market Authority for their continued guidance and support. We also affirm our gratitude to our clients and partners for their trust in us, to our shareholders for their strong confidence, and to the company management and staff for their continued efforts.

We would like to extend our sincere best wishes to His Majesty Sultan Haitham Bin Tarik, and we pledge our constant support and commitment for the economic development of the Sultanate for achieving the strategic directions and goals of Oman Vision 2040. We pray to the almighty Allah to protect His Majesty and help Oman continue its progress and transformation under His Majesty's wise leadership.

H. E. Khalaf Ahmed Al Mannai
Chairman

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Oman Qatar Insurance Company SAOG

تأمين السفر

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TERMS & CONDITIONS APPLY

MANAGEMENT DISCUSSION AND ANALYSIS REPORT FOR THE YEAR 2022

Hasan Yaseen Al Lawati

Chief Executive Officer

On behalf of Oman Qatar Insurance Company OQIC (The Company), I am elated to present Management Discussion and Analysis report for the Year ended 31st December 2022. I am also pleased to highlight that OQIC has been recognized both as "Best Performing Company in Small Cap" & "Insurance Company of the Year" by Alam Al-Iktisaad Awards which felicitates the top corporate leaders, business performers and achievers in the Sultanate of Oman.

FINANCIAL PERFORMANCE

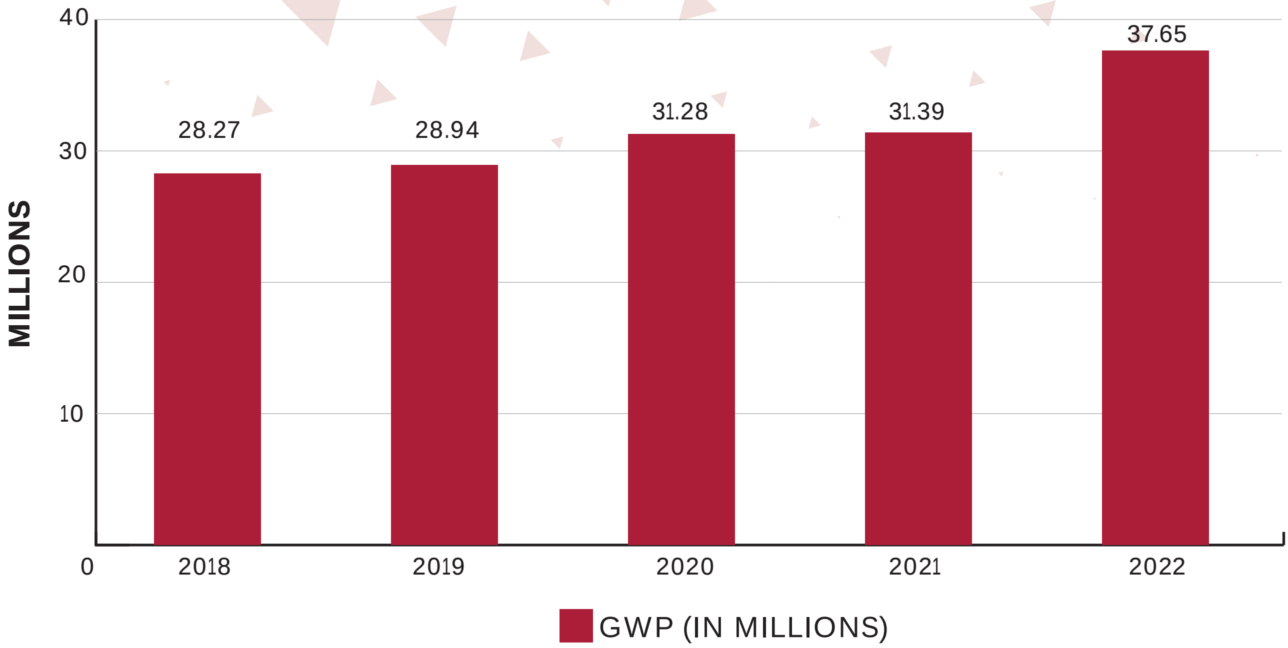
In 2022, we witnessed Oman's resilient strategy steering the country to strong economic recovery driven by increased oil price. The Government maintaining safe and sustainable levels of public spending under the framework of the Government's Medium-Term Fiscal Plan (2020-2024), as well as a determined implementation of wide-ranging structural reforms underpinning Vision 2040. However, there are growing concerns regarding a global recession and the steep trend of inflation rates. The insurance industry in particular has thrived through the obstacles faced during the pandemic. The drastic increase in the loss ratio for non-life business can be attributed to the unsustainable price competition and significant increase in motor & medical claims as the claim activity restores to pre-pandemic levels. Moreover, the country's geographic location makes it highly prone to natural catastrophic events which has led to the increase in reinsurance pricing and limitations. Despite this unfavorable condition, OQIC enhanced its market presence with performance driven and customer centric approached and managed to witness sizable growth in Gross Written Premium and marginal increase in Net Underwriting Income. During the year, as part of the strategic initiative, Company has entered into a merger agreement with Vision Insurance.

The key financial highlights for the year 2022 are illustrated in the following table; (Figures in Millions)

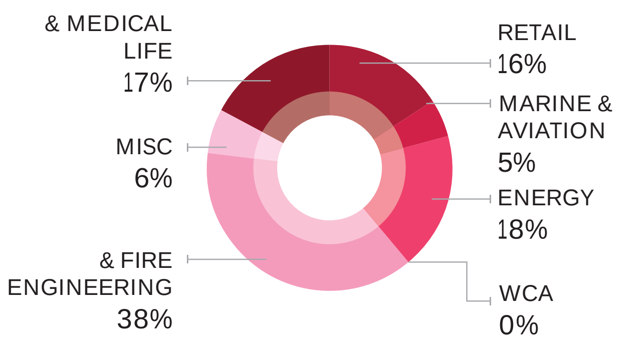
Particulars	Year 2022 RO	Year 2021 RO	Change %
Gross Written Premium	**37.65**	31.39	20%
Net Underwriting Income	**2.89**	2.82	3%
Investment Income	**3.10**	3.04	2%
Total Income	**5.99**	5.86	2%
General and administrative Expenses	**(2.74)**	(2.55)	-7%
Net Profit Before Tax	**3.25**	3.31	-2%
Income Tax Expense	**(0.38)**	(0.18)	-118%
Net Profit After Tax	**2.87**	3.13	-8%

GROSS WRITTEN PREMIUM

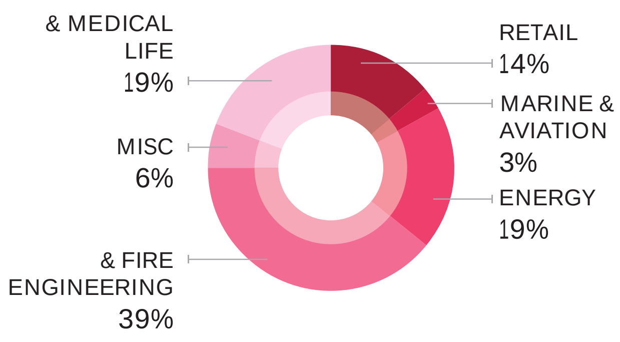
Oman is considered amongst the smallest insurance markets in the GCC based on gross written premiums which create stiff competition with around 20 players. Despite this, Oman's Insurance market had achieved good growth in Gross Written Premium in Year 2022 as compared to Year 2021. The company also managed to achieve sizable growth in top line. OQIC's Gross Written Premium grown by 20% in Year 2022 compared to Year 2021. GWP stands at RO 37.65 million as against RO 31.39 million in Year 2021.



Business Line wise GWP for FY 2022

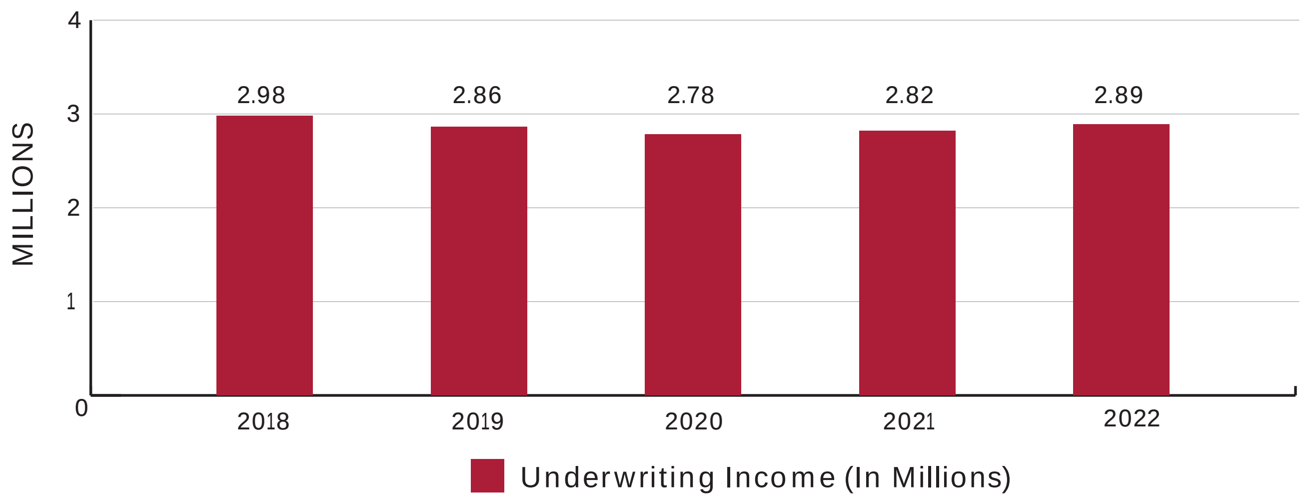


Business Line wise GWP for FY 2021



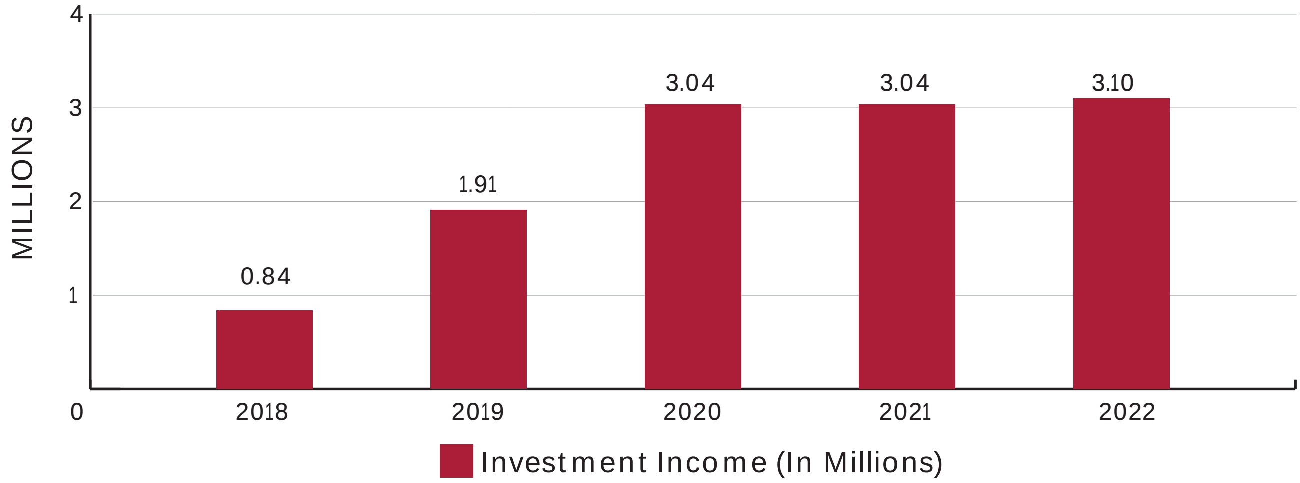
NET UNDERWRITING INCOME

Sultanate of Oman has been witnessing frequent adverse weather conditions like cyclones & heavy rainfalls. However, premium rates are low due to the stiff competition in the market. Inflation rates and supply chain pressure are other negative factors which all led to an increase in reinsurance pricing and limitations on coverage which ultimately put pressure on the underwriting result of the insurers. Despite this, our Net Underwriting Income increased by 3% and stood at RO 2.89 million for the Year 2022 in comparison to RO 2.82 million for the Year 2021. This is mainly due to increased Commission income and claim cost. The Company will maintain the strategy of prudent underwriting and right risk selection to have modest bottom line growth.



Investment Income

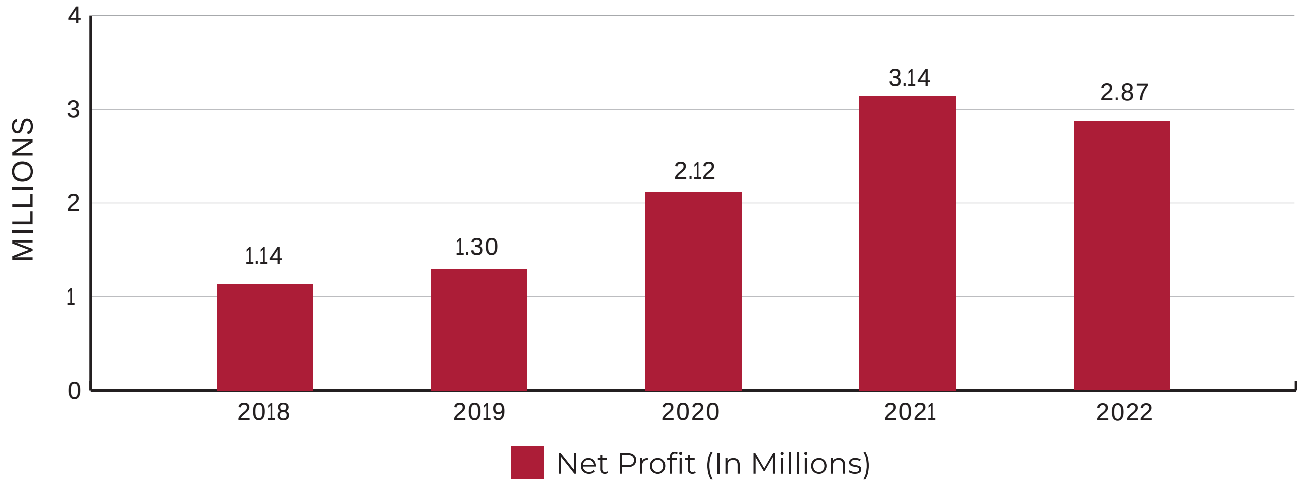
Investment income has increased by 2% and stood at RO 3.10 million for FY 2022 as against of RO 3.04 million for FY 2021. The realized investment income has significantly increased from negative RO 389K to RO 1.14 million, an increase of 394% mainly due to active management of investment portfolio, on the other hand unrealized income reduced by 80% from RO 2.09 million to RO 422K due to post Covid- 19 market correction.



Bifurcation of Investment Income			
Investment Income	Year 2022	Year 2021	% Change
Interest on Deposits & Bonds	**892**	930	-4%
Dividend Income	**651**	388	68%
Realized Gain/(Loss) on investments	**1,144**	(389)	394%
Un-realized Gain/(Loss) on investments	**422**	2,090	-80%
Finance & Other Income / (Cost)	**(8)**	21	-138%
Investment Income	**3,102**	3,039	2%

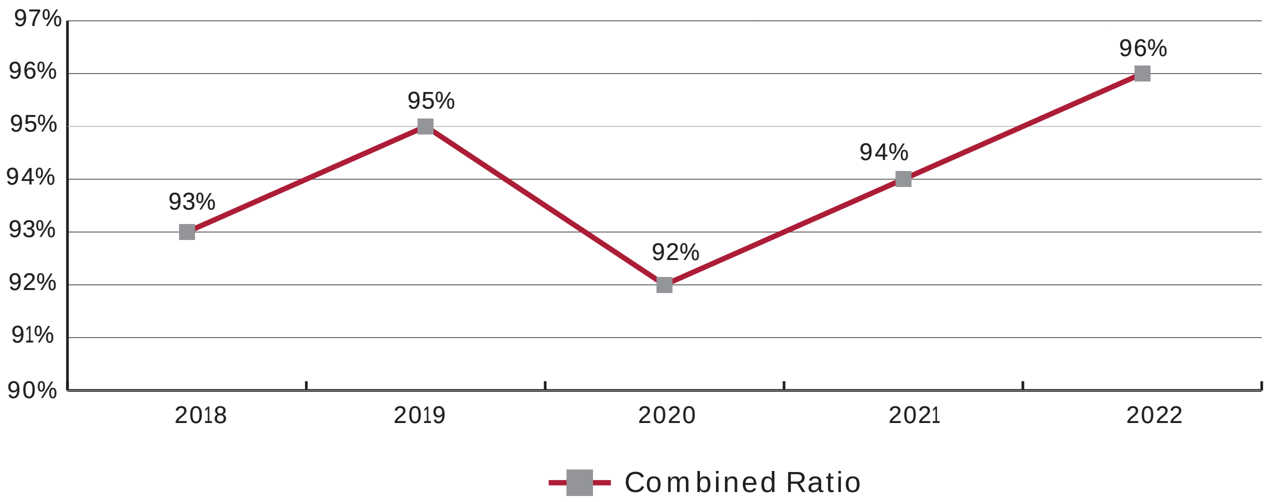
NET PROFIT

Net Profit after tax for the Year 2022 has decreased by 8% and stood at RO 2.87 million in comparison to Net Profit after tax of RO 3.13 million for the Year 2021



COMBINED RATIO

Combined ratio is a main tool for measurement of the performance of insurance company. If combined ratio is healthy (less than 100%) it means company generates money from insurance activities. Below chart show OQIC's performance for last five comparative years:



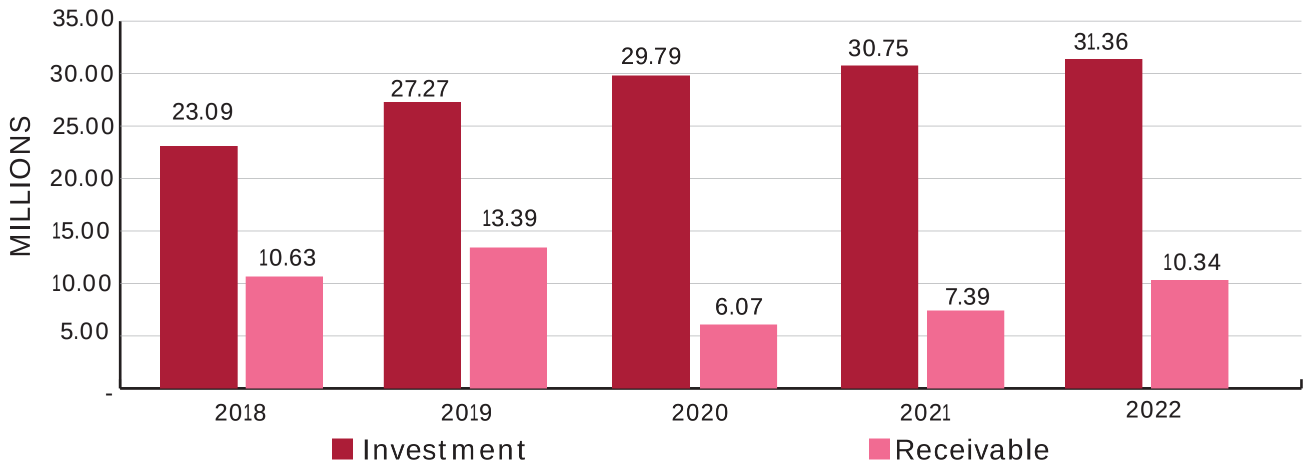
Combined ratio shown above exculdes Income Tax expenses & BOD as part of total expense.

The combined ratio for the current year has slightly increased and reached to 96% which is a healthy ratio that indicates the quality of underwriting & risk assessment activities despite the existing challenges. The slight increase is due to higher commission expenses and increase in claims.

INVESTMENT & RECEIVABLE

The Company has invested the surplus funds in several instruments i.e. Bank Deposits, Equities and Bonds. Total Investments has increased by 2% and stands at RO. 31.36 million in FY 2022 compared to RO. 30.75 million in FY 2021.

We have maintained an adequate cash flow & liquidity during the year 2022 in order to meet payments to claimants, settlements to the garages, payments to local & foreign reinsurance companies and the day-to-day expenses. The receivable balance has increased by 49% and stood at RO 10.34 million in current year against the RO 7.39 million as of last Year due to increase in Gross Written Premiums by 20%.



NET ASSET VALUE & MARKET CAPITALIZATION

Net Asset Value (NAV) per share stands 229 Baiza as on 31st December 2022 on 100 million equity shares as compared to 208 Baiza as on 31st December 2021. Return on Equity (ROE) for FY2022 reduced to 12% compared to 15% in FY2021..

GENERAL & ADMINISTRATIVE EXPENSES

General & Administrative expenses is RO 3.12 million in 2022 which has increased by around 14% from RO 2.72 million in 2021. The major increase is due to merger & acquisition related expenses and higher income tax charge.

HUMAN RESOURCES

OQIC firmly support the government's vision 2040 and adopts the strategy by attracting, training, retaining, and developing Omani talents for future leadership and management role in company. As on 31st of December 2022, OQIC's total headcount were 70 and out of this, 58 were Omani nationals. The Omanisation stands at 83%, ahead of regulatory requirement of 75%.

MERGER BY INCORPORATION WITH VISION INSURANCE

As part of the strategic initiative, during the year, the Company decided to merge with Vision Insurance Company SAOG and entered into a merger agreement with them. The expected merger will bring many synergies which are mainly operational efficiencies, business efficiency, cost reduction, a strong financial base, and strengthened assets, allowing the merged entity to compete effectively with larger players in the Omani insurance market.

In this direction, all legal and regulatory formalities relating to the merger by incorporation with Vision Insurance is going smoothly and in right direction. The official merger is expected to successfully complete during the first quarter of FY2023. Following this merger, Vision Insurance will be dissolved, and its assets, liabilities and existing business portfolio will be transferred to OQIC.

OUTLOOK AND FUTURE STRATEGY

The preliminary results of 2022 of state budget show an increase in total revenue that led to a surplus than the deficit that was estimated in the 2022 budget, the state budget for 2023 has estimated oil price at $55 per barrel, key credit rating agencies have upgraded the credit rating of Oman, and several new energy and sustainability projects have been initiated or expected to be launched in Oman, all of which augurs well for the business community in the country.

The Company is committed to all round development in customer services level, improvements in corporate governance, bringing more transparency & accountability and enhancing efficiency by using technology. The Company is focusing on digitalization and automation of processes which will help to gain a competitive edge, new business opportunities. The Insurance Industry will witness intense competition within all the players, however, OQIC with the merged entity will focus for a healthy top line and bottom-line growth by adopting prudent strategy in underwriting & risk assessment.

On operational side, we will be focusing on development of more profitable motor business through corporate tie ups, affinity schemes, fleet business and retail business through branches and online platform. Further development of life and medical portfolio in the country to take advantage of compulsory health insurance for all nationalities in Oman. Our strength lies in writing large ticket energy and construction accounts and we will remain focused to develop business in this segment and will try to increase retention for better growth.

ACKNOWLEDGMENT

The success of OQIC is attributable to the continued support and guidance from all our directors, their support has been instrumental in helping us to achieve the strategic merger transaction with Vision Insurance, the faith in us by our valued customers and service providers and immense hard work put together by our all dedicated staff throughout the year. I thank all of you from the bottom of my heart. I also thank the Capital Market Authority, Muscat Securities Market, Ministry of Labor and all other Government bodies in the Sultanate of Oman for their continued guidance and support.

We would like to extend our sincere best wishes to His Majesty Sultan Haitham Bin Tarik, and we pledge our constant support and commitment for the economic development of the Sultanate for achieving the strategic directions and goals of Oman Vision 2040. We pray to the almighty Allah to protect his Majesty the Sultan and help Oman continue its progress and transformation under his wise leadership.

Hasan Yaseen Al Lawati
Chief Executive Officer

CORPORATE GOVERNANCE REPORT - 2022

MOORE

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The Board of Directors
Oman Qatar Insurance Company SAOG
P.O Box 3660, Postal Code 112
Sultanate of Oman

AGREED UPON PROCEDURES ON CODE OF CORPORATE GOVERNANCE

Purpose of this Agreed-Upon Procedure Report and Restriction on Use and Distribution

Our report is solely for the purpose of assisting the Board of Directors of Oman Qatar Insurance Company SAOG ('the Company') in determining whether their Corporate Governance report is in compliance with the Code of Corporate Governance (the "Code") of Capital Market Authority (CMA) of the Sultanate of Oman as prescribed under CMA Circular No. E/10/2016 dated 1 December 2016. This report may not be suitable for another purpose.

Responsibilities of Management and the Board of Directors

The Management and the Board of Directors have prepared the Corporate Governance report ("the Report") and remain solely responsible for it and are also responsible for identifying and ensuring that the contents of the Report comply with the Code. The Management and the Board of Directors have acknowledged that the agreed-upon procedures are appropriate and sufficient for the purpose of the engagement.

Responsibilities of the Practitioner

We have conducted the agreed-upon procedures engagement in accordance with the *International Standard on Related Services (ISRS) 4400 'Agreed-Upon Procedures Engagements'*. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the Management and the Board of Directors, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures. This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Control

We have complied with the ethical requirements and the independence requirements in accordance with *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code)*. Our firm applies *International Standard on Quality Control (ISQC) 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

MOORE

Procedures and findings

We have performed the procedures described below, which were agreed upon with the Management and the Board of Directors of Oman Qatar Insurance Company SAOG on compliance with the Code:

Procedures	Findings
1. We obtained the Company's Corporate Governance report for the year ended 31 December 2022 and compared its contents to the minimum requirements of the CMA as set out in Annexure 3 of the Code.	No exceptions noted.
2. We obtained the details regarding areas of non-compliance, if any, with the Code identified in the Corporate Governance report for the year ended 31 December 2022. Additionally, we obtained written representations from the Management that there were no other areas of non-compliance with the Code for the year ended 31 December 2022, of which they were aware.	No exceptions noted.

This report relates only to the accompanying Corporate Governance report of the Company to be included in its annual report for the year ended 31 December 2022 and does not extend to the Company's financial statements taken as a whole.

15 February 2023

Moore Stephens

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ص.ب: ٩٣٣، الرمز: ١١٢
روي سلطنة عمان
P.O. Box: 933, P.Code: 112
Ruwi, Sultanate of Oman
MOORE STEPHENS L.L.C.

Introduction

Oman Qatar Insurance Company SAOG (OQIC) or the ("Company"), a subsidiary of Qatar Insurance Company Q.S.P.C, was established in 2004 as a closely held joint stock company registered and incorporated in the Sultanate of Oman.

The Board and management are committed to adopt the best practices of governance to promote values and ethical business conduct. The Company's shares were listed on the Muscat Stock Exchange ("MSX") on 13th September 2017 after a successful "Initial public offering". As an Omani Public Joint Stock Company (SAOG), OQIC is regulated by the Capital Market Authority ("CMA") (the insurance sector regulator in the Sultanate of Oman) and is subject to the 2015 Code of Corporate Governance for Publicly Listed Companies, the ("Code"), issued by CMA. The Company's adherence to the Code is outlined in this report.

Corporate Governance Philosophy

The Board of Directors of OQIC ensures that the governance structure actively identifies, responds to, and communicates those material issues that have an impact on the Company's ability to create value. The Board acknowledges its responsibility to ensure the integrity of the annual governance reporting process and believes that this report addresses all material issues appropriately and fairly.

The Board is committed to the highest standards of business integrity, ethical values, and governance. It recognizes OQIC's responsibility to conduct its affairs with prudence, transparency, accountability, fairness, and social responsibility, thereby ensuring its sustainability while safeguarding the interests of all its stakeholders. The Board also acknowledges the relationship between good governance on the one hand and risk management practices, the achievement of the Company's strategic objectives and performance on the other. OQIC subscribes to a governance system where, ethics and integrity set the standards for compliance. It continuously reviews and modifies its structures and processes to facilitate effective leadership, sustainability, and corporate citizenship in order to support the Company's strategy and reflect national and international corporate governance standards, developments and best practices.

The Board promotes and supports high standards of corporate governance and endorses the principles of the "Code" as prescribed by the regulator, as well as the Omani Commercial Company Law ("CCL"). The Board is committed to the full compliance of the "Code" and believes its principles are embedded in the internal controls, policies and procedures governing corporate conduct within the Company. The OQIC Board's commitment will continue to strengthen the principles and spirit envisioned in the "Code" in its operations, to the extent that is applicable and appropriate.

Board of Directors

OQIC has put in place an internal governance structure with defined roles and responsibilities for every constituent of the system. The Company's shareholders appoint the Board of Directors, who in turn governs the Company. The Board is supported by its Board Committees, namely the Audit, Risk & Compliance Committee, Strategy & Investment Committee, and Nomination & Remuneration Committee to discharge its responsibilities in an effective manner. The role and responsibilities of the Board, its committees and the Executive Management are set out later in this report.

Board Composition

The composition and independence of the Board is in accordance with Article 3 of corporate Governance for Public Listed Companies. The Board members hold various experiences and collective exercise independent and objective judgment. Further the Board is support by Board sub-committees namely the Audit, Risk, and Compliance committee (ARCC), Nomination and Remuneration Committee (NRC) and Strategy and Investment Committee (SIC).

All directors including the chairman are non-executive. Three out of seven directors are independent, which is in compliance with existing regulations.

The membership of the Board of Directors and the committees emanating from the Board during the year 2022 were as follows:

OQIC Board of Directors as on 31st of December 2022

No.	Name	Date of Appointment/ election	Membership Duration appointed for	Position	Independence	Membership of the committees)	Board Meeting Attended	Whether attended last AGM
1	H.E. Khalaf Ahmed Al Mannai	16.03.2021	3 years	Chairman	No	-	4	No
2	Mr. Musallam Mahad Qatan	16.03.2021	3 years	Deputy Chairman	Yes	NRC, SIC	4	Yes
3	Mr. Ali Saleh Al Fadala*	16.03.2021	3 years	Member	No	NRC	4	Yes
4	Mr. Tariq Marzooq S A Al-Shamlan	16.03.2021	3 years	Member	Yes	ARCC	3	Yes
5	Mr. Salem Khalaf A Al-Mannai	16.03.2021	3 years	Member	No	NRC, SIC	3	No
6	Mr. Said Mubarak S Al-Muhannadi	16.03.2021	3 years	Member	Yes	ARCC, NRC	4	Yes
7	Mr. Mohammed AL Kharusi	16.03.2021	3 years	Member	No	ARCC, SIC	4	Yes

Board Nomination Process

The Article of Association of the Company provides for seven (7) directors. The Board of Directors are elected in the ordinary general meeting pursuant to the rules and procedures issued by the Authority from amongst the shareholders or non-shareholders. Nomination, Remuneration assists the general Meeting in the nomination of proficient directors to enable the Shareholders to elect the most fit candidates. Election of a director is subject to approval by the regulatory authorities based on nomination from filed by the candidate who meets the minimum qualification requirements as per CMA guidelines.

The Company follows the process of nomination and election of the Board of Directors as governed by the provisions contained in the Articles of Association, Commercial Company's Law as per the regulation of CMA. The Board elected for three-year term. Last election for the Board of Direction was at the Annual General Meeting (AGM) held on 16th March 2021 for term of three years.

Key Deities and Responsibilities of the Board include:

- Identifying a strategic vision of the Company based on its mission, purpose, and objects, and set viable performance indicators within a reasonable time frame that can be measured objectively and updated periodically.
- Adopting business and financial policies pertinent to the performance of the Company's business, meeting its objectives and efficacy of systems and polices of the Company.
- Adopting internal regulation and bylaws pertinent to steering and management of the affairs of the Company and ensuring the efficacy of systems and polices of the Company.

- Ensure the quality of Directors' performance and the accomplishment of its objectives by devising accountability measure vis-à-vis Directors to ensure their attendance of meeting, effective participation, and performance of their roles.
- Identifying necessary competences and authority required for executive management, appointing key executive officers, and monitoring the work of the executive management to ensure the business is properly managed according to the Company' objective and ensuring compliance with the laws and regulations.
- Forming specialized committees including names of committee members, their duties, right and obligations and evaluating, at least annually, the performance of specialized committees emanating from the Board.
- Approving quarterly and annual financial statements and reviewing related-party transactions.
- The functions of the Board of Directors also include policy formulation, approving Corporate Business Plan, establishing Risk Assessment and Management Strategy, approving Underwriting and Pricing Policy, approving Reinsurance management Strategy, approving Investment Management Policy, establishing Management Structure and Responsibilities, establishing Standards of Customer Service and Fair Dealings, approving Information Technology Systems, overseeing policy and strategy implementation and operational performance, establishing systems for internal controls, establishing Internal Audit Function, establishing Code of Corporate Ethics, approving and implementing the Disclosure Policy ensuring compliance.

Details of Meetings

As per the "Code" the Board is expected to meet at least 4 times in a year and the time between any two consecutive meetings shall not exceed four (4) months. During the year under review, the Board held four (4) meetings as below:

First meeting: February 15, 2022	Third meeting: July 26, 2022
Second meeting: April 26, 2022	Fourth meeting: October 26, 2022

According to governance best practices, if a Member of the Board fails to attend three consecutive meetings or four non- consecutive meetings without an acceptable excuse, he is considered as having resigned.

Article 21 of the revised AOA of the Company states that the Board of Directors will meet at the invitation of its chairman. In case the Chairman is unable or unwilling to convene a meeting, then the meeting shall be convened by any two Board members.

Board Procedure

The annual calendar of Board Meeting is agreed upon at the beginning of the year. The agenda is circulated well in advance to the Board to tack appropriate decision. The Board is always kept informed of major events/items and approvals taken whenever necessary. The Chief Executive Officer of the Company attends the Board Meeting and keeps the Board appraised of the overall performance of the Company.

Board Evaluation

As required under the code, Board of directors should be evaluated by an independent consultant at least once during the Board term. During the AGM meeting on March 16, 2021, the shareholders appointed (MGI Vision) consultants to evaluate the performance of the members of the Board of Directors in an impartial and independent manner. The evaluation results were presented at the AGM meeting held on March 22, 2022.

Committee of the Board

The Board has established committees with specific responsibilities, which are defined in their respective Terms of Reference, to assist the Board in discharging its duties and responsibilities. The ultimate responsibility resides at all times with the Board and, as such, it does not abdicate this responsibility to the committees.

There is full disclosure, transparency, and reporting from these committees to the Board. The chairpersons of the committees attend the Annual General Meeting and are available to respond to any shareholder questions. The respective committee members are all satisfied that they have fulfilled their responsibilities as set out in their respective Terms of Reference as of 31 December 2022. The Board of Directors may form any other Committees as and when required to carry out specific tasks or functions.

The Sub-Committees namely- Strategy & Investment Committee (SIC), Audit, Risk and Compliance Committee (ARCC), Nomination and Remuneration Committee (NRC).

Strategy & Investment Committee

The Strategy & Investment Committee comprise of three of Board members and its function is to assist the Board of directors to discharge certain responsibilities such as establishing the investment strategy, investment policy, investment guidelines, reviewing/monitoring the Investment Portfolio, review strategy investment initiatives, review of compliance with investment related regulations and adequacy and efficiency of the investment policies, procedures, practices, and controls. Also, the Strategy & Investment Committee mainly performs the following functions.

i. Frames the Investment Policy of the Company in accordance with its mandate from the Board to develop an investment strategy for its dealings in the financial markets.

ii. Sets limits to the powers of management in respect of investment activities and takes the necessary decisions if these limits are exceeded.

iii. Monitors the management of portfolio securities of the Company to achieve the best possible returns.

iv. Discusses & formulate strategy for potential investment initiatives in respect of surplus funds and makes recommendations to the Board on the potential opportunities for investment partnerships.

v. Reports to the Board about the activities of the Committee and makes recommendations on issues that need approval of the Board.

vi. Review and approval of Company budget.

The attendance details and the membership details of the SIC are as below:

No	Name	Position	1SIC 15th of Feb 2022	2SIC 26th of April2022	3SIC 26th of July 2022	4SIC 26th of Oct 2022
1	Mohammed Wahid AL Kharusi	Chairman	Yes	Yes	Yes	Yes
2	Musallam Bin Mahad Bin Ali Qatan	Member	Yes	Yes	Yes	Yes
3	Salem Khalaf Ahmed Al-Mannai	Member	Yes	No	Yes	Yes

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee's main function is to assist the BOD in fulfilling its oversight responsibilities in ensuring the Executive Management has in place a robust internal controls system for risk management aimed to safeguard shareholders interest and Company assets. performs the following functions:

The ARCC comprise of three non-executive directors who are knowledgeable in investment, finance, industry laws regulations for SAOG companies. Also, the Audit, Risk and Compliance Committee mainly performs the following functions.

i. Make necessary recommendation to the Board on appointment of external auditors; discusses their reports & comments and take necessary action.

ii. Appoint internal auditors, approve internal audit plans and strategies, reviews periodic reports and issue necessary guidance and directions.

iii. Adoption of internal control systems to ensure compliance with laws and regulations governing the activities of the Company including but not limited to law related to anti-money laundering and counter terrorist financing.

iv. Approves the risk management framework and reviews periodic reports in accordance with the framework. Reviews and approves the overall risk retention policy of the Company including maximum limits for insurance risks accepted and the maximum retention limits.

v. Approve rules, regulations, systems, and policies to ensure implementation of action plans efficiently and effectively in line with local requirements and global standards, as per the directives of the Board.

vi. Submit its report to the Board on internal audit, corporate governance, compliance and risk management reviews during the year and its opinion on the matters reviewed.

During the year 2022, Audit committee held four meetings, in which Internal Audit, Compliance, and Risk management functions presented their updates and responded to inquiries by the Committee members.

The attendance details and the membership details of the ARCC are as below:

No	Name	Position	1ARCC 15th of Feb 2022	2ARCC 26th of April 2022	3ARCC 26th of July 2022	4ARCC 26th of Oct 2022
1	Tariq Marzooq S A Al-Shamlan	Chairman	Yes	No	Yes	Yes
2	Said Mobarak S Al-Mohannadi	Member	Yes	Yes	Yes	Yes
3	Mohammed Wahid Al Kharusi	Member	Yes	Yes	Yes	Yes

Nomination and Remuneration Committee

Subject to the provisions of the applicable rules of remuneration and sitting fees for Directors of public joint stock companies, the committee assists the Company in formulating clear, credible, and accessible policies to inform shareholders about Directors' and Executives' remuneration. Additional performance-based criteria are used to determine the bonus and remunerations of the chief executive officer and executive management. The committee submits an annual plan of action to the Board.

The Nomination and Remuneration Committee mainly performs the following functions:

I. Formulating clear, credible, and accessible policies to inform shareholders about Directors' and Executives' remuneration.

II. Determination of bonus and remunerations of the Chief Executive Officer and Executive management.

III. Developing a succession plan for executive management.

IV. Assist the Board as required in relation to the performance evaluation of the Board, its committees, individual directors and in developing and implementing plans for identifying, assessing, and enhancing director competencies.

During the year 2022, Nomination and Remuneration Committee held its meetings twice as below:

No	Name	Position	1st NR 27th July 2021	2nd NR 28th Oct 2021
1	Mr. Ali Saleh Al Fadala	Chairman	Yes	Yes
2	Mr. Musallam Mahad Qatan	Member	Yes	Yes
3	Mr. Salem Khalaf A Al-Mannai	Member	Yes	Yes
4	Mr. Said Mobarak S Al-Mohannadi	Member	Yes	Yes

Executive Management

Details of the senior management supporting the Company CEO as on 31st of December 2022is set out in the table below:

No	Name	Designation	Nationality	Academic qualification	Years in the Company	Total Experience
1	Hasan Yaseen Ali Al Lawati	Chief Executive Officer	Omani	Bachelor of Business Banking and Finance/Risk management, Chartered Insurer, Associate of the Chartered Insurance Institute, UK	2 and 3 months	13
2	C V Satish Kumar	Underwriting Manager - P&C, Marine & Energy	Indian	Master of Financial Management, Fellow of the Insurance Institute of India	12	28
3	Omar Bakhit Ali Al Shanfari	Relationship Manager- Govt. & HR	Omani	Higher Diploma	12	25
4	Mohammed Abdel Sabour	Claims Manager - Motor	Egyptian	Bachelor of Automotive Mechanical Engineering	9	17
5	Hamed Qasim Zayed Al Musalmi	Retail Manager	Omani	Diploma in Insurance	7	15
6	Srinivasan S K	Life and Medical Manager	Indian	Master's in public administration and Business Administration	6	30
7	Mohammed Jawad	Chief Financial Officer	Omani	Bsc in Accounting Master's in Professional Accountancy	One Year & One month	12
8	Muhannad Aldouri	Senior Manager- Operations	Omani	Bachelor of Commerce	One Year & One month	17

Remuneration

The remuneration process of the Company is an integral part of the governance and incentive structure overseen by the Board. The aim is to enhance performance, encourage acceptable risk-taking behaviour and reinforce the Group's risk culture.

Board Remuneration:

The Company paid sitting fees of OMR 28,600 and recommends paying OMR 71,400 for remuneration for 2022 subject to board approval in upcoming Annual General Meeting to be held on 22nd March 2023. The Company had paid OMR 50,000 for the year 2021 to its Board of Directors as remuneration including sitting fees.

Remuneration to Key Management Personnel

The Company paid a total amount of OMR 333,701 for the year 2022 to its Key Management Personnel. The performance-based bonuses and incentives for Executive Management is undertaken through the Corporate Performance Management Program which defines management objectives at the beginning of the financial year. Annual appraisals are thereafter undertaken to assess managements and employee's annual performance against the defined objectives. Bonus or incentives are subsequently awarded to management and employees.

Risk Management

The risk management framework is designed to assess, control, and monitor risks from all sources for the purpose of increasing short and long-term value to OQIC stakeholders.

The Company's enterprise risk management cycle comprises of:

- Risk identification and assessment. Each risk identified must have an owner responsible for ensuring that the risk is effectively monitored and managed. In addition, the inter-relationship and correlation of risks is also assessed through simulation and stress testing.
- Risk measurement and management, including setting appropriate limits and contingency planning.
- Risk monitoring through key controls and risk indicators, to ensure that business issues are identified and addressed as appropriate by management.
- Risk reports are presented to the Audit Risk and Compliance Committee and the Board on a quarterly basis. These reports identify risk issues and responses, as well as provide a full update on the status of the risk management framework and key mitigation actions.

As an Insurance Company, OQIC is mainly exposed to the following risks:

Insurance Risk

Insurance risk includes underwriting risk, claims management risk, pricing risks and product risks. OQIC manages its insurance risk through careful underwriting strategy along with ensuring that adequate reinsurance arrangements are in place. Insurance risk is mitigated through a well-diversified portfolio in terms of risk type, amount, industry, and geographical allocation.

Operational Risk

OQIC understands how control weaknesses can cause reputational, legal & regulatory implications and financial losses. The Company has developed a control framework with detailed systems and procedures designed to achieve effective segregation of duties, access controls, authorization, and reconciliation procedures. These procedures are strengthened up by Compliance and Internal Audit reviews.

OQIC does not expect to eliminate all operational risks. However, the Company ensures to mitigate those risks to avoid any material impact that might affect the Company's strategic objectives.

Credit risk

The Company is exposed to credit risk arising from due insurance premiums and market liquidity conditions. Credit risk is mitigated through continuous review of receivable balances and follow up with customers using the help of legal consultants whenever deemed vital.

Investment risk

OQIC mitigates investment risk by adhering to the regulatory instructions regarding investment limits in different investment products and markets, and by maintaining a diversified investment portfolio that is continuously monitored against the local and foreign markets condition.

Internal Audit and Compliance Function

Internal Audit

Internal auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of the Company. It assists OQIC in accomplishing its strategic objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of Governance, Risk Management, and Internal Controls.

The Internal Auditor performs an independent review of the internal control and governance systems reporting on the existence, effectiveness and/or weaknesses of such systems including the risk management, system for maintaining and safeguarding assets and the financial statements of the Company. He also reviews the effectiveness of the compliance function as an internal control tool of Management by providing assurance to the Board of the existence of sound internal control systems.

External Assessment of the Internal Auditor function

As per the CMA's decision 10 / 2018 regulating the formation of the Audit Committee and appointment of Internal Auditor and Legal Advisor in Public Joint Stock Companies and as per Article No. 24, every company shall have to conduct a comprehensive external assessment of the Internal Audit function at least once every four years through a specialized external entity, other than the Company's External Auditor. The Directors approved the appointment of MGI Vision Chartered Accountants in the Board Meeting held on 29th Oct 2019 for the external assessment of Internal Audit function.

MGI Vision is an assurance, tax and consulting firm registered under the commercial laws of Oman. It was established in 2011 and approved by the CMA to perform such assessments.

Compliance

OQIC considers compliance with applicable laws, industry regulations, codes and its own ethical standards and internal policies to be an integral part of doing business. The Compliance Officer ensures compliance through the analysis of statutory and regulatory requirements and monitoring the implementation and execution thereof.

Non-Compliances

There were no penalties levied on the Company by the regulatory authorities during the Year 2022.The Company responds to all communications regarding regular customer service complaints received from the CMA within a maximum of 3 working days.

Communication with Shareholders and Investors

The Board is committed to ensure that all material information relating to the Company's operations is regularly communicated to its stakeholders and investors. All material information relating to the Company, its products, its operations, and annual financial statements are posted on the Company's website www.oqic.com.

The quarterly, half-yearly, and annual results of operations of the Company are uploaded on the CMA online portal, submitted to MSX, and published in leading Arabic and English newspapers in the Sultanate of Oman. After completion of the statutory audit, all shareholders are invited for the forthcoming Annual General Meeting of the Company. The Management Discussion and Analysis report forms part of the Company's Annual Report.

Market Price Data

Highest and lowest share price in OMR for each month of 2022:

All prices in OMR

Month	High Price	Low Price
January	0.210	0.210
February	0.213	0.208
March	0.207	0.207
April	0.212	0.210
May	0.218	0.214
June	0.199	0.196

All prices in OMR

Month	High Price	Low Price
July	0.197	0.197
August	0.190	0.190
September	0.197	0.194
October	0.197	0.196
November	0.190	0.190
December	0.200	0.200

Performance in comparison with MSM index for the relevant financial sector:

All prices in OMR

Month	OQIC Share price	MSM index for financial sector
March 2022	0.213	6763.356
June 2022	0.196	6614.988
September 2022	0.194	7216.931
December 2022	0.200	7903.369

Distribution of shareholding

Name of shareholders	Number of shares	% Of shares
Qatar Insurance Company Q.S.P.C.	51,699,000	51.699%
Al Hosn Investment Company SAOC	34,000,000	34%
Others with less than 10% individual shareholding	14,301,000	14.301%
Total	100,000,000	100.000%

Corporate Social Responsibility (CSR)

Within the framework of its permanent commitment to support the community and the environment, the executive management has embarked on the process of developing a strategy to present the philosophy and policies of the company's social responsibility and community principles. The company identifies means of participation and dissemination of the values and principles of the corporate social responsibility philosophy through various social responsibility activities by defining the segments of society and the targeted social areas. During the year 2022, the company contributed an amount of RO 12,000 according to the plan and budget set by the Executive Management, which was approved in the Annual General Meeting which held on March 22, 2022.

Professional Profile of the Statuary Auditors

Moore Stephens LLC, Oman is part of the Moore Global network, which is regarded as one of the world's major accounting and consulting networks, with its headquarters in London, consisting of more than 233 independent firms with 502 offices and more than 30,000 people across 114 countries.

The Oman office commenced practice in the Sultanate of Oman in 1988. Over the years, the practice has developed considerably and now services a number of clients, including major listed companies, Groups, government organizations and Ministries providing either audit, tax or management consultancy services. The local staff strength is around 65, most of whom are qualified Chartered Accountants, internal auditors, and information systems auditors. During the year 2022, Moore Stephens billed an amount of RO 11,750 towards professional services rendered to the Company.

Acknowledgement

The Company is fully committed to the adherence of the requirements and principles of Corporate Governance as laid down in the rules and regulations. Going forward, the Company will further strive to achieve and implement the highest possible level of Corporate Governance culture in line with best practices.

For Oman Qatar Insurance Company SAOG

For and on Behalf of Board of Directors

Chief Executive Officer

Board Member

QIC
الشركة العمانية القطرية للتأمين ش.م.ع.ع
Oman Qatar Insurance Company SAOG
تأمين تعويض العُمال
Workmen's Compensation
حافظ على أثمن ما في مؤسستك!
Protect your most valued business assets!
80067421
FOLLOW US
نحو مستقبل آمن
towards a safer future
تطبق الشروط والأحكام
TERMS & CONDITIONS APPLY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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MOORE

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMAN QATAR INSURANCE COMPANY SAOG

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Oman Qatar Insurance Company SAOG (the Company), set out on pages 6 to 56, which comprise the statement of financial position as at 31 December 2022, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the Company's financial statements in the Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMAN QATAR INSURANCE COMPANY SAOG (Continued)

Key Audit Matters (Continued)

We have determined the below matter to be the key audit matter to be communicated in our report.

Valuation of insurance contract liabilities

As at 31 December 2022, insurance contract liabilities include outstanding claims (OC), claims incurred but not reported (IBNR) and mathematical reserves (MR), amounted to RO 38.3 million (2021 – RO 41.6 million). The reinsurers' share in insurance liabilities and the net insurance liabilities at 31 December 2022 amounted to RO 28.8 million (2021 – RO 34.6 million) and RO 9.4 million (2021 – RO 7.0 million), respectively, as detailed in note 8 to the financial statements.

The valuation of insurance contract liabilities has been considered as a key audit matter as it involves a significant degree of professional judgement and estimation by Management. The liabilities are based on the best-estimate of the ultimate cost of all claims incurred but not settled at a given date, whether reported or not.

A range of methods are used by the Management and the external actuary to determine these provisions. Underlying these methods are several explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims.

The accounting policies, basis of estimation of insurance contract liabilities and other disclosures relating to insurance contract liabilities are disclosed in notes 3, 4 and 8 to the financial statements.

Our audit procedures in response to this key audit matter included:

- Evaluating and testing the design, implementation and operating effectiveness of controls over the claims handling and reserve setting processes of the Company, including allocation of reinsurance share of the claims.
- Checking samples of claims case reserves through comparing the estimated amount of the case reserve to appropriate documentation, such as reports from loss adjusters.
- Evaluating the competence, objectivity and independence of the independent actuary appointed by the Management to review the adequacy of technical provisions.
- Re-performing reconciliations between the claims data recorded in the Company's systems and the data used in the actuarial reserving calculations.
- Matching the insurance contract liabilities as recommended by the Company's actuary to the liabilities in the financial statements.
- Verifying the ratios of proportional reinsurance assets to related insurance contract liabilities with the proportional reinsurance treaty agreements to identify any variances.

We involved actuarial specialists to assist us in our consideration of the report of the independent actuaries appointed by Management.

We also assessed the appropriateness of disclosures relating to the technical insurance provisions established by Management.

MOORE

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMAN QATAR INSURANCE COMPANY SAOG (Continued)

Other information

The Management and the Board of Directors are responsible for other information. The other information comprises the Chairman's report, Management Discussion and Analysis report and Corporate Governance Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and the Board of Directors for the Financial Statements

The Management and the Board of Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the relevant requirements of the Commercial Companies Law of the Sultanate of Oman, the disclosure requirements for public joint stock companies issued by the Capital Market Authority, and for such internal control as they determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

MOORE

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMAN QATAR INSURANCE COMPANY SAOG (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

MOORE

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMAN QATAR INSURANCE COMPANY SAOG (Continued)

Report on the Regulatory Requirements

The financial statements also comply, in all material respects, with the relevant requirements of the Commercial Companies Law of the Sultanate of Oman, and the disclosure requirements for public joint stock companies issued by the Capital Market Authority.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Paul Callaghan.

15 February 2023

Moore Stephens

مور ستيفنز ش.م.م
ص.ب: ٩٣٣، الرمز: ١١٢
روي سلطنة عمان
P.O. Box: 933, P.Code: 112
Ruwi, Sultanate of Oman
MOORE STEPHENS L.L.C.

Statement of Financial Position

	Note	31 December 2022	31 December 2021
		RO	RO
ASSETS			
Cash and cash equivalents	5	**3,813,089**	2,510,696
Bank deposits	6	**12,371,570**	15,686,535
Premiums and reinsurance balances receivable	7	**9,967,830**	7,034,258
Reinsurers' share of insurance contract liabilities	8	**28,819,445**	34,615,000
Other receivables and prepayments	9	**371,971**	356,710
Financial investments	10	**18,990,074**	15,063,228
Property and equipment	12	**84,135**	158,798
Right of use assets	13.1	**178,167**	83,028
Total assets		**74,596,281**	75,508,253
EQUITY AND LIABILITIES			
Equity			
Capital and reserves			
Share capital	16	**10,000,000**	10,000,000
Legal reserve	17	**1,808,438**	1,521,020
Contingency reserve	18	**5,943,523**	5,498,753
Fair value reserve		**(82,758)**	(18,948)
Retained earnings		**5,215,633**	3,773,640
Total equity		**22,884,836**	20,774,465
Liabilities			
Liabilities arising from insurance contracts	8	**38,268,126**	41,635,000
Due to reinsurers	14	**8,115,524**	7,283,888
Other liabilities and accruals	15	**5,327,795**	5,814,900
Total liabilities		**51,711,445**	54,733,788
Total equity and liabilities		**74,596,281**	75,508,253
Net assets per share	**25 (b)**	**0.229**	0.208

These financial statements were approved and authorized for issue by the Board of Directors on 15 February 2023 and signed on their behalf by:

H.E. Khalaf Ahmed Al Mannai
Chairman

Hasan Yaseen Ali Al Lawati
Chief Executive Officer

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

Statement of Comprehensive Income

	Note	2021 RO	2020 RO
INCOME			
Gross premiums written	19	**37,654,568**	31,394,078
Insurance premium revenue	19	**37,654,568**	31,394,078
Insurance premium ceded to reinsurers	19	**(26,708,826)**	(24,383,604)
Net insurance premium revenue	20	**10,945,742**	7,010,474
Movement in unexpired premium	8.2	**(1,533,257)**	(662,000)
Net premium earned		**9,412,485**	6,348,474
Claims paid	19	**(12,944,218)**	(17,919,683)
Reinsurers' share of claims	19	**8,055,881**	13,185,291
Net movement in outstanding claims	8.1	**(895,424)**	1,443,000
Net commission	19	**(819,116)**	(395,067)
Other insurance income	22	**83,713**	158,836
Net underwriting results		**2,893,321**	2,820,851
Investment income (net)	21	**3,101,777**	3,038,955
Total income		**5,995,098**	5,859,806
General and administration	23	**(2,463,888)**	(2,256,312)
Depreciation	12 & 13	**(274,267)**	(288,572)
Profit before taxation		**3,256,943**	3,314,922
Taxation	24	**(382,762)**	(175,950)
Profit for the year		**2,874,181**	3,138,972
Other comprehensive income / (expense)			
Items that will be classified to profit or loss Net change in fair value of investments		**(63,810)**	(6,202)
Total comprehensive income for the year		**2,810,371**	3,132,770
Earnings per share – Basic and diluted	25 (a)	**0.029**	0.031

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

Statement of Changes in Equity

	Share capital	Legal reserve	Contingency reserve	Fair value reserve	Retained earnings	Total
	RO	RO	RO	RO	RO	RO
At 1 January 2022	**10,000,000**	**1,521,020**	**5,498,753**	**(18,948)**	**3,773,640**	**20,774,465**
Total comprehensive income for the year:						
- Profit for the year	--	--	--	--	**2,874,181**	**2,874,181**
- Other comprehensive income	--	--	--	**(63,810)**	--	**(63,810)**
	--	--	--	**(63,810)**	**2,874,181**	**2,810,371**
Dividend paid – 2021 (note 16)					**(700,000)**	**(700,000)**
Transfer to legal reserve (note 17)	--	**287,418**	--	--	**(287,418)**	--
Transfer to contingency reserve (note 18)	--	--	**444,770**	--	**(444,770)**	--
At 31 December 2022	**10,000,000**	**1,808,438**	**5,943,523**	**(82,758)**	**5,215,633**	**22,884,836**

	Share capital	Legal reserve	Contingency reserve	Fair value reserve	Retained earnings	Total
	RO	RO	RO	RO	RO	RO
At 01 January 2021	10,000,000	1,207,123	5,145,436	(12,746)	1,801,882	18,141,695
Total comprehensive income for the year:	--	--	--	--	3,138,972	3,138,972
- Profit for the year	--	--	--	(6,202)	--	(6,202)
- Other comprehensive income	--	--	--	(6,202)	3,138,972	3,132,770
Dividend paid – 2020 (note 16)					(500,000)	(500,000)
Transfer to legal reserve (note 17)	--	313,897	--	--	(313,897)	--
Transfer to contingency reserve (note 18)	--	--	353,317	--	(353,317)	--
At 31 December 2021	10,000,000	1,521,020	5,498,753	(18,948)	3,773,640	20,774,465

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

Statement of Cash Flows

	Notes	2022 RO	2021 RO
OPERATING ACTIVITIES			
Profit before tax for the year		**3,256,943**	3,314,922
Adjustments for:			
Unexpired premium release – net	8.2	**1,533,257**	662,000
Depreciation	12 & 13	**274,267**	288,572
Provision for taxes		**209,015**	(19,948)
Gain on sale on financial investments	21	**(1,144,448)**	388,888
Interest expense on lease liability	13	**4,643**	11,261
Dividend income	21	**(650,723)**	(387,985)
Interest income	21	**(886,386)**	(929,111)
Expected credit losses on financial investments	21	**2,095**	(20,998)
Unrealized (gain)/loss on investments	21	**(422,315)**	(2,089,748)
Accrual for employees' end of service benefits	15	**17,827**	11,516
Allowance for credit losses (written off) / established on premiums and reinsurance balance receivables	7	--	(369,616)
Write back of payables		**20,212**	89,413
Operating cash flows before changes in operating assets and liabilities		**2,214,387**	949,166
Premiums and reinsurance balances receivable		**(2,933,572)**	(1,027,450)
Reinsurers' share of insurance contract liabilities		**9,506,587**	14,586,000
Other receivables and prepayments		**(15,261)**	92,726
Liabilities arising from insurance contract		**(8,611,163)**	(16,029,000)
Due to reinsurers		**831,636**	2,274,432
Provisions and other payables		**(708,407)**	(2,887,506)
Cash from / (used in) operations		**284,207**	(2,041,632)
Employees' end of service benefits paid	15	--	(43,517)
Income taxes and withholding taxes paid		**(175,312)**	(271,379)
Net cash flows generated from / (used in) operating activities		**108,895**	(2,356,528)
INVESTING ACTIVITIES			
Purchase of financial investments	10	**(11,600,282)**	(2,139,906)
Proceeds from disposal of financial investments	10	**8,443,040**	1,535,390
Net movement in bank deposits		**3,718,235**	1,353,365
Purchase of property and equipment (net)	12	**(18,076)**	(47,571)
Interest income received		**886,386**	929,111
Dividend income received		**650,723**	387,985
Net cash flows generated from investing activities		**2,080,026**	2,018,374
FINANCING ACTIVITIES			
Lease liabilities paid		**(186,528)**	(205,006)
Dividend paid		**(700,000)**	(500,000)
Net cash flows used in financing activities		**(886,528)**	(705,006)
Net increase / (decrease) in cash and cash equivalents		**1,302,393**	(1,043,160)
Cash and cash equivalents at the beginning of the year		**2,510,696**	3,553,856
Cash and cash equivalents at the end of the year	5	**3,813,089**	2,510,696

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

Notes to the financial statements

1. Legal status and principal activities

Oman Qatar Insurance Company SAOG (the “Company”) is registered as a public joint stock company registered and incorporated in the Sultanate of Oman. The Company is engaged in the business of life and general insurance within the Sultanate of Oman. The registered address of the Company is P O Box 3660, Postal Code 112, Sultanate of Oman. The Company started its operations from 21 July 2004.

The Company was granted general insurance license by the Capital Market Authority (Oman) on 25 August 2004 valid up to 22 April 2024 and life insurance license by the Capital Market Authority (Oman) on 4 January 2011 valid up to 22 April 2024. The Company completed the IPO process and the Company’s shares were trading on the Muscat Securities Market from 13 September 2017 onwards

Merger with Vision Insurance SAOG

Under a merger agreement dated 6 December 2022, the Company has entered a transaction to merge with Vision Insurance SAOG (‘VI”) by a transfer of the assets, liabilities, employees, including related agreements of VI, to the Company. The shareholders of VI have the option to select either cash or a share swap: - for every one (1) share of VI, the shareholders will receive 0.55 of the Company’s share or RO 0.120 in cash.

At the Extraordinary General Meeting held on 27 December 2022, the Shareholders of OQIC approved the merger transaction by incorporation under Article 33 (1) and Article 35 of the Commercial Companies Law of Oman, 2019. At the reporting date, the legal formalities of the transaction are still on-going and are expected to be finalized, and the merger executed, during the first quarter of 2023..

2. Basis of preparation and adoption of new and amended IFRS

2.1. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), the relevant disclosure requirements of the Capital Market Authority and the requirements of the Commercial Companies Law of the Sultanate of Oman.

The financial statements are presented in Omani Rials.

2.2. New standards, interpretations and amendments adopted by the Company

The financial statements have been drawn up based on accounting standards, interpretations and amendments effective at 1 January 2022. The Company has adopted the following new and revised Standards and Interpretations issued by International Accounting Standards Board and the International Financial Reporting Interpretations Committee, which were effective for the current accounting period:

- Amendments to IFRS 3 ‘Business combinations’ update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- Amendments to IAS 16 ‘Property, plant and equipment’ require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related costs in profit or loss, instead of deducting the amounts received from the cost of the asset.
- Amendments to IAS 37 ‘Provisions, contingent liabilities and contingent assets’ specify the costs that an entity includes when assessing whether a contract will be loss-making.
- Annual Improvements to IFRS Standards 2018–2020 amend:
    - IAS 41 ‘Biological assets’ to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in other accounting standards;

- IFRS 1 'First time adoption of International Financial Reporting Standards' to simplify the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences;

- IFRS 9 'Financial instruments' to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability; and

- IFRS 16 'Leases' illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements.

The Management believes the adoption of the above amendments has not had any material impact on the recognition, measurement, presentation and disclosure of items in the financial statements for the current period.

2.3. New and amended IFRSs issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

2.3.1. IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)

- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

The Company will apply IFRS 17 and IFRS 9 for the first time on January 2023. These standards will bring significant changes to the accounting for insurance and reinsurance contract and financial instruments and are expected to have a material impact on the Company's financial statements in the year of initial adoption.

To further evaluate the effects of adopting IFRS 17 in the financial statements, an IFRS 17 Group Implementation Team has been set up sponsored by the Group Chief Financial Officer, comprising senior management from Finance, Risk, Operations and Investment Operations.

The implementation work is progressing well and at nearly completion stage. Under IFRS 17, the Company's insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the Premium Allocation Approach ("PAA"). The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.

The measurement principles of the PAA differ from the 'earned premium approach' used by the Company under IFRS 4 in the following key areas:

- The liability for remaining coverage reflects premiums received less deferred insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided

- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart

- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision)

- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not reported (IBNR) claims) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The liability includes the Company's obligation to pay other incurred insurance expenses.

- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

Estimated impact of the adoption of IFRS 17 and IFRS 9

As the implementation work is yet to be finalized and Management are currently refining and finalizing its models, a final assessment of the impact is not yet available, however, from preliminary assessments, the estimated impact of adoption of IFRS 17 and IFRS 9 to the financial statements of the Company is not expected to be significant. The actual impact of the adoption may change once the systems and associated controls have been implemented and operational. Furthermore, the new accounting policies, assumptions, judgements and estimation techniques employed are subject to re-assessment and changes, if any.

The Company will restate the comparative information on adoption of IFRS 17 and IFRS 9 in financial statements of the year 2023.

2.3.2. Other Standards

The following other standards and amendments will become effective for the annual effective for the annual periods beginning on or after 1 January 2023.

- Amendments to IAS 1 'Presentation of financial statements'

- Amendments to IAS 8 'Accounting policies, changes in accounting estimates and errors'

- Amendments to IAS 12 'Income taxes'

- Amendments to IFRS 10 'Consolidated financial statements' and IAS 28 'Investments in associates'

- Amendments to IFRS 16 'Leases'

The Management believes the adoption of the above amendments is not likely to have any material impact on the recognition, measurement, presentation and disclosure of items in the financial statements for future periods.

3. Summary of significant accounting policies

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), the requirements of the Commercial Companies Law of the Sultanate of Oman, 2019, Insurance Companies Law, as amended and the provisions for disclosure related to insurance companies issued by Capital Market Authority of the Sultanate of Oman.

b) Basis of preparation

The financial statements have been prepared on the historical cost basis except for the following:

- Unexpired premium and outstanding claims provisions for life business determined based on actuarial techniques.

- Certain financial instruments that are measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

The financial statements are presented in Rials Omani (“RO”), which is the Company’s functional and presentation currency.

The Company presents its statement of financial position broadly in order of liquidity.

The principal accounting policies are set out below are consistently applied during the year and are consistent with previous year.

3.1. Insurance premium revenue

General business

Premiums are taken into income over the terms of the policies. Unexpired premiums represent the portion of premiums written relating to the unexpired period of coverage. The change in the provision for unexpired premiums is taken to the profit or loss in order that revenue is recognized over the period of risk.

As required by the Capital Market Authority of Oman, provisions for unexpired claims should be maintained in accordance with 1/365 method for each class of business. Acquisition costs are recognized as expenses when incurred considering the short term nature of the insurance contracts.

Life business

Premiums, after deducting policy acquisition costs, are taken into income over the terms of the policies to which they relate on a pro-rata basis. Unexpired premiums represent the proportion of premiums written relating to periods of insurance subsequent to the reporting date. Premiums are pro-rated by reference to the unexpired term of cover. An appropriate actuarial reserve that is determined annually by an independent actuary is maintained.

3.2. Unexpired premium

The provision for unexpired premium represents that portion of premiums received or receivable, after deduction of the reinsurance share, which relates to risks that have not yet expired at the reporting date. The provision is recognized when contracts are entered into, and premiums are charged and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract.

Insurance contract liabilities are derecognized when the contract expires, discharged or cancelled by any party to the insurance contract.

At each reporting date, the Company reviews its unexpired risk, and a liability adequacy test is performed in accordance with IFRS 4 to determine whether there is any overall excess of expected claims over unexpired premiums. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non-life insurance technical provisions. If these estimates show that the carrying amount of the unexpired premiums is inadequate, the deficiency is recognized in the income statement by setting up a provision for premium deficiency.

3.3. Reinsurance

In order to minimize financial exposure from large claims the Company enters into agreements with other parties for reinsurance purposes. Premiums ceded and claims reimbursed are presented on a gross basis.

Premiums on reinsurance assumed are recognized as revenue in the same manner as they would be if the reinsurance were considered direct business.

Amounts due to reinsurers are estimated in a manner consistent with the associated reinsured policies and in accordance with the reinsurance contract.

Claims receivable from reinsurers are estimated in a manner consistent with the claim liability and in accordance with the reinsurance contract. These are shown as “Reinsurers’ share of insurance contract liabilities” in the statement of the financial position until the claim is paid by the Company. Once the claim is paid the amount due from the reinsurer in connection with the paid claim is transferred to “Premiums and insurance balances receivable”. Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.

3.4. Premiums and insurance balances receivable

Premiums and insurance balances receivable are recognized when due and measured on initial recognition at the fair value of the consideration received or receivable. The carrying value of the receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in profit or loss. After initial measurement, premiums and insurance balances receivable are measured at amortized cost as deemed appropriate.

Premiums and insurance balances receivable are derecognized when the de-recognition criteria for financial assets, as described below in accounting policies for financial instruments.

3.5. Reinsurers’ share of insurance contract liabilities

The Company cedes insurance risk in the normal course of business as part of its businesses model. Reinsurers’ share of insurance contract liabilities represents balances recoverable from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurers’ policies and are in accordance with the related reinsurance contract.

Reinsurers’ share of insurance contract liabilities is reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer. The impairment loss is recorded in profit or loss.

3.6. Reinsurance and other payables

Reinsurance and other payables are recognized when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequently, reinsurance and other payables are measured at amortized cost, as deemed appropriate.

3.7. Claims

General insurance business

Claims consist of amounts payable to contract holders and third parties and related loss adjustment expenses, net of salvage and other recoveries, are charged to profit or loss as incurred.

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

Any difference between the provisions at the reporting date and settlements and provisions in the following year is included in the underwriting account for that year.

Life insurance business

Gross outstanding claims comprise the gross estimated cost of claims incurred but not settled at the reporting date, whether reported or not.

Differences between the estimated cost and subsequent settlements are dealt with in the underwriting account in the year in which the claim is settled or re estimated using the best information available regarding claim settlement patterns and anticipated future inflation trends.

Death claims and all other claims are accounted for when notified.

Provision for outstanding claims

Provision for outstanding claims is recognized at the date the claims are known and covers the liability for losses and loss adjustment expenses based on loss reports from independent loss adjusters and management's best estimate.

Claims provision also includes liability for claims incurred but not reported as at the reporting date. The liability is calculated at the reporting date using a range of historic trends, empirical data and standard actuarial claim projection techniques. The current assumptions may include a margin for adverse deviations. The liability is not discounted for the time value of money.

3.8. Claims paid

Gross claims paid include all claims paid during the year and the related external claims handling costs that are directly related to the processing and settlement of claims.

3.9. Liabilities arising from insurance contracts

Insurance contract liabilities include the outstanding claims provision and the provision for unexpired premium. Insurance contract liabilities are recognized when contracts are entered into, and premiums are charged.

3.10. Commission earned and paid

Commissions earned / paid are recognized as expenses / income when incurred considering the short term nature of the insurance contracts.

3.11. Income tax

Taxation on the results for the year comprises of current tax calculated as per the fiscal regulations of the Sultanate of Oman and deferred tax.

Current tax is recognized in the profit or loss as the tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax. Deferred income tax assets and liabilities are offset as there is a legally enforceable right to offset these in Oman. The tax effects on the temporary differences are disclosed under non-current liabilities as deferred tax.

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

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the profit or loss for the year except to the extent that it relates to items recognized directly to other comprehensive income, in which case it is recognized in equity.

3.12. Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and time deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that have a maturity of more than three months from the date of acquisition are excluded from cash and cash equivalents.

3.13. Financial instruments

IFRS 4 Insurance Contract's amendments to the standard to introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 for annual period from 1 January 2023 and overlay approach allows an entity applying IFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied IAS 39 to these designated financial assets.

However, the Company has opted to adopt IFRS-9 under overlay approach and the Company has applied IFRS 9 and related consequential amendment to other IFRS from its effective date to its financial assets and liabilities other than the financial assets and liabilities raised on insurance contracts.

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost (AC), fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows

IFRS 9 removes the requirement contained in IAS 39 relating to bifurcation of an embedded derivative from an asset host contract. However, entities are still required to separate derivatives embedded in financial liabilities where they are not closely related to the host contract.

IFRS 9 largely retains the existing requirements of IAS 39 for the classification of financial liabilities with the exception of the treatment of the gains and losses from the Company's own credit, which arise where the Company has chosen to measure a liability at fair value through profit or loss, these gains and losses are recognized in other comprehensive income. There continue to be two measurement categories for financial liabilities: fair value and amortized cost.

Initial recognition

Financial assets and liabilities are initially recognized on the trade date. The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from the amount. Trade receivables are measured at the transaction price. The Day 1 gain or loss is recognized when the fair value of financial instruments at initial recognition differs from the transaction price.

Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognizes the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognized in profit or loss when the inputs become observable, or when the instrument is derecognized.

Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortized cost;
- Fair value through other comprehensive income (FVOCI); or
- Fair value through profit or loss (FVTPL)

The Company classifies and measures its derivative and trading portfolio at FVTPL. The Company may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortized cost or at FVTPL when they are held for trading and derivative instruments, or the fair value designation is applied.

a) Financial assets at amortized cost

The Company only measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

(i) The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

(ii) The SPPI test

As a second step of its classification process the Company assesses the contractual terms of financial to identify whether they meet the SPPI test. Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de-minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

b) Debt instruments at FVOCI

The Company applies the new category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets

- The contractual terms of the financial asset meet the SPPI test

These instruments largely comprise assets that had previously been classified as financial investments available-for-sale under IAS 39.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Interest income and foreign exchange gains and losses are recognized in profit or loss in the same manner as for financial assets measured at amortized cost. On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to profit or loss.

c) Equity instruments at FVOCI

Upon initial recognition, the Company occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognized in profit or loss as other operating income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

d) Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9.

Financial assets and financial liabilities at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Company's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVTPL is accrued in interest income or interest expense, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earnt on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate. Dividend income from equity instruments measured at FVTPL is recorded in profit or loss as other operating income when the right to the payment has been established.

3.14. Derecognition of financial instruments

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expense will not be offset in the financial statements unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies.

3.15. Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right of use assets

The Company recognizes right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follows.

	Years
Building	1 – 4

Right of use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., a changes in future payments resulting from a change in index or rate used to determine such lease payments) or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

3.16. Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

3.17. Dividend income

Dividend income is recognized when the right to receive the dividends is established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

3.18. Profit or loss on sale of investment

Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and simple average cost of investment and are recorded on occurrence of the sale transaction.

3.19. Property and equipment

Property and equipment is stated at cost less accumulated depreciation and any impairment in value. The carrying values of property and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Depreciation is calculated on a straight line basis over the estimated useful lives of other assets as follows:

	Years
Furniture and fixtures	5
Motor vehicles	3
Computer and office equipment	3

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.20. Foreign currency transactions

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

3.21. Provisions

Provisions are recognized in the statement of financial position when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

3.22. Employees' end of service benefits

The Company provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period. End of service benefits are accrued in accordance with the terms of employment of the Company's employees at the reporting date, having regard to the requirements of the Oman Labour Law and its amendments. Employee entitlements to annual leave and leave passage are recognized when they accrue to employees and an accrual is made for the estimated liability arising as a result of services rendered by employees up to the reporting date.

These accruals are included in other liabilities and accruals, while that relating to end of service benefits is disclosed in other liabilities and accruals.

With respect to its national employees, the Company makes contributions to the Omani Public Authority for Social Insurance for Omani employees calculated as a percentage of the employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

3.23. Fair values

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

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

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

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

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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets.

- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

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

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

3.24. Operating segment

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

3.25. Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.26. Dividend on ordinary shares

Dividends on ordinary shares are recognized as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are approved.

Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date.

3.27. Directors' remuneration

The Board of Directors' remuneration is accrued within the limits specified by the Capital Market Authority and the requirements of the Commercial Companies Law of the Sultanate of Oman, 2019.

4. Critical accounting judgments and key sources of estimates uncertainty

In preparing the financial statements, the Management is required to make estimates and assumptions which affect reported income and expenses, assets, liabilities and related disclosures. The use of available information and application of judgement based on historical experience and other factors are inherent in the formation of estimates that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods effected. In particular, estimates that involve uncertainties and judgements which have significant effect on the financial statements are as follows:

(a) Claims made under insurance contracts

Claims and loss adjustment expenses are charged to the profit or loss as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Company and management estimations for the claims incurred but not reported. The method for making such estimates and for establishing the resulting liability is continually reviewed. Any difference between the actual claims and the provisions made are included in profit or loss in the year of settlement.

(b) Impairment of premium and insurance balance receivable

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

(c) Liability adequacy test

At each reporting date, liability adequacy tests are performed to ensure the adequacy of insurance contract liabilities. The Company makes use of the best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities in evaluating the adequacy of the liability. Any deficiency is immediately charged to profit or loss.

In the process of applying the Company's accounting policies, which are described in note 3, management has made judgements that have the most significant effect on the amounts recognized in the financial statements and applied certain assumptions, and other key sources of estimation uncertainty at the reporting date as discussed below:

(d) Classification of financial assets

Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial assets are solely payments of principal and interest on the principal amount outstanding.

(e) Impairment of financial assets at amortized cost

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(f) Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company has the option, under some of its leases to lease the assets for additional terms. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew or to terminate (e.g., a change in business strategy, construction of significant leasehold improvements or significant customization to the leased asset).

(g) Leases – Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects that the Company 'would have to pay' which requires estimation when no observable rates are available.

5. Cash and cash equivalents

	2022 RO	2021 RO
Call deposits	**3,810,957**	2,507,677
Cash in hand	**2,132**	3,019
	3,813,089	2,510,696

Call deposits carry an interest ranging from 0% to 2.25% (2021 – 0% to 2.25%) per annum.

The Expected Credit Loss (ECL) on cash and cash equivalents as at 31 December 2022 and 31 December 2021 is not material to the financial statements as a whole and accordingly, no adjustment has been incorporated in the financial statement.

6. Bank deposits

	2022 RO	2021 RO
Deposits	**12,371,570**	15,686,535

The deposits are held with commercial banks in Oman and carry annual interest rates ranging from 3% to 4.80% (2021 – 3.25% to 5.20%). At the reporting date, the Company does not hold any bank deposits denominated in foreign currency (2021 – Nil).

In the current year, the Company reversed expected credit loss on bank deposits amounting to RO 226 and RO 4,468 in the prior year.

Bank deposits include accrued interest of RO 403,271 (2021 – RO 670,385)

7. Premiums and reinsurance balances receivable

	2022 RO	2021 RO
Due from policy holders, agents and brokers	**8,392,269**	7,006,679
Reinsurance balance receivable	**2,243,554**	695,572
	10,635,823	7,702,251
Allowance for credit losses	**(667,993)**	(667,993)
	9,967,830	7,034,258

Movements in the allowance for credit losses:

	2022 RO	2021 RO
At 1 January	**667,993**	1,037,609
Written off during the year	--	(369,616)
At 31 December	**667,993**	667,993

Premiums and reinsurance receivable include related party transactions of RO 3,557,460 (2021 – RO 2,358,873) [note 27].

Aging of premium and reinsurance balance receivable is disclosed in note 28

8. Reinsurers' share of insurance contract liabilities and liabilities arising from Insurance contracts

	2022 RO	2021 RO
Gross liabilities arising from insurance contracts		
Claims reported but unsettled	**13,409,161**	17,124,413
Claims incurred but not reported	**6,214,676**	11,110,587
Unexpired premium	**18,644,289**	13,400,000
Total	**38,268,126**	41,635,000
Reinsurers' share of insurance contract liabilities		
Claims reported but unsettled	**(9,928,212)**	(14,497,385)
Claims incurred but not reported	**(5,271,201)**	(10,208,615)
Unexpired premium	**(13,620,032)**	(9,909,000)
Total	**(28,819,445)**	(34,615,000)
Net liabilities arising from insurance contracts		
Claims reported but unsettled	**3,480,949**	2,627,028
Claims incurred but not reported	**943,475**	901,972
Unexpired premiums	**5,024,257**	3,491,000
Total	**9,448,681**	7,020,000

8.1. Movements in claims during the year

	2022			2021		
	Liabilities arising from Insurance contracts	Reinsurers' share	Net	Liabilities arising from Insurance contracts	Reinsurers' share	Net
	RO	RO	RO	RO	RO	RO
Claims reported but unsettled	**17,124,413**	**(14,497,385)**	**2,627,028**	32,687,736	(28,947,263)	3,740,473
Claims incurred but not reported	**11,110,587**	**(10,208,615)**	**901,972**	11,576,264	(10,344,737)	1,231,527
At 1 January	**28,235,000**	**(24,706,000)**	**3,529,000**	44,264,000	(39,292,000)	4,972,000
Add: claims incurred	**4,333,055**	**1,450,706**	**5,783,761**	1,890,683	1,400,708	3,291,391
Less: claims paid during the year	**(12,944,218)**	**8,055,881**	**(4,888,337)**	(17,919,683)	13,185,292	(4,734,391)
Movement in outstanding claims	**(8,611,163)**	**9,506,587**	**895,424**	(16,029,000)	14,586,000	(1,443,000)
At 31 December	**19,623,837**	**(15,199,413)**	**4,424,424**	28,235,000	(24,706,000)	3,529,000

8.2. Movements in unexpired premiums during the year

	2022			2021		
	Liabilities arising from Insurance contracts	Reinsurers' share	Net	Liabilities arising from Insurance contracts	Reinsurers' share	Net
	RO	RO	RO	RO	RO	RO
At 1 January	**13,400,000**	**(9,909,000)**	**3,491,000**	14,155,000	(11,326,000)	2,829,000
Add: premiums written	**37,654,568**	**(26,708,826)**	**10,945,742**	31,394,078	(24,383,604)	7,010,474
Less: premiums earned during the year	**(32,410,279)**	**22,997,794**	**(9,412,485)**	(32,149,078)	25,800,604	(6,348,474)
Movement in unexpired premium	**5,244,289**	**(3,711,032)**	**1,533,257**	(755,000)	1,417,000	662,000
At 31 December	**18,644,289**	**(13,620,032)**	**5,024,257**	13,400,000	(9,909,000)	3,491,000

9. Other receivables and prepayments

	2022	2021
	RO	RO
Prepaid expenses	**225,548**	208,677
Others	**146,423**	148,033
	371,971	356,710

10. Financial investments

	2022	2021
	RO	RO
Financial investments at fair value through profit or loss (FVTPL) [note a]	**12,051,578**	11,074,800
Financial investments at fair value through other comprehensive income (FVOCI) [note b]	**6,938,496**	3,988,428
	18,990,074	15,063,228

a) The breakdown of financial assets measured at FVTPL is as follows:

	Carrying values		Cost	
	2022	2021	2022	2021
	RO	RO	RO	RO
Quoted local – equity securities				
Banking	**3,387,812**	2,169,500	**2,902,946**	1,627,052
Services	**1,550,747**	1,232,816	**1,096,791**	1,336,287
Industrial	**965,111**	1,411,784	**1,249,438**	1,016,131
Total	**5,903,670**	4,814,100	**5,249,175**	3,979,470

	Carrying values		Cost	
	2022	2021	2022	2021
	RO	RO	RO	RO
Quoted foreign – equity securities				
Banking	**2,078,315**	3,483,043	**2,718,495**	2,887,041
Services	**2,624,285**	583,485	**2,425,375**	567,588
Investment	**1,007,671**	570,249	**1,059,053**	540,464
Industrial	--	1,448,193	--	1,233,324
Total	**5,710,271**	6,084,970	**6,202,923**	5,228,417
Quoted local bond	**217,797**	--	--	--
Unquoted shares	**219,840**	175,730	**71,428**	71,428
Total FVTPL investments	**12,051,578**	11,074,800	**11,523,526**	9,279,315

b) The breakdown of financial assets measured at FVOCI is as follows:

	Carrying values		Cost	
	2022	2021	2022	2021
Quoted bonds				
Local bonds	**6,938,496**	3,988,428	**6,978,244**	3,972,770
Total FVOCI investments	**6,938,496**	3,988,428	**6,978,244**	3,972,770

c) In the current year, the Company recognised expected credit loss on debts instruments in the amount of RO 2,320 (Reversed expected credit loss in 2021 – RO 16,530).

d) The movement in the financial investments is analyzed as below:

	2022	2021
	RO	RO
At 1 January	**15,063,228**	12,751,282
Additions	**11,600,282**	2,139,906
Disposals	**(8,443,040)**	(1,535,390)
Realised gain / (loss) on sale (note 21)	**349,609**	(388,888)
Unrealised gain	**422,315**	2,079,788
Impairment (loss) / reversal	**(2,320)**	16,530
At 31 December	**18,990,074**	15,063,228

The details of significant securities held by the Company is as below

	No. of Securities	Market value	Cost value
		RO	RO
31 December 2022			
Quoted local – equity securities			
Bank Muscat SAOG	**5,702,583**	**1,568,211**	**1,477,896**
National Bank of Oman SAOG	**4,639,668**	**1,340,864**	**930,110**
Al Anwar Ceramic Tiles SAOG	**2,342,501**	**965,111**	**1,249,438**

	No. of Securities	Market value RO	Cost value RO
Quoted foreign – equity securities			
Commercial Bank of Qatar	**2,075,129**	**1,095,633**	**1,539,610**
QA Gas Transport	**2,674,910**	**1,034,374**	**947,971**
Qatar National Bank	**517,000**	**982,682**	**1,178,885**
Quoted local Bonds			
Oman Government USD Bonds (4.75%)	**105,000**	**3,908,171**	**3,971,136**
Oman Sovereign Sukuk SAOC (5.75%)	**10,000**	**998,101**	**999,999**
Oman Government Bonds (5.75%)	**10,000**	**1,056,176**	**1,019,049**
Oman Government USD Bonds (5.625%)	**25,000**	**975,896**	**981,685**
31 December 2021			
Quoted local – equity securities			
Bank Muscat SAOG	3,349,686	1,607,848	1,187,615
Al Anwar Ceramic Tiles SAOG	3,024,088	1,330,598	941,488
Oman Telecommunications SAOG	653,107	489,830	470,237
Quoted foreign – equity securities			
Masraf Al Rayan	2,842,318	991,180	723,702
Qatar National Bank	445,140	948,646	833,979
Commercial Bank of Qatar	1,291,129	919,908	612,307
Quoted local Bonds			
Oman Sovereign Sukuk SAOC (5.75%)	10,000	1,008,100	999,999
Sultanate of Oman, Government Bond (5.75%)	10,000	1,005,325	1,019,049
Oman Sovereign Sukuk SAOC (Government of Oman) 4.75%	1,000,000	1,004,881	999,340
Meethaq Sukuk Company LLC	700,000	702,493	701,399

11. Restrictions on transfer of assets

(i) In accordance with the law governing the operation of insurance companies within the Sultanate of Oman, the Company has identified to the Capital Market Authority certain specific bank deposits and investments included in the statement of financial position at a total market value of RO 18,047,747 (2021 – RO 20,221,489). Under the terms of the legislation, the Company can transfer these assets only with the prior approval of the Capital Market Authority.

(ii) The Company has provided a bank deposit to the Omani United Bureau for the Orange Card SAOC of RO 68,300 (2021 – RO 66,150).

(iii) The Company has provided a bank guarantee deposit to the Capital Market Authority of RO 150,000 (2021 – RO 150,000) to comply with the requirements of Article 51 of the Insurance Companies Law of the Sultanate of Oman.

(iv) The Company has provided bank guarantee deposit of RO 37,142 (2021 – RO 7,475) in the normal course of business from which it is anticipated that no material liabilities will arise (note 26).

12. Property and equipment

	Furniture and fixtures	Computer & Office Equipment	Motor Vehicle	Total
31 December 2022	**RO**	**RO**	**RO**	**RO**
Cost				
At 1 January 2022	**514,028**	**210,528**	**45,675**	**770,231**
Additions	**1,550**	**16,526**	--	**18,076**
Disposals	--	**(742)**	--	**(742)**
At 31 December 2022	**515,578**	**226,312**	**45,675**	**787,565**
Depreciation				
At 1 January 2022	**398,963**	**199,115**	**13,355**	**611,433**
Charge for the year	**70,049**	**10,214**	**11,766**	**92,029**
Relating to disposals	--	**(32)**	--	**(32)**
At 31 December 2022	**469,012**	**209,297**	**25,121**	**703,430**
Carrying values				
At 31 December 2022	**46,566**	**17,015**	**20,554**	**84,135**
31 December 2021				
Cost				
At 1 January 2021	510,058	201,927	10,675	722,660
Additions	3,970	8,601	35,000	47,571
At 31 December 2021	514,028	210,528	45,675	770,231
Depreciation				
At 1 January 2021	328,955	187,353	8,675	524,983
Charge for the year	70,008	11,762	4,680	86,450
At 31 December 2021	398,963	199,115	13,355	611,433
Carrying values				
At 31 December 2021	115,065	11,413	32,320	158,798

13. Leases

13.1. Right of use assets

Below is the carrying amount of right of use assets recognized and movement during the period:

Building	2022 RO	2021 RO
Cost		
At 1 January	**668,689**	566,023
Additions	**277,377**	102,666
At 31 December	**946,066**	668,689
Depreciation		
At 1 January	**585,661**	383,539
Charge for the year	**182,238**	202,122
At 31 December	**767,899**	585,661
Carrying values		
At 31 December	**178,167**	83,028

13.2. Lease liabilities

Below is the carrying amount of lease liabilities and movement during the period:

	2022 RO	2021 RO
Cost		
At 1 January	**64,077**	157,684
Additions	**275,693**	100,138
Accretion of interest	**4,643**	11,261
Payments	**(186,528)**	(205,006)
At 31 December	**157,885**	64,077
Current liabilities (note 15)	**157,885**	64,077

Following are the amounts recognized in profit or loss

	2022 RO	2021 RO
Depreciation expense on right-of-use assets	**182,238**	202,122
Interest expense on lease liabilities	**4,643**	11,261
Total amount recognized in profit or loss	**186,881**	213,383

Total Cash Outflows for leases of RO 186,528 (2021 – RO 205,006).

The contractual maturity analysis of the undiscounted cash flows of the lease liabilities are disclosed in note 28 e) as under other liabilities and accruals.

14. Due to reinsurers

	2022 RO	2021 RO
Reinsurance balances payable	**8,115,524**	7,283,888

Reinsurance balances payable include related party balances of RO 1,741,372 (2021 – RO 1,213,564) [note 27].

15. Other liabilities and accruals

	2022 RO	2021 RO
Due to related parties (note 27)	**931,927**	1,802,733
Trade payables	**2,524,004**	2,395,179
Income tax and withholding tax liabilities	**470,831**	261,816
Accrued expenses	**217,571**	249,185
Lease liabilities (note 13)	**159,570**	64,077
Accrual for end of service benefits	**90,266**	72,439
VAT liability	**95,090**	146,428
Other payables	**838,536**	823,043
	5,327,795	5,814,900

Movement in the related liability for end of service benefits recognized in the statement of financial position is as follows:

	2022 RO	2021 RO
At 1 January	**72,439**	104,440
Charge for the year	**17,827**	11,516
Paid during the year	--	(43,517)
At 31 December	**90,266**	72,439

16. Share capital

	2022 RO	2021 RO
Authorized share capital (see note)	**30,000,000**	20,000,000
Issued and fully paid - 100,000,000 shares of 100 Baiza each	**10,000,000**	10,000,000

Shareholders of the Company who own 10% or more of the Company's shares and the number of shares they hold as of 31 December 2022 and 31 December 2021 are as follows:

	2022		2021	
	Number of shares	% of shares	Number of shares	% of shares
Qatar Insurance Company Q.S.P.C.	**51,698,500**	51.699	51,698,500	51.699
Al Hosn Investment Company SAOC	**34,000,000**	34.000	22,500,000	22.500
	85,698,500	85.699	74,198,500	74.199

At the Extraordinary General Meeting held on 27 December 2022, the Shareholders approved the following:

- the increase of the Company's authorised share capital from RO 20 million to RO 30 million and accordingly, the amendment of Article [5] i.e. of the Company's Articles of Association in this respect; and

- the increase of the Company's issued capital from RO 10 million to a maximum of RO 22 million and allot the additional shares to Qatar Insurance Company Q.S.P.C. and Al Hosn Investment Company SAOC upon completion of the merging procedures and registration of the new capital at the Registrar.

For the year 2022, the Board of Directors has proposed a cash dividend of 4 Baiza per share for the Year 2022 aggregating to RO 644,874 (Year 2021 – RO 700,000). This proposal is subject to the approval of the Shareholders at the succeeding Annual General Meeting scheduled to be held on 22 March 2023.

17. Legal reserves

As required by the Commercial Companies Law of Oman, 10% of the profit for the year is required to be transferred to legal reserve until such time as the reserve equals one third of the Company's paid up capital. The reserve is not available for distribution.

18. Contingency reserve

In accordance with Article 10(bis) (2)(c) and 10(bis) (3)(b) of Regulations for Implementing Insurance Companies Law (Ministerial Order 5/80), as amended and certain amendments to the Executive Regulations as per CMA Decisions E/18 and E/50, 10% of the net outstanding claims in case of the general insurance business and medical insurance business, and 1% of the life assurance premiums for the year in case of life insurance business at the reporting date is transferred from retained earnings to a contingency reserve. The Company may discontinue this transfer when the reserve equal to the minimum required issued share capital. No dividends shall be declared in any year until the deficit in the reserve is covered from the retained earnings. The reserves shall not be used except by prior approval of the Capital Market Authority.

As at the reporting date contingency reserve for general business amounts to RO 5,562,809 (2021 – RO 5,199,409), for medical business amounts to RO 217,209 (2021 – RO 146,687), and for life business amounts to RO 163,505 (2021 – RO 152,657).

19. Segmental information

Operating Segments

The Company has three reportable segments, as described below. The strategic business units offer different products and services; and are managed separately because they require different marketing strategies. For each of the strategic business units, the CEO reviews internal management reports on at least a monthly basis. The following summary describes the operations in each of the Company's reportable segments: ■ Motor and Retail includes motor, home and travel insurance.

- Motor and Retail includes motor, home and travel insurance.

- Property, Marine & Casualty includes fire, engineering, energy, general accident, third party liability, marine cargo, marine hull & machinery and aviation insurance.

- Medical includes health insurance

- Life includes group life and credit life insurance

Information regarding the results of each reportable segment is included below. Performance is measured based on segment net insurance income, as included in the internal management reports that are reviewed by the CEO. Inter-segment pricing is determined by the management.

Segment statement of comprehensive income

	Motor and Retail		Property, Marine & Casualty		Medical & Life		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	RO	RO	RO	RO	RO	RO	RO	RO
Insurance premium revenue	**6,002,838**	4,396,237	**25,088,984**	20,983,384	**6,562,746**	6,014,457	**37,654,568**	31,394,078
Insurance premium ceded to reinsurers	**(607,690)**	(706,925)	**(23,699,248)**	(19,937,704)	**(2,401,888)**	(3,738,975)	**(26,708,826)**	(24,383,604)
Net premium	**5,395,148**	3,689,312	**1,389,736**	1,045,680	**4,160,858**	2,275,482	**10,945,742**	7,010,474
Movement in unexpired premium	**(742,732)**	(97,000)	**(16,196)**	(121,000)	**(774,329)**	(444,000)	**(1,533,257)**	(662,000)
Net premium earned	**4,652,416**	3,592,312	**1,373,540**	924,680	**3,386,529**	1,831,482	**9,412,485**	6,348,474
Claims paid	**(3,254,755)**	(2,726,152)	**(3,829,685)**	(8,503,727)	**(5,859,778)**	(6,689,804)	**(12,944,218)**	(17,919,683)
Reinsurers' share of claims	**1,135,526**	50,879	**3,704,636**	8,470,523	**3,215,719**	4,663,889	**8,055,881**	13,185,291
Movement in outstanding claims	**(544,680)**	1,217,000	**(15,320)**	(67,000)	**(335,424)**	293,000	**(895,424)**	1,443,000
Net commission	**(664,770)**	(396,590)	**18,634**	13,078	**(172,980)**	(11,555)	**(819,116)**	(395,067)
Other insurance income	**16,917**	119,587	**2,926**	885	**63,870**	38,364	**83,713**	158,836
Underwriting results	**1,340,654**	1,857,036	**1,254,731**	838,439	**297,936**	125,376	**2,893,321**	2,820,851
Investment income							**3,101,777**	3,038,955
							5,995,098	5,859,806
General and administrative expenses							**(2,463,888)**	(2,256,312)
Depreciation							**(92,029)**	(86,450)
Depreciation (IFRS 16 Lease)							**(182,238)**	(202,122)
Profit before taxation							**3,256,943**	3,314,922
Income tax expense							**(382,762)**	(175,950)
Profit for the year							**2,874,181**	3,138,972

Assets and liabilities of the Company are commonly used across the primary segments.

Geographical segment

The information with respect to operating segment is stated below:

(a) All of the Company's policies were issued within Oman.

(b) As at 31 December 2022, all assets of the Company are located within Oman except for RO 7,733,585 (2021 – RO 6,583,528).

(c) There was no policy holder whom policies issued during the year exceeded 10 percent of total premium for the year.

20. Underwriting results

The underwriting results are analyzed as follows:

	Net premium		Underwriting results after Reinsurers' share	
	2022	2021	2022	2021
	RO	RO	RO	RO
Motor and retail	**5,395,148**	3,689,312	**1,340,654**	1,857,036
Property, marine and casualty	**1,389,736**	1,045,680	**1,254,731**	838,439
Medical & life	**4,160,858**	2,275,482	**297,936**	125,376
	10,945,742	7,010,474	**2,893,321**	2,820,851

The net claims ratios are as follows:

	2022	2021
	%	%
Motor and retail	**57**	41
Property, marine and casualty	**10**	11
Medical & life	**88**	95

21. Investment income (net)

	2022	2021
	RO	RO
Interest income	**886,386**	929,111
Dividends	**650,723**	387,985
Unrealized gain	**422,315**	2,089,749
Expected credit losses (established) / reversed	**(2,095)**	20,998
Gain / (loss) on sale of investments (note 10)	**1,144,448**	(388,888)
	3,101,777	3,038,955

22. Other income

	2022	2021
	RO	RO
Other insurance income	**83,713**	158,836

23. General and administrative expenses

	2022 RO	2021 RO
Employee related costs	**1,387,877**	1,239,584
Rent and establishment expenses	**48,051**	41,142
Communication expenses	**96,362**	102,105
Other operating expenses	**931,598**	873,481
	2,463,888	2,256,312

Other operating expenses include board of director's remuneration, head office charges, bad debts expense, withholding tax expense and other miscellaneous expenses.

24. Income tax

Recognized in the statement of comprehensive income	2022 RO	2021 RO
Income tax expense - Current year	**382,762**	175,950

The tax rate applicable to the Company is 15% (2021 – 15%). For the purpose of determining the taxable expense for the year, the accounting profit has been adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expense. The adjustments are based on the current understanding of the existing tax laws, regulations and practices.

The difference between the applicable tax rate of 15% (2021 – 15%) and the effective tax rate of 11.75% (2021 – 5.31%) arises due to the tax effect of income not considered to be taxable and expenses that are not considered to be deductible. The adjustments are based on the current understanding of the existing tax laws, regulations and practices.

Assessments up to tax year 2018 are completed by the Oman Tax Authorities.

Set out below is reconciliation of income tax calculated on accounting profits with income tax expense for the year:

	2022 RO	2021 RO
Profit before income tax	**3,256,943**	3,314,922
Tax calculated at the statutory income tax rate	**488,541**	497,238
Tax effect of:		
Non-taxable income / gains	**(151,529)**	(447,745)
Non-deductible expenses	**42,415**	123,748
Disallowance of expenses related to exempted income	**3,335**	2,709
Income tax expense	**382,762**	175,950

Unrecognized deferred tax asset / (liability)

Deferred tax arises on account of temporary differences between the tax base of assets and liabilities and their carrying values in the statement of financial position.

Unrecognized deferred tax asset is attributable to the following items:

	2022 RO	2021 RO
Property and equipment	**4,602**	(2,004)
Provision for doubtful accounts	**100,513**	100,199
Leases	**(3,042)**	(2,843)
Unrealized loss on investments	**(31,810)**	31,538
Impairment gain	**(2,537)**	(2,537)
Total	**67,726**	124,353

25. Earnings per share and Net assets per share

a) Earnings per share

Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of shares outstanding during the year as follows:

	2022	2021
Profit for the year (RO)	**2,874,181**	3,138,972
Weighted average number of shares	**100,000,000**	100,000,000
Earnings per share (RO)	**0.029**	0.031

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

b) Net assets per share

	2022	2021
Net assets (RO)	**22,884,836**	20,774,465
Number of shares at the reporting date	**100,000,000**	100,000,000
Net assets per share (RO)	**0.229**	0.208

Net assets per share are calculated by dividing the shareholders' equity at the reporting date by the number of shares outstanding.

26. Contingent liabilities and commitments

Legal claims

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

Bank guarantees

At the end of the reporting period, the Company issues bank guarantees (note 11) in the normal course of business amounting to RO 37,142 (2021 – RO 7,475).

27. Related party disclosures

Transactions with related parties

These represent transactions with related parties, i.e., parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions and directors of the Company and companies of which they are key management personnel. Related parties comprise the shareholders, directors, key management personnel and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions. Pricing policies and terms of these transactions are approved by the Company's management and are on mutually agreed terms. Significant transactions were:

	Shareholders		Other related parties	
	2022	2021	2022	2021
	RO	RO	RO	RO
Insurance premium	**35,702**	161,944	**25,001**	13,645
Claims paid	**(2,164)**	(96,542)	**(1,496)**	(551)
Commission paid	**(3,777)**	(1,967)	--	--
Reinsurance premium	**(2,646,399)**	(2,886,364)	**(1,998,362)**	(2,923,139)
Commission received	**403,506**	404,355	**103,151**	231,713
Claims recovered	**1,667,610**	2,036,312	**3,230,498**	4,662,033
Management expenses	**(400,000)**	(400,000)	--	--
Board of director's sitting fees	**(28,600)**	(28,600)	--	--
Board of director's remuneration*	**(71,400)**	(21,400)	--	--
Other expenses	**(134,120)**	(28,970)	**(108,238)**	(94,189)
Investment Income	**794,839**	--	--	--

*Board of Director's remuneration is subject to approval at Annual General Meeting to be held on 19March 2023.

Balances due from and due to related parties or holders of 10% or more of the Company's shares, or their family members are analyzed as follows:

	Shareholders		Other related parties	
	2022	2021	2022	2021
	RO	RO	RO	RO
Premiums and reinsurance balance receivable	**921,150**	715,206	**2,636,310**	1,643,667
Due to reinsurers	**(1,741,372)**	(1,213,564)	--	--
Other liabilities	**(4,301,497)**	(5,023,856)	--	--

Compensation of key management personnel

The remuneration of key management during the year was as follows:

	2022	2021
	RO	RO
Salaries and other short-term benefits	**311,708**	209,994
End of service benefits	**21,993**	12,206
Total	**333,701**	222,200

Outstanding balances at the year-end arise in the normal course of business. At the end of the reporting period, the Company has not recorded any impairment of amounts owed by related parties (2021 – Nil).

28. Risk management

Governance framework

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

Capital management framework

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

The capital structure of the Company comprises of share capital, legal reserve, contingency reserve, fair value reserve and retained earnings. The Company manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis.

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

	2022	2021
	RO	RO
Insurance contract liabilities	**38,268,126**	41,635,000
Due to reinsurers	**8,115,524**	7,283,888
Accounts payables, provisions and accruals	**5,327,795**	5,814,900
Less: Cash and cash equivalents	**(16,184,659)**	(18,197,231)
Net Debt	**35,526,786**	36,536,557
Share capital	**10,000,000**	10,000,000
Legal reserve	**1,808,438**	1,521,020
Contingency reserve	**5,943,523**	5,498,753
Fair value reserve	**(82,758)**	(18,948)
Retained earnings	**5,215,633**	3,773,640
Total Shareholders' Equity	**22,884,836**	20,774,465
Total Capital and Net Debt	**58,411,622**	57,311,022
Gearing Ratio	**60.82%**	63.75%

Regulatory framework

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

The operations of the Company are also subject to regulatory requirements within the jurisdictions where it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (such as solvency margin) to minimize the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

The Company is maintaining adequate solvency margin surplus for the General, Life and Medical Insurance as per the Insurance Company Law, the Executive Regulations and its amendments as at 31 December 2022.

Asset liability management (ALM) framework

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

The Company's ALM is also integrated with the management of the financial risks associated with the Company's other financial assets and liabilities not directly associated with insurance and investment liabilities.

The Company's ALM also forms an integral part of the insurance risk management policy, to ensure in each period sufficient cash flow is available to meet liabilities arising from insurance and investment contracts.

a) Insurance risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The Company manages the insurance risk through the careful selection and implementation of its underwriting strategy guidelines together with the adequate reinsurance arrangements and proactive claims handling.

The concentration of insurance risk exposure is mitigated by the implementation of the underwriting strategy of the Company, which attempts to ensure that the risks underwritten are well diversified across a large portfolio in terms of type, level of insured benefits, and amount of risk, industry and geography. Underwriting limits are in place to enforce risk selection criteria.

The Company principally issues general insurance contracts which constitutes mainly marine & aviation and fire & general risks and life insurance mainly included group life and medical.

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

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

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

The Company only deals with reinsurers approved by the Parent Company's management, which are generally international companies that are rated by international rating agencies or other GCC securities.

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

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

Key assumptions

The principal assumption underlying the estimates is the Company's past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Other key assumptions include variation in interest rates, delays in settlement and changes in foreign currency rates.

b) Reinsurance risk

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

The Company reviews the rating of its major reinsurers on an annual basis and their financial strength ratings are tabled below:

Reinsurer	Rating	Rating Agency
Ace Group	AA	S&P
AIG Group	A+	S&P
Allianz Group	AA	S&P
Allied Group	A	A.M. Best
AXA Group	A+	S&P
Axis Group	A	A.M. Best
Endurance Group	A	S&P
Everest Group	A+	S&P
Gard Group	A-	AM Best
GIC Group	B++	AM Best
Hannover Re Group	AA-	S&P
Houston Casualty Group	A++	A.M. Best
IGI Group	A-	S&P
Mitsui Sumitomo Group	A+	S&P
New India Assurance Group	A-	A.M. Best
Partner Re Group	A+	S&P
QBE Group	A+	S&P
Royal & Sun Alliance Group	A	S&P

Reinsurer	Rating	Rating Agency
Sompo Japan Group	A+	S&P
Swiss Re Group	AA-	S&P
Tokio Marine Group	A++	A.M. Best
Lloyds Syndicates	A+	S&P
Chartis Group	A+	S&P
QIC Group	A-	S&P
Chubb Group	AA	S&P
Qatar General Insurance & Reinsurance Co	B++	A.M. Best
Zurich Insurance Services	AA-	S&P

Other key assumptions include variation in interest rates, delays in settlement and changes in foreign currency rates.

Sensitivities

The general insurance claims provision is sensitive to the above key assumptions. The analysis below is performed for reasonably possible movements in key assumptions with all other assumptions held constant showing the impact on liabilities and net profit.

	Change in assumptions	Impact on liabilities	Impact on
31 December 2022	**net profit**	**RO**	**RO**
Incurred claims	+10%	578,376	578,376
31 December 2021			
Incurred claims	+10%	329,139	329,139

c) Claims development

The Company maintains strong reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year.

Net incurred claims – 31 December 2022

Accident year	2008	2009	2010	2011	2012	2013	2014	2015
	RO	RO	RO	RO	RO	RO	RO	RO
At the end of each reporting year	4,383,224	3,596,438	833,739	3,950,312	2,983,882	4,738,312	6,068,500	7,827,112
One year later	3,649,362	5,154,739	2,175,355	7,047,395	4,443,108	5,648,986	6,350,767	7,872,193
Two years later	4,399,708	5,604,128	2,733,949	6,428,300	4,680,173	5,659,732	5,831,159	7,144,126
Three years later	4,428,283	5,694,286	2,582,399	6,408,125	4,662,134	5,742,417	6,052,289	7,231,310
Four years later	4,444,963	5,637,506	2,550,375	6,419,050	4,498,150	5,509,198	5,875,355	5,597,870
Five years later	4,424,727	5,637,456	2,534,719	6,424,205	4,151,123	5,513,879	5,862,573	7,506,575
Six years later	4,386,119	5,618,993	2,527,328	6,478,275	4,524,902	6,638,803	5,974,533	8,516,563
Seven years later	4,346,333	5,614,720	2,630,618	6,419,000	4,569,054	6,079,753	5,940,278	7,481,220
Eight year later	4,351,117	5,624,628	2,556,587	6,414,394	4,233,618	6,390,684	5,940,864	--
Nine years later	4,394,464	5,614,217	2,556,203	6,464,179	4,480,259	5,859,288	--	--
Ten Years Later	4,394,464	5,614,217	2,655,263	6,320,668	4,379,350	--	--	--
Eleven Years Later	4,394,464	5,614,217	2,544,703	6,320,769	--	--	--	--
Twelve Years Later	4,368,216	5,614,217	2,544,703	--	--	--	--	--
Thirteen Years Later	4,394,793	5,614,217	--	--	--	--	--	--
Fourteen Years Later	4,394,917	--	--	--	--	--	--	--
Estimate of cumulative claims	4,394,917	5,614,217	2,544,703	6,320,769	4,379,350	5,859,288	5,940,864	7,481,220
Cumulative payments to date	4,394,464	5,614,217	2,544,703	6,320,399	4,405,735	5,627,482	5,939,632	7,127,007

Accident year	2016	2017	2018	2019	2020	2021	2022	Total
	RO	RO	RO	RO	RO	RO	RO	RO
At the end of each reporting year	8,511,096	5,556,891	6,269,705	6,019,962	2,268,320	4,027,533	5,871,656	
One year later	8,329,173	5,636,159	7,566,810	6,856,334	(915,311)	4,454,375	--	
Two years later	7,116,018	4,426,107	6,021,970	7,964,182	2,760,599	--	--	
Three years later	6,303,998	4,991,825	5,263,564	6,540,225	--	--	--	
Four years later	7,012,067	5,711,590	5,251,699	--	--	--	--	
Five years later	7,084,535	4,885,278	--	--	--	--	--	
Six years later	6,822,859	--	--	--	--	--	--	
Estimate of cumulative claims	6,822,859	4,885,278	5,251,699	6,540,225	2,760,599	4,454,375	5,871,656	79,122,019
Cumulative payments to date	6,820,012	4,675,513	5,355,824	5,213,966	2,696,256	3,669,091	4,293,295	74,697,596
Liability recognized in the statement of financial position (net outstanding claims and IBNR) (note 8)								4,424,424

Net incurred claims – 31 December 2021

Accident year	2008	2009	2010	2011	2012	2013	2014	2015
	RO	RO	RO	RO	RO	RO	RO	RO
At the end of each reporting year	4,383,224	3,596,438	8,33,739	3,950,312	2,983,882	4,738,312	6,068,500	7,827,112
One year later	3,649,362	5,154,739	2,175,355	7,047,395	4,443,108	5,648,986	6,350,767	7,872,193
Two years later	4,399,708	5,604,128	2,733,949	6,428,300	4,680,173	5,659,732	5,831,159	7,144,126
Three years later	4,428,283	5,694,286	2,582,399	6,408,125	4,662,134	5,742,417	6,052,289	7,231,310
Four years later	4,444,963	5,637,506	2,550,375	6,419,050	4,498,150	5,509,198	5,875,355	5,597,870
Five years later	4,424,727	5,637,456	2,534,719	6,424,205	4,151,123	5,513,879	5,862,573	7,506,575
Six years later	4,386,119	5,618,993	2,527,328	6,478,275	4,524,902	6,638,803	5,974,533	8,516,563
Seven years later	4,346,333	5,614,720	2,630,618	6,419,000	4,569,054	6,079,753	5,940,278	--
Eight year later	4,351,117	5,624,628	2,556,587	6,414,394	4,233,618	6,390,684	--	--
Nine years later	4,394,464	5,614,217	2,556,203	6,464,179	4,480,259	--	--	--
Ten Years Later	4,394,464	5,614,217	2,655,263	6,320,668	--	--	--	--
Eleven Years Later	4,394,464	5,614,217	2,544,703	--	--	--	--	--
Twelve Years Later	4,368,216	5,614,217	--	--	--	--	--	--
Thirteen years later	4,394,793	--	--	--	--	--	--	--
Estimate of cumulative claims	4,394,793	5,614,217	2,544,703	6,320,668	4,480,259	6,390,684	5,940,278	8,516,563
Cumulative payments to date	4,394,464	5,614,217	2,544,703	6,320,399	4,405,735	5,627,482	5,939,382	7,115,479

Accident year	2016	2017	2018	2019	2020	2021	Total
	RO	RO	RO	RO	RO	RO	RO
At the end of each reporting year	8,511,096	5,556,891	6,269,705	6,019,962	2,268,320	4,027,533	
One year later	8,329,173	5,636,159	7,566,810	6,856,334	(915,311)	--	
Two years later	7,116,018	4,426,107	6,021,970	7,964,182	--	--	
Three years later	6,303,998	4,991,825	5,263,564	--	--	--	
Four years later	7,012,067	5,711,590	--	--	--	--	
Five years later	7,084,535	--	--	--	--	--	
Estimate of cumulative claims	7,084,535	5,711,590	5,263,564	7,964,182	(915,311)	4,027,533	73,338,259
Cumulative payments to date	7,009,226	4,716,414	5,455,099	5,331,603	2,749,360	2,585,696	69,809,259
Liability recognized in the statement of financial position (net outstanding claims and IBNR) (note 8)							3,529,000

d) Credit risk

A credit risk policy setting out the assessment and determination of what constitutes credit risk for the Company has been established and policies and procedures are in place to mitigate the Company's exposure to credit risk.

Compliance with the policy is monitored and exposures and breaches are regularly reviewed for pertinence and for changes in the risk environment.

For all classes of financial assets held by the Company, other than those relating to reinsurance contracts, the maximum credit risk exposure to the Company is the carrying value as disclosed in the financial statements at the reporting date.

Reinsurance is placed with reinsures approved by the management, which are generally international companies that are rated by international rating agencies or other GCC agencies.

The Company's bank balances, bank deposits and investment in bonds are maintained with a range of international and local banks in accordance with limits set by the board of directors. For banks and financial institutions, banks with better ratings are accepted.

To minimize its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers and monitors concentration of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.

Included in the Company's premiums and insurance balance receivables are debtors with a carrying amount of RO 5,273,505 (2021: RO 2,710,994) which are past due at the reporting date for which the Company has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable.

The following table explains the credit position of the Company.

	Not due	Not past due and considered good				Past due but not impairedmore than 121days	Impaired more than 121days	Total
		Less than 30 days	31 to 60 days	61 to 90 days	91 to 120 days			
31 December 2022		RO	RO	RO	RO	RO	RO	RO
Cash and cash equivalents								
	3,813,089	--	--	--	--	--	--	**3,813,089**
Bank deposits	**12,371,570**	--	--	--	--	--	--	**12,371,570**
Financial investments – local and foreign bonds	**7,156,293**	--	--	--	--	--	--	**7,156,293**
Premiums and								
reinsurance balance								
receivables	**445,525**	**2,469,563**	**663,852**	**663,852**	**451,533**	**5,273,505**	**667,993**	**10,635,823**
	23,786,477	**2,469,563**	**663,852**	**663,852**	**451,533**	**5,273,505**	**667,993**	**33,976,775**
31 December 2021								
Cash and cash equivalents	2,510,696	--	--	--	--	--	--	2,510,696
Bank deposits	15,686,535	--	--	--	--	--	--	15,686,535
Financial investments – local and foreign bonds	3,988,428	--	--	--	--	--	--	3,988,428
Premiums and reinsurance balance	699,657	2,009,102	832,723	356,881	424,901	2,710,994	667,993	7,702,251
receivables	22,885,316	2,009,102	832,723	356,881	424,901	2,710,994	667,993	29,887,910

e) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

Liquidity requirements are monitored on a weekly basis and management ensures that sufficient funds are available to meet any commitments as they arise.

Maturity profiles

The table below summarizes the maturity profile of the financial liabilities of the Company based on remaining undiscounted contractual obligations. Repayments which are subject to notice are treated as if notice were to be given immediately.

	Up to 1 year	1-5 years	Over 5 years	Total
31 December 2022	**RO**	**RO**	**RO**	**RO**
Due to reinsurers	**3,848,563**	**4,519,767**	**(252,806)**	**8,115,524**
Other liabilities and accruals	**5,182,550**	**145,245**	--	**5,327,795**
	9,031,113	**4,665,012**	**(252,806)**	**13,443,319**
31 December 2021				
Due to reinsurers	5,505,974	1,698,380	79,534	7,283,888
Other liabilities and accruals	5,580,896	234,004	--	5,814,900
	11,086,870	1,932,385	79,534	13,098,788

f) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in international and local equity and bond markets. In addition, the Company actively monitors the key factors that affect stock and bond market movements, including analysis of the operational and financial performance of investees.

g) Currency risk

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

Considering the fact that the Omani Rial is effectively pegged to US Dollar, the Company is not exposed to any material currency risk.

The table below summarizes the Company's exposure to foreign currency exchange rate risk at reporting date by categorizing assets and liabilities by major currencies:

	Denominated in USD	Denominated in EURO	Denominated in QAR	Total
31 December 2022	**RO**	**RO**	**RO**	**RO**
Cash and cash equivalents	**1,992,819**	**17,227**	--	**2,010,046**
Premiums and reinsurance balances receivables	**2,415,707**	**8,148**	**31,739**	**2,455,594**
Total assets	**4,408,526**	**25,375**	**31,739**	**4,465,640**

31 December 2022	Denominated in USD RO	Denominated in EURO RO	Denominated in QAR RO	Total RO
Due to reinsurers:	**3,303,455**	**16,392**	**594,880**	**3,914,727**
Total liabilities	**3,303,455**	**16,392**	**594,880**	**3,914,727**
31 December 2021				
Cash and cash equivalents	351,850	46,361	--	398,211
Premiums and reinsurance balances receivables	3,027,197	27,971	--	3,055,168
Total assets	3,379,047	74,332	--	3,453,378
Due to reinsurers	2,526,377	28,975	703,294	3,258,646
Total liabilities	2,526,377	28,975	703,294	3,258,646

e) Interest rate risk

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

The Company invests in securities and has deposits that are subject to interest rate risk. Interest rate risk to the Company is the risk of changes in market interest rates reducing the overall return on its interest bearing securities.

The Company's interest risk policy requires to manage interest risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities. The Company limits interest rate risk by monitoring changes in interest rates in the currencies in which its cash and investments are denominated and has no significant concentration of interest rate risk.

f) Equity price risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

g) Equity price risk

The Company's equity price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices, principally investment securities not held for the account of unit-linked business.

The Company's price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on investments in each country, sector and market and careful and planned use of derivative financial instruments.

The Company has no significant concentration of price risk.

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

31 December 2022	Change in variable RO	Impact on net profit RO	Impact on equity RO
Financial investments	**+2%**	**232,279**	**232,279**
Financial investments	**-2%**	**(232,279)**	**(232,279)**
31 December 2021			
Financial investments	+2%	217,981	217,981
Financial investments	- 2%	(217,981)	(217,981)

h) Operational risks

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

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

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

29. Fair values of financial instruments

The following methods and assumptions were used to estimate the fair values:

Listed investment in equity securities

Fair values of publicly traded equity securities are based on quoted market prices in an active market for identical assets without any adjustments. The Company classifies the fair value of these investments as Level 1 of the hierarchy.

Unlisted equity investments

The Company invests in private equity companies that are not quoted in an active market. Transactions in such investments do not occur on a regular basis. The Company uses the reported net asset value and market-based valuation techniques to estimate the fair value for these positions, adjusted for adjusted for factors specific to the investee such as the effect for lack of marketability.

Unlisted debt securities

The Company invests in bonds. In the absence of a quoted price in an active market, they are valued using observable inputs such as recently executed transaction prices in securities of the issuer or comparable issuers.

Description of significant unobservable inputs to valuation

Unquoted equity securities are valued based on book value multiple method, multiples using latest financial statements available of the investee entities and adjusted for lack of marketability discount in the range of 15%. The Company has determined that market participants would take into account these discounts when pricing the investments.

A change in assumptions used for valuing the Level 3 financial instruments, by possible using an alternative ±5% higher or lower liquidity and market discount could have resulted in increase or decrease in the results by RO 10,992 (2021 – RO 8,787).

Fair value measurements recognized in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 3	Total
31 December 2022	RO	RO	RO
Financial assets			
Quoted local investments	**5,903,670**	--	**5,903,670**
Quoted foreign investments	**5,710,271**	--	**5,710,271**
Unquoted local investments	**--**	**219,840**	**219,840**
Quoted bonds	**7,156,293**	--	**7,156,293**
	18,770,234	**219,840**	**18,990,074**

	Level 1	Level 3	Total
31 December 2021	RO	RO	RO
Financial assets			
Quoted local investments	4,814,100	--	4,814,100
Quoted foreign investments	6,084,970	--	6,084,970
Unquoted local investments	--	175,730	175,730
Quoted bonds	3,988,428	--	3,988,428
	14,887,498	175,730	15,063,228

Unquoted equity, which is grouped under level 3, investment amounting to RO 71,428 (2021 – RO 71,428) was recorded at fair values of RO 219,840 (2021 – RO 175,730) adopting market approach and applying price to book value multiple to arrive at the value of investment. There are no active markets for these investments and the Company intends to hold the investments.

Reconciliation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy:

	2022	2021
	RO	RO
Unquoted securities – Equity securities at FVTPL		
At 1 January	**175,730**	215,411
Gain / (loss) recorded in profit or loss	**44,110**	(39,681)
At 31 December	**219,840**	175,730

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