MOORE

Moore Stephens LLC
Office No. 41, 4th Floor
Building No. 1022, Way No. 1013
Al Wilaj Street, Al Qurum
P.O. Box : 933, Postal Code : 112
Sultanate of Oman

T +968 24061000
F +968 24061099
E info@moore-oman.com

www.moore-oman.com

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 71, which comprise the statement of financial position as at 31 December 2023, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, , including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023 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 Matter

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.

Valuation of insurance contract liabilities

As at 31 December 2023, insurance contract liabilities include liability for incurred claims (LFIC) and liability for remaining coverage (LFRC), amounting in aggregate to RO 60.87 million (2022 – RO 32.37 million). The reinsurers' share in insurance contract liabilities at 31 December 2023 amounted to RO 45.32 million (2022 – RO 25.08 million), as detailed in notes 7 and 8 to the financial statements.

MOORE

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

Key Audit Matter (Continued)

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

Valuation of insurance contract liabilities (Continued)

The valuation of the liability for incurred claims and liability for remaining coverage components 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. This involves estimating the present value of future cash flows and the risk adjustment for non-financial risk. The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts. The present value of future cash flows is based on the best estimate of the ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with the related claims handling costs.

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 and significant accounting judgments, estimates and assumptions adopted by the Company, involved in the initial recognition and subsequent measurement of insurance contract liabilities are disclosed in notes 2.2.2 and 3 to the financial statements. The movements in, and other disclosures relating to, insurance contract liabilities are disclosed in note 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 assist them in estimating the liability for incurred claims and liability for remaining coverage along with reinsurance assets.
- Testing on a sample basis the appropriateness of the formulae in the actuarial models used to estimate the liability for remaining coverage, liability for incurred claims and reinsurance assets.
- Assessing the completeness and accuracy of data used as inputs into the determination of liability for incurred claims, liability for remaining coverage and reinsurance assets, and testing on a sample basis, the completeness and accuracy of underlying claims data used by the Management's actuary in estimating the present value of the future cashflows and the risk adjustment for non-financial risk by reference to the accounting and other records.

MOORE

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

Key Audit Matter (Continued)

Valuation of insurance contract liabilities (Continued)

- Comparing the output from the models used to estimate liability for remaining coverage and liability for incurred claims recommended by the Company's appointed actuaries to the liabilities recorded in the financial statements.

- Comparing the ratios of proportional reinsurance assets to related insurance contract liabilities with the proportional reinsurance treaty agreements to identify any variances.

- Assessing the adequacy and appropriateness of the related disclosures in the financial statements.

- Involving actuarial specialists to assist us in our consideration of the report of the independent actuaries appointed by Management and assessing the approach used, key decisions made, and conclusions reached which form basis for the estimation of liability for remaining coverage and liability for incurred claims along with reinsurance assets.

- Assessing the appropriateness of disclosures relating to the insurance contract liabilities established by Management.

The results of these procedures were satisfactory.

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.

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

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.

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.

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

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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.

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.

26 February 2024

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

	Notes	31 December 2023 RO	Restated (note 2.2.2)] 31 December 2022 RO	1 January 2022 RO
ASSETS				
Cash and cash equivalents	5	**4,015,636**	3,813,089	2,510,696
Bank deposits	6	**27,786,716**	12,371,570	15,686,535
Reinsurance contract assets	7	**45,318,949**	25,081,276	29,385,179
Insurance contract assets	8	**130,487**	8,963	188,277
Other receivables and prepayments	9	**347,718**	371,971	356,710
Financial investments	10	**30,569,230**	18,990,074	15,063,228
Property and equipment	12.1	**589,923**	84,135	83,028
Investment property	12.2	**348,944**	--	--
Right-of-use assets	13.1	**139,529**	178,167	158,798
Intangible assets	20.2	**1,694,000**	--	--
Total assets		**110,941,132**	60,899,245	63,432,451
EQUITY AND LIABILITIES				
Equity				
Capital and reserves				
Share capital	15	**21,998,840**	10,000,000	10,000,000
Legal reserve	16	**2,211,694**	1,808,438	1,521,020
Contingency reserve	17	**10,940,396**	5,943,523	5,498,753
Fair value reserve		**15,131**	(82,758)	(18,948)
Insurance finance reserve (net)	18	**(193,645)**	(176,243)	124,500
Retained earnings		**1,937,816**	3,471,163	896,815
Total equity		**36,910,232**	20,964,123	18,022,140
Liabilities				
Insurance contract liabilities	8	**60,870,825**	32,369,457	39,121,772
Reinsurance contract liabilities	7	**1,099,983**	431,404	878,646
Other liabilities and accruals	14	**12,060,092**	7,134,261	5,409,893
Total liabilities		**74,030,900**	39,935,122	45,410,311
Total equity and liabilities		**110,941,132**	60,899,245	63,432,451
Net assets per share	23 b)	**0.229**	0.210	0.180

These financial statements were approved and authorized for issue by the Board of Directors on 26 February 2024 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 27 form part of these financial statements.

Independent auditor's report - pages 1 to 5.

Statement of Comprehensive Income

	Notes	2023 RO	2022 RO Restated (note 2.2.2)
Insurance revenue	18	**63,674,043**	35,205,941
Insurance service expenses	18	**(38,574,549)**	(8,796,719)
Net expenses from reinsurance contract held	18	**(22,950,381)**	(24,029,891)
Insurance service results		**2,149,113**	2,379,331
Insurance finance expense for insurance contracts issued	18	**(1,322,418)**	(228,032)
Insurance finance income for reinsurance contracts held	18	**1,173,177**	319,297
Net insurance finance (expense) / Income		**(149,241)**	91,265
Investment income	19	**2,988,442**	3,109,563
Investment advisory fees	19	**(109,125)**	(82,245)
Total net investment income		**2,879,317**	3,027,318
Total insurance and investment results		**4,879,189**	5,497,914
Rental and other income	19	**20,170**	(7,787)
Bargain purchase gain on acquisition	20.1	**1,922,817**	-
Total income		**6,822,176**	5,490,127
General and administrative expenses	21	**(1,734,251)**	(826,562)
Depreciation and amortization		**(320,388)**	(274,267)
Profit before taxation		**4,767,537**	4,389,298
Taxation	22	**(734,973)**	(382,762)
Net profit for the year	18	**4,032,564**	4,006,536
Other comprehensive income / (expense)			
Net change in fair value of financial assets		**97,889**	(63,810)
Net finance (expense) / income from insurance contracts		**(634,427)**	701,396
Net finance income / (expense) from reinsurance contracts held		**617,026**	(1,002,140)
Total other comprehensive income / (expense) for the year		**80,489**	(364,554)
Total comprehensive income for the year		**4,113,053**	3,641,982
Earnings per share – Basic and diluted	23 a)	**0.025**	0.040

The attached notes 1 to 27 form part of these financial statements.

Independent auditor's report - pages 1 to 5.

Statement of Cash Flows

	Notes	**2023 RO**	2022 RO *Restated*
OPERATING ACTIVITIES			
Profit before tax for the year		**4,767,537**	4,389,298
Adjustments for:			
Depreciation and amortization	12 & 13	320,388	274,267
Insurance finance income / (expense)		(149,241)	91,265
Investment income & other income	19	(3,095,736)	(3,447,538)
Bargain purchase gain on acquisition	20	(1,922,817)	--
Provision for employees' end of service benefits	14	138,490	17,827
Net unrealised gain on investments	19	194,416	(422,315)
Operating cash flows before changes in operating assets and liabilities		**551,519**	1,564,904
Working capital changes:			
- Net movements in insurance and reinsurance contract assets and liabilities		8,644,108	(2,925,819)
- Net movements in other receivables and prepayments		(763,751)	(344,419)
Net movements in other liabilities and accruals		4,868,973	1,988,799
Cash from / (used in) operations		**13,300,849**	283,465
Employees' end of service benefits paid		(114,439)	--
Income taxes and withholding taxes paid		(2,439,601)	(175,312)
Net cash flows generated from / (used in) operating activities		**10,746,809**	108,153
INVESTING ACTIVITIES			
Purchase of financial assets (Except Vision Transfer)	10	(2,542,773)	(11,600,282)
Transfer of financial assets from Vision	10, 12, 20.1	(9,869,071)	--
Proceeds from disposal of financial investments	10	3,468,260	8,443,040
Net movements in bank deposits	6	(15,415,146)	3,718,235
Purchase of property and equipment		(14,051)	(17,334)
Proceeds from sale of property and equipment		40,882	--
Interest income received		1,863,476	886,386
Dividend income received		626,487	650,723
Net cash flows generated from investing activities		**(21,841,936)**	2,080,768
FINANCING ACTIVITIES			
Lease liabilities paid		(46,040)	(186,528)
Dividend paid		(644,874)	(700,000)
Proceeds from additional share capital	20.1	11,988,588	--
Net cash flows used in financing activities		**11,297,674**	(886,528)
Net increase in cash and cash equivalents		**202,547**	1,302,493
Cash and cash equivalents at the beginning of the year		**3,813,089**	2,510,696
Cash and cash equivalents at the end of the year	5	**4,015,636**	3,813,089

The attached notes 1 to 27 form part of these financial statements.

Independent auditor's report - pages 1 to 5.

Statement of Changes in Equity

	Share capital RO	Legal reserve RO	Contingency reserve RO	Fair value reserve RO	Insurance finance reserve (net) RO	Retained earnings RO	Total RO
At 1 January 2023, as previously stated	**10,000,000**	**1,808,438**	**5,943,523**	**(82,758)**	**--**	**5,215,633**	**22,884,836**
Impact of initial adoption of IFRS 9	--	--	--	--	--	**(143,217)**	**(143,217)**
Impact of initial adoption of IFRS 17	--	--	--	--	**(176,243)**	**(1,601,253)**	**(1,777,496)**
At 1 January 2023, as restated (note 2.2.2)	**10,000,000**	**1,808,438**	**5,943,523**	**(82,758)**	**(176,243)**	**3,471,163**	**20,964,123**
Impact of IFRS 17 relating to acquisition (note 20.1)	--	--	--	--	--	**479,092**	**479,092**
Total comprehensive income for the year:							
- Profit for the year	--	--	--	--	--	**4,032,564**	**4,032,564**
- Effect of changes in interest rates and other financial assumptions (net of RI)	--	--	--	--	**(17,402)**	--	**(17,402)**
- Net change in fair value of financial assets	--	--	--	**97,889**	--	--	**97,889**
	--	--	--	**97,889**	**(17,402)**	**4,511,656**	**4,592,143**
Transfer to legal reserve (note 17)	--	**403,256**	--	--	--	**(403,256)**	--
Transfer to contingency reserve (note 18)	--	--	**4,996,873**	--		**(4,996,873)**	--
Transactions with shareholders:							
Dividend paid – 2022 (note 16)	--	--	--	--	--	**(644,874)**	**(644,874)**
Additional share capital issued	**11,998,840**	--	--	--	--	--	**11,998,840**
At 31 December 2023	**21,998,840**	**2,211,694**	**10,940,396**	**15,131**	**(193,645)**	**1,937,816**	**36,910,232**

The attached notes 1 to 27 form part of these financial statements.

Independent auditor's report - pages 1 to 5.

Statement of Changes in Equity

	Share capital RO	Legal reserve RO	Fair value reserve RO	Insurance finance reserve (net) RO	Contingency reserve RO	Retained earnings RO	Total RO
At 1 January 2022, as previously stated	10,000,000	1,521,020	(18,948)	--	5,498,753	3,773,640	20,774,465
Impact of initial application of IFRS 17	--	--	--	124,500	--	(2,876,825)	(2,752,325)
At 1 January 2022, as restated (note 2.2.2)	10,000,000	1,521,020	(18,948)	124,500	5,498,753	896,815	18,022,140
Total comprehensive income for the year:							
- Profit for the year	--	--	--	--	--	4,006,536	4,006,536
- Effect of changes in interest rates and other financial assumptions (net of RI)	--	--	--	(300,743)	--	--	(300,743)
- Net change in fair value of financial assets	--	--	(63,810)	--	--	--	(63,810)
	--	--	(63,810)	(300,743)	--	4,006,536	3,641,983
Transfer to legal reserve (note 17)	--	287,418	--	--	--	(287,418)	--
Transfer to contingency reserve (note 18)	--	--	--	--	444,770	(444,770)	--
Transactions with shareholders:							
Dividend paid – 2021 (note 16)	--	--	--	--	--	(700,000)	(700,000)
At 31 December 2022	10,000,000	1,808,438	(82,758)	(176,243)	5,943,523	3,471,163	20,964,123

The attached notes 1 to 27 form part of these financial statements.

Independent auditor's report - pages 1 to 5.

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

The Company is a substantially owned subsidiary of Qatar Insurance Company Q.S.P.C.,(Parent Company) a public joint stock company incorporated in the State of Qatar, whose registered address is at Tamin Street, West Bay, P O Box 666, Doha, State of Qatar.

Merger with Vision Insurance SAOG

Under a merger agreement dated 6 December 2022, the Company has entered into 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 (EGM) 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. The Company has completed the 100% merger of VI with effect from 1 January 2023 as per Ministry of Commerce, Industry and Investment Promotions notification reference issued on 5 February 2023. Accordingly, all the assets and liabilities of VI is now transferred to the Company for which the .Company has issued the 161,218,570 equity shares through private placements which was approved by the Shareholders of the Company at an EGM held on 27 December 2022. Refer to note 20.1 for details on the acquisition of VI.

Consequently, the equity shares of VI were delisted from the Muscat Stock Exchange (MSX) with effect from 20 February 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.

Notes to the financial statements

2 Basis of preparation and adoption of new and amended IFRS (Continued)

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 2023. 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:

- IFRS 17 'Insurance Contracts'
- IFRS 9 'Financial Instruments'
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 - Presentation of Financial Statements
- Amendments to IAS 1 - Disclosure of Accounting Policies
- Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to IAS 12 - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

2.2.1 The new and amendments to IFRSs listed above did not have any effect on the financial statements of the Company except for followings:

- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 which the Company has adopted from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

  Management reviewed the accounting policies and made updates to the information disclosed in note 3 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments.

- IFRS 17 'Insurance Contracts' which replaces IFRS 4 Insurance Contracts have brought significant changes to the accounting for insurance and reinsurance contracts and financial instruments. As a result, the Company has restated certain comparative amounts and presented a third statement of financial position as at 1 January 2022.

2.2.2 Transition

Changes in accounting policies resulting from the adoption of IFRS 17 have been applied using a full retrospective approach to the extent practicable. Under the full retrospective approach, at 1 January 2022, the Company:

- Has identified, recognized and measured each group of insurance contracts as if IFRS 17 had always applied.
- Has identified, recognized and measured assets for insurance acquisition cash flows as if IFRS 17 has always applied. However, no recoverability assessment was performed before the transition date.
- Derecognized any existing balances that would not exist had IFRS 17 always applied
- Recognized any resulting net difference in equity and presented in statement of changes in equity

Notes to the financial statements

2 Basis of preparation and adoption of new and amended IFRS (Continued)

2.2 New standards, interpretations and amendments adopted by the Company (Continued)

2.2.2 Transition (Continued)

The line-item descriptions in the consolidated statement of profit or loss have been changed significantly compared with last year. previously, the Company reported the following line items:

- Gross premiums
- Premium ceded to reinsurers
- Net premiums
- Movement in unexpired risk reserve
- Gross claims paid
- Reinsurance recoveries
- Movement in outstanding claims
- Net commission
- Net underwriting result

Instead, IFRS 17 requires separate presentation of:
- Insurance revenue.
- Insurance service expenses.
- Net income or expense from reinsurance contracts held.
- Net finance expense from insurance contracts
- Net finance income from reinsurance contracts

The table below summarise the impact of initial application of IFRS 17:

	31 December 2021		1 January 2022
	As previously stated RO	Impact of initial adoption of IFRS 17 RO	As restated RO
Assets			
Cash and cash equivalents [B]	2,510,696	--	2,510,696
Bank deposits [B]	15,686,535	--	15,686,535
Premium and reinsurance balances receivable / Insurance contract assets [A]	7,034,258	(6,845,981)	188,277
Reinsurers' share of insurance contract liabilities / Reinsurance contract assets [A]	34,615,000	(5,229,821)	29,385,179
Other receivables and prepayments [A]	356,710	--	356,710
Financial investments	15,063,228	--	15,063,228
Property, equipment and Right of Use Assets [B]	241,826	--	241,826
Liabilities			
Liabilities arising from insurance contracts / Insurance contract liabilities [A]	41,635,000	(2,513,228)	39,121,772
Due to reinsurers / Reinsurance contract liabilities [A]	7,283,888	(6,405,242)	878,646
Other liabilities and accruals	5,814,900	(405,008)	5,409,892
Equity			
Insurance finance reserve [A]	--	124,500	124,500
Retained earnings	3,773,640	(2,876,825)	896,815

[A] denotes the impact on retained earnings due to adoption of IFRS 17 by the Company
[B] denotes other restatement and adjustments

Notes to the financial statements

2 Basis of preparation and adoption of new and amended IFRS (Continued)

2.2 New standards, interpretations and amendments adopted by the Company (Continued)

2.2.2 Transition (Continued)

	31 December 2022			1 January 2023
	As previously stated	Impact of initial adoption of IFRS 17	Impact of initial adoption of IFRS 9	As restated
	RO	RO	RO	RO
Assets				
Cash and cash equivalents [B]	3,813,089	--	--	3,813,089
Bank deposits [B]	12,371,570	--	--	12,371,570
Premium and reinsurance balances receivable / Insurance contract assets [A]	9,967,830	(9,854,205)	(104,662)	8,963
Reinsurers' share of insurance contract liabilities / Reinsurance contract assets [A]	28,819,445	(3,699,614)	(38,555)	25,081,276
Other receivables and prepayments [A]	371,971	--	--	371,971
Financial investments	18,990,074	--	--	18,990,074
Property, equipment and Right of Use Assets [B]	262,302	--	--	262,302
Liabilities				
Liabilities arising from insurance contracts / Insurance contract liabilities [A]	38,268,126	(5,898,669)	--	32,369,457
Due to reinsurers / Reinsurance contract liabilities [A]	8,115,524	(7,684,120)	--	431,404
Other liabilities and accruals	5,327,795	1,806,466	--	7,134,261
Equity				
Insurance finance reserve [A]	--	(176,243)	--	(176,243)
Retained earnings	5,215,633	(1,601,253)	(143,217)	3,471,163

[A] denotes the impact on retained earnings due to adoption of IFRS 17 by the Company
[B] denotes other restatement and adjustments

2.2.3 Adoption of IFRS 17

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after 1 January 2023.The Company has restated comparative information for 2022. The nature of the changes in accounting policies can be summarised, as follows:

Changes to classification and measurement

The adoption of IFRS 17 did not change the classification of the Company's insurance contracts. However, IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company.

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.

Notes to the financial statements

2 Basis of preparation and adoption of new and amended IFRS (Continued)

2.2.4 Changes to the impairment calculation of insurance and reinsurance receivables

The Company started the adoption of IFRS 9 on insurance and reinsurance receivables to recognise a loss allowance for expected credit losses ("ECL"). The adoption of the ECL requirements of IFRS 9 shall result in increases /decrease in impairment allowances in respect of the Company's insurance and reinsurance receivables. The increase in allowance was adjusted to retained earnings.

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. The following other standards and amendments will become effective for the annual effective for the annual periods beginning on or after 1 January 2024.

- Non-current Liabilities with Covenants – Amendments to IAS 1.
- Classification of Liabilities as Current or Non-current – Amendments to IAS 1.
- Lease Liability in a Sale and Leaseback – amendments to IFRS 16.
- Lack of Exchangeability - Amendments to IAS 21.

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 material 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.

Notes to the financial statements

3 Summary of material accounting policies (Continued)

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 and reinsurance contracts classification

The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, The Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. The Company issues life and non-life insurance to individuals and businesses. Non-life insurance products include property, marine, and health. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage because of a policyholder's accident. The Company also issues reinsurance contracts in the normal course of business to compensate other entities for claims arising from one or more insurance contracts issued by those entities. The Company does not issue any contracts with direct participating features.

3.2 Insurance and reinsurance contracts accounting treatment

3.2.1 Separating components from insurance and reinsurance contracts

The Company assesses its non-life insurance and reinsurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Company applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, The Company's products do not include any distinct components that require separation.

Some reinsurance contracts issued contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive – either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening. The minimum guaranteed amounts have been assessed to be highly interrelated with the insurance component of the reinsurance contracts and are, therefore, non-distinct investment components which are not accounted for separately. However, receipts and payments of these investment components are recognised outside of profit or loss.

3.2.2 Level of aggregation

IFRS 17 requires The Company to determine the level of aggregation for applying its requirements. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, The Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator.

However, The Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). IFRS 17 also requires that no group for level of aggregation purposes may contain contracts issued more than one year apart. The Company has elected to group together those contracts that would fall into different groups only because law or regulation specifically constrains its practical ability to set a different price or level of benefits for policyholders with different characteristics.

Notes to the financial statements

3 Summary of material accounting policies (Continued)

3.2 Insurance and reinsurance contracts accounting treatment (Continued)

3.2.2 Level of aggregation (Continued)

The Company applied a full retrospective approach for transition to IFRS 17. The portfolios are further divided by year of issue and profitability for recognition and measurement purposes.

Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:

- A group of contracts that are onerous at initial recognition (if any)
- A group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently (if any)
- A group of the remaining contracts in the portfolio (if any)

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise.

For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognised
- Environmental factors, e.g., a change in market experience or regulations

The Company divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract.

3.2.3 Recognition

The Company recognises groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date
- For a group of onerous contracts if facts and circumstances indicate that the group is onerous

The Company recognises a group of reinsurance contracts held it has entered from the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held. (However, The Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held; and
- The date the Company recognises an onerous group of underlying insurance contracts if the Company entered the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

Notes to the financial statements

3 Summary of material accounting policies (Continued)

3.2 Insurance and reinsurance contracts accounting treatment (Continued)

3.2.3 Recognition (Continued)

The Company adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

3.2.4 Contract boundary

The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or

- Both of the following criteria are satisfied:

- The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio

- The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

3.2.5 Measurement - Premium Allocation Approach

	IFRS 17 Options	Adopted Approach
Premium Allocation Approach (PAA) Eligibility	Subject to specified criteria, the PAA can be adopted as a simplified approach to the IFRS 17 general model	Coverage period for health insurance assumed is one year or less and so qualifies automatically for PAA. Both marine insurance and property insurance include contracts with coverage period greater than one year. However, there is no material difference in the measurement of the liability for remaining coverage between PAA and the general model, therefore, these qualify for PAA

Notes to the financial statements

3 Summary of material accounting policies (Continued)

3.2 Insurance and reinsurance contracts accounting treatment (Continued)

3.2.5 Measurement - Premium Allocation Approach (Continued)

	IFRS 17 Options	Adopted Approach
Insurance acquisition cash flows for insurance contracts issued	Where the coverage period of all contracts within a group is no longer than one year, insurance acquisition cash flows can either be expensed as incurred, or allocated, using a systematic and rational method, to groups of insurance contracts (including future groups containing insurance contracts that are expected to arise from renewals) and then amortised over the coverage period of the related group. For groups containing contracts longer than one year, insurance acquisition cash flows must be allocated to related groups of insurance contracts and amortised over the coverage period of the related group	For all business, insurance acquisition cash flows are allocated to related groups of insurance contracts and amortised over the coverage period of the related group
Liability for Remaining Coverage (LFRC), adjusted for financial risk and time value of money	Where there is no significant financing component in relation to the LFRC, or here the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LFRC.	For all businesses, there is no allowance as the premiums are received within one year of the coverage period. Where the premium due date and the related period of services are more than 12 months the Company has assessed the amount as immaterial, as such no discounting is required.
Liability for Incurred Claims, (LFIC) adjusted for time value of money.	Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	For all businesses, the LFIC is adjusted for the time value of money.
Insurance finance income and expense	There is an option to disaggregate part of the movement in LFIC resulting from changes in discount rates and present this in OCI	For all business, the Company disaggregates part of the movement in LFIC resulting from changes in discount rates and present this in OCI

Notes to the financial statements

3 Summary of material accounting policies (Continued)

3.2 Insurance and reinsurance contracts accounting treatment (Continued)

3.2.5 Measurement - Premium Allocation Approach (Continued)

3.2.5.1 Insurance contracts – initial measurement

The Company applies the premium allocation approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary (refer to 3.2.4); Or
- For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, The Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as:

- The premiums, if any, received at initial recognition
- Minus any insurance acquisition cash flows at that date, unless the entity chooses to recognize the payment as an expense
- Plus or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows; and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Company pays or receives before the group of insurance contracts is recognised.

For all businesses, the liability for remaining coverage is not discounted to reflect the time value of money and the effect of financial risk.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the Company being equal to the fulfilment cash flows.

3.2.5.2. Reinsurance contracts held – initial measurement

The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on to the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

Where the Company recognizes a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

Notes to the financial statements

3 Summary of material accounting policies (Continued)

3.2 Insurance and reinsurance contracts accounting treatment (Continued)

3.2.5 Measurement - Premium Allocation Approach (Continued)

3.2.5.2. Reinsurance contracts held – initial measurement (Continued)

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the Company of reinsurance contracts held. The Company uses a systematic and rational method to determine the portion of losses recognised on the Company to insurance contracts covered by The Company of reinsurance contracts held where some contracts in the underlying group are not covered by The Company of reinsurance contracts held. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

3.2.5.3. Insurance contracts – subsequent measurement

The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus premiums received in the period
- Minus any insurance acquisition cash flows at that date, unless the entity chooses to recognize the payment as an expense
- Plus any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting
- period for The Company
- Plus any adjustment to the financing component, where applicable
- Minus the amount recognised as insurance revenue for the services provided in the period
- Minus any investment component paid or transferred to the liability for incurred claims if any

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the group and include an explicit adjustment for non-financial risk (the risk adjustment). The Company adjusts the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected. Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, The Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for The Company being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised. For additional disclosures on the loss component, please refer to Note 3.2.6.2.

3.2.5.4 Reinsurance contracts held – subsequent measurement

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

Where The Company has established a loss-recovery component, The Company subsequently reduces the loss- recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

Notes to the financial statements

3 Summary of material accounting policies (Continued)

3.2 Insurance and reinsurance contracts accounting treatment (Continued)

3.2.5 Measurement - Premium Allocation Approach (Continued)

3.2.5.5 Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

The Company uses a systematic and rational method to allocate:

(a) Insurance acquisition cash flows that are directly attributable to a group of insurance contracts:

i. to that group; and
ii. to groups that include insurance contracts that are expected to arise from the renewals of the insurance contracts in that group.

(b) Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised in the statement of consolidated financial position, a separate asset for insurance acquisition cash flows is recognised for each related group.

The asset for insurance acquisition cash flow is derecognised from the consolidated statement of financial position when the insurance acquisition cash flows are included in the initial measurement of the related group of insurance contracts.

3.2.5.6 Insurance contracts – modification and derecognition

The Company derecognises insurance contracts when:

· The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired); or
· The contract is modified such that the modified results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract.

When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

3.2.6 Presentation

For presentation in the statement of financial position, the Company aggregates insurance and reinsurance contracts issued and reinsurance contracts held, respectively and presents separately:

- Portfolios of insurance and reinsurance contracts issued that are assets
- Portfolios of insurance and reinsurance contracts issued that are liabilities
- Portfolios of reinsurance contracts held that are assets
- Portfolios of reinsurance contracts held that are liabilities

Notes to the financial statements

3 Summary of material accounting policies (Continued)

3.2 Insurance and reinsurance contracts accounting treatment (Continued)

3.2.6 Presentation (Continued)

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17requirements. Portfolios of insurance contracts issued include any assets for insurance acquisition cash flows.

3.2.6.1. Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component if any) allocated to the period. The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made based on the expected timing of incurred insurance service expenses and release of risk.

The Company changes the basis of allocation between the two methods above as necessary if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

3.2.6.2. Loss components

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, the facts and circumstances mentioned in Note 3.2.2 indicate that a group of insurance contracts is onerous, The Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of The Company over the carrying amount of the liability for remaining coverage of The Company as determined in Note 3.2.5.3. Accordingly, by the end of the coverage period of the group of contracts, the loss component will be zero.

3.2.6.3. Loss-recovery components

The Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses.

A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

3.2.6.4. Insurance finance income and expense

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

The Company disaggregates insurance finance income or expenses on insurance contracts between profit or loss and OCI. The impact of changes in market interest rates on the value of the insurance assets and liabilities are reflected in OCI.

Notes to the financial statements

3 Summary of material accounting policies (Continued)

3.2 Insurance and reinsurance contracts accounting treatment (Continued)

3.2.6 Presentation (Continued)

3.2.6.5. Net income or expense from reinsurance contracts held

The Company presents the amount expected to be recovered from reinsurers, and allocation of reinsurance premium paid together as Net income / (expense) from reinsurance contracts separately on the face of the consolidated statement of profit or loss. The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the consolidated statement of profit or loss.

3.2.7 Insurance service expense

General insurance business
Insurance service expense 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 insurance expense 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 insurance service expense comprises 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.

3.2.8 Payment of insurance service expense

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.

Notes to the financial statements

3 Summary of material accounting policies (Continued)

3.3 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.

3.4 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.

3.5 Financial instruments

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.

Notes to the financial statements

3 Summary of material accounting policies (Continued)

3.5 Financial instruments (Continued)

Measurement categories of financial assets and liabilities

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

- Amortised 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 are measured at amortised cost. The Group classifies financial assets based on the business model and the asset's contractual terms, measured at either:

- Amortised 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.

Initial Recognition

a) Financial investments at amortised cost

The Company measures financial assets at amortised 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; and
- 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. The details of these conditions are outlined below.

(i) Business model assessment
The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. 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

Notes to the financial statements

3 Summary of material accounting policies (Continued)

3.5 Financial instruments (Continued)

Initial Recognition (Continued)

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 realised 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.

(i) The SPPI test

As a second step of its classification process the Company assesses the contractual terms of financial instruments 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.

Notes to the financial statements

3 Summary of material accounting policies (Continued)

3.5 Financial instruments (Continued)

Initial Recognition (Continued)

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 earned 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.

3.6 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.

Notes to the financial statements

3 Summary of material accounting policies (Continued)

3.7 Provision for Expected Credit Losses (ECL) on financial assets

The Company uses a provision matrix to calculate expected credit losses (ECLs) for insurance receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating). The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future.

3.8 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 recognised right of use assets is 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.

Notes to the financial statements

3 Summary of material accounting policies (Continued)

3.8 Leases (Continued)

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 change 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.

3.9 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.

3.10 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).

3.11 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.

3.12 Property and equipment

Property and equipment are 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.

Notes to the financial statements

3 Summary of material accounting policies (Continued)

3.12 Property and equipment (Continued)

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
Buliding	25

Freehold land is not subject to depreciation as it has indefinite useful life.

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.

3.13 Investment property

Investment properties are properties which are held either to earn rental income, for capital appreciation or both. Investment properties are stated at their fair values.

External independent valuers, having appropriate recognised professional qualifications and experience,
value the investment property every three years. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and willing seller in an arm's length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion. Any gains rising from subsequent revaluation of the property will be credited to "Property fair value reserve". Similarly any losses resulting from the subsequent fair valuation of the property will be adjusted against to the extent available credit balance in "property fair value reserve".

In case such loss exceeds the available balance, the losses are recognised in the statement of comprehensive income. If there are losses relating to the investment property that have been recognized in the statement of comprehensive income in prior years, the gains arising from the subsequent fair valuation will be considered in the statement of comprehensive income to the extent of crediting back the losses recognised.

Investment in investment property comprise of acquisition of commercial building and the land on which the building is constructed. After initial recognition, investment property is stated at fair value. Fair value is based on the external valuation report of the building done in December 2023. This will be subject to revaluation once every three years.

If the investment in real state becomes owner-occupied for operational reasons, it is classified as operational property. Tts fair value on the date of classification becomes its cost for subsequent accounting purpose.

Notes to the financial statements

3 Summary of material accounting policies (Continued)

3.14 Rental Income

Rental income from investment properties is recognised in the statement of profit or loss on a straight-line basis over the term of operating lease and the advances and unearned portion of the rental income is recognized as a liability.

3.15 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.

3.16 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.

3.17 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.

3.18 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.

Notes to the financial statements

3 Summary of material accounting policies (Continued)

3.18 Fair values (Continued)

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.

3.19 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.

Notes to the financial statements

3 Summary of material accounting policies (Continued)

3.20 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.

3.21 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.

3.22 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 estimates are recognised prospectively.

(a) Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has resources to continue in the business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

(b) Estimates of future cash flows

In estimating future cash flows, the Group will incorporate, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. The assumptions will be based on internal historical claims experience as well as external data (benchmarks) to reflect the current claims and economic environment. These assumptions will also reflect expected future developments such as inflation trends or changes in legislation when these have a material chance of materializing.

Cash flows will also include direct attributable internal expenses in relation to servicing the contracts at the reporting date, whether these costs pertain to the policies such new endorsements and cancellations or whether these costs relate to settling and paying all remaining claims.

Notes to the financial statements

4. Critical accounting judgments and key sources of estimates uncertainty (Continued)

(b) Estimates of future cash flows (Continued)

Cash flows within the boundary of a contract are those that relate directly to the fulfilment of the contract, including those for which the Group has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts. Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

(c) 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).

(d) 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.

(e) Discount rates

The IFRS17 requirement to measure liabilities for insurance contracts using current discount rates will be a significant change from the Company's current practice.

Insurance contract liabilities are calculated by discounting expected future cash flows using yield curves internally derived reflecting a fair value and market-consistent interest rates that two willing parties would accept in a liability transfer transaction. The starting point for constructing these yield curves is risk-free rates for each major currency. These are subsequently adjusted with illiquidity premiums and credit risks for instance to derive fair value rates.

(f) Risk adjustments for non-financial risk

The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects a margin that an insurer is willing to load its reserves with to reduce the uncertainty that future cash flows will exceed the expected value amount. The Company's appetite is to set a risk adjustment no lesser than the 70th percentile and no greater than the 75th percentile, allowing for diversification benefit between all product lines written and territories. That is, The Company has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to a point within the 70th to 75th percentiles confidence level less the mean of an estimated probability distribution of the future cash flows. Although the risk adjustment is calculated separately for the Insurance Liabilities and the Reinsurance Assets, it is actually on a net of reinsurance basis that the Company reviews it.

Notes to the financial statements

5 Cash and cash equivalents

	31 December 2023 RO	31 December 2022 RO
Call deposits	**4,013,934**	3,810,957
Cash in hand	**1,702**	2,132
	4,015,636	3,813,089

Call deposits carry an interest ranging from 0% to 3% (2022 – 0% to 2.25%) per annum.

The Expected Credit Loss (ECL) on cash and cash equivalents as at 31 December 2023 and 31 December 2022 is not material to the financial statements as a whole and accordingly, no adjustment has been incorporated in the financial statement.

6 Bank deposits

	31 December 2023 RO	31 December 2022 RO
Deposits (including accrued interest)	**27,785,419**	12,373,965
Less: provision for expected credit losses established / (reversed during the year	**1,297**	(2,395)
	27,786,716	12,371,570

The deposits are held with commercial banks in Oman and carry annual interest rates ranging from 3% to 6.2% (2022 – 3% to 4.80%). At the reporting date, the Company does not hold any bank deposits denominated in foreign currency (2022 – Nil).

Bank deposits include accrued interest of RO 570,032 (2022 – RO 403,271)

7 Reinsurance contracts held

Reconciliation of reinsurance contract assets and liabilities are presented in pages 38 and 39.

At the end of the reporting period, reinsurance contract assets are net of provision for expected credit losses, for which the movements during the year are presented below:

	31 December 2023 RO	31 December 2022 (restated) RO
At 1 January, as previously stated	**--**	--
Impact of adoption of IFRS 9 (2.2.2)	**38,755**	38,755
At January, as restated	**38,755**	38,755
Provision reversed during the year	**(26,871)**	--
At 31 December	**11,884**	38,755

Notes to the financial statements

7 Reinsurance contracts held (Continued)

At 31 December 2023	Liability for remaining coverage Excluding recovery component RO	Loss recovery component RO	Liability for incurred claims Present value of future cash flows RO	Risk adj. for non-financial risk RO	Total RO
Reinsurance contract assets as at 1 January 2023	(12,322,593)	--	36,530,820	873,049	25,081,276
Reinsurance contract liabilities as at 1 January 2023	(688,580)	--	246,251	10,925	(431,404)
Net reinsurance contract assets as at 1 January 2023	(13,011,173)	--	36,777,071	883,974	24,649,872
Net reinsurance contract assets relating to acquisition at 1 January 2023	1,582,129	196,571	17,775,263	706,962	20,260,925
Reinsurance expense	(39,688,202)	(194,214)	--	--	(39,882,416)
Reinsurance service income					
Claims recovered net of reinsurance expenses	2,134,602	--	24,019,114	512,400	26,666,116
Recoveries and reversals of recoveries of losses on onerous underlying contracts	--	350,948	--	--	350,948
Changes that relate to past service - Adjustment to the AIC	--	--	(9,734,000)	(351,029)	(10,085,029)
Total reinsurance service income	2,134,602	350,948	14,285,114	161,371	16,932,035
Net (expenses) / income from reinsurance contracts held	(37,553,600)	156,734	14,285,114	161,371	(22,950,381)
Impact of discounting on reinsurance contracts	--	--	1,148,786	--	1,148,786
Effect of changes in interest rates and other financial assumptions	--	--	616,009	1,017	617,026
Effect of changes in the risk of reinsurers non-performance	--	--	24,391	--	24,391
Total amounts recognised in comprehensive income	(37,553,600)	156,734	16,074,300	162,388	(21,160,178)
Cash flows					
Premium net of ceding commissions and other insurance service expenses paid	30,036,081	--	--	--	30,036,081
Recoveries from reinsurance	--	--	(9,567,734)	--	(9,567,734)
Total cash flows	30,036,081	--	(9,567,734)	--	20,468,347
Reinsurance contract assets as at 31 December 2023	(15,330,200)	352,195	58,605,703	1,691,251	45,318,949
Reinsurance contract liabilities as at 31 December 2023	(3,616,361)	1,109	2,453,197	62,072	(1,099,983)
Net reinsurance contract assets as at 31 December 2023	(18,946,561)	353,304	61,058,900	1,753,323	44,218,966

Notes to the financial statements

7 Reinsurance contracts held (Continued)

At 31 December 2022 (restated)	Liability for remaining coverage: Excluding recovery component RO	Liability for remaining coverage: Loss recovery component RO	Liability for incurred claims: Present value of future cash flows RO	Liability for incurred claims: Risk adj. for non-financial risk RO	Total RO
Reinsurance contract assets as at 1 January 2022	(11,695,949)	--	39,842,512	1,238,616	29,385,179
Reinsurance contract liabilities as at 1 January 2022	(1,720,584)	--	821,803	20,135	(878,646)
Net reinsurance contract assets as at 1 January 2022	(13,416,533)	--	40,664,315	1,258,751	28,506,533
Reinsurance expense	(24,638,773)	--	--	--	(24,638,773)
Reinsurance service income					
Claims recovered net of reinsurance expenses	--	--	9,606,104	445,370	10,051,4754
Recoveries and reversals of recoveries of losses on onerous underlying contracts	--	--	--	--	--
Changes that relate to past service - Adjustment to the AIC	--	--	(8,622,444)	(820,147)	(9,442,591)
Total reinsurance service income	--	--	983,660	(374,777)	608,8823
Net (expenses) / income from reinsurance contracts held	(24,638,773)	--	983,660	(374,777)	(24,029,890)
Impact of discounting on reinsurance contracts	--	--	326,073	--	326,073
Effect of changes in interest rates and other financial assumptions	--	--	(1,002,140)	--	(1,002,140)
Effect of changes in the risk of reinsurers non-performance	--	--	(6,776)	--	(6,776)
Total amounts recognised in comprehensive income	(24,638,773)	--	300,817	(374,777)	(24,712,733)
Cash flows					
Premium net of ceding commissions and other insurance service expenses paid	25,044,133	--	--	--	25,044,133
Recoveries from reinsurance	--	--	(4,188,061)	--	(4,188,061)
Total cash flows	25,044,133	--	(4,188,061)	--	20,856,072
Reinsurance contract assets as at 31 December 2022	(12,322,593)	--	36,530,820	873,049	25,081,276
Reinsurance contract liabilities as at 31 December 2022	(688,580)	--	246,251	10,925	(431,404)
Net reinsurance contract assets as at 31 December 2022	(13,011,173)	--	36,777,071	883,974	24,649,872

Notes to the financial statements

8 Insurance contracts

At 31 December 2023	Liability for remaining coverage Excluding loss component RO	 Loss component RO	Liability for incurred claims Present value of future cash flows RO	 Risk adj. for non-financial risk RO	Total RO
Insurance contract assets as at 1 January 2023	**(43,792)**	**--**	**33,517**	**1,312**	**(8,963)**
Insurance contract liabilities as at 1 January 2023	**8,419,037**	**--**	**22,781,608**	**1,168,812**	**32,369,457**
Net insurance contract liabilities as at 1 January 2023	**8,375,245**	**--**	**22,815,125**	**1,170,124**	**32,360,494**
		--			
Net insurance contract liabilities relating to acquisition at 1 January 2023	**3,573,759**	**518,352**	**23,615,090**	**1,029,014**	**28,736,215**
Insurance revenue	**(63,674,043)**	**--**	**--**	**--**	**(63,674,043)**
Insurance service expenses		**--**	**--**	**--**	
Incurred claims and other directly attributable expenses	**--**	**(534,949)**	**41,225,629**	**663,743**	**41,354,423**
Amortisation of insurance acquisition cash flows	**3,950,991**	**--**	**--**	**--**	**3,950,991**
Changes that relate to past service - adjustments to the liability for incurred claims	**--**	**657,859**	**(6,812,853)**	**(575,871)**	**(6,730,865)**
	3,950,991	**122,910**	**34,412,776**	**87,872**	**38,574,549**
Insurance service result	**(59,723,052)**	**122,910**	**34,412,776**	**87,872**	**(25,099,494)**
Impact of discounting on insurance contracts	**--**	**--**	**1,322,418**	**--**	**1,322,418**
Effect of changes in interest rates and other financial assumptions	**--**	**--**	**632,993**	**1,434**	**634,427**
Total amounts recognised in comprehensive income	**(59,723,052)**	**122,910**	**36,368,187**	**89,306**	**(23,142,649)**
		--			
Cash flows		**--**			
Premiums received	**55,468,938**	**--**	**--**	**--**	**55,468,938**
Incurred claims and other directly attributable expenses paid	**--**	**--**	**(28,783,193)**	**--**	**(28,783,193)**
Insurance acquisition cost paid	**(3,899,467)**	**--**	**--**	**--**	**(3,899,467)**
Total cash flows	**51,569,471**	**--**	**(28,783,193)**	**--**	**22,786,278**
Insurance contract assets as at 31 December 2023	**(439,119)**	**--**	**294,125**	**14,507**	**(130,487)**
Insurance contract liabilities as at 31 December 2023	**4,234,542**	**641,262**	**53,721,084**	**2,273,937**	**60,870,825**
Net insurance contract liabilities as at 31 December 2023	**3,795,423**	**641,262**	**54,015,209**	**2,288,444**	**60,740,338**

Notes to the financial statements

8 Insurance contracts (Continued)

At 31 December 2022 (restated)	Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component RO	Loss component RO	Present value of future cash flows RO	Risk adj. for non-financial risk RO	Total RO
Insurance contract assets as at 1 January 2022	(331,454)	--	143,177	--	(188,277)
Insurance contract liabilities as at 1 January 2022	7,911,207	--	29,646,241	1,564,324	39,121,772
Net insurance contract liabilities as at 1 January 2022	7,579,753	--	29,789,418	1,564,324	38,933,495
Insurance revenue	(35,205,941)	--	--	--	(35,205,941)
Insurance service expenses		--			
Incurred claims and other directly attributable expenses	--	--	15,115,378	635,180	15,750,558
Amortisation of insurance acquisition cash flows	2,395,879	--	--	--	2,395,879
Changes that relate to past service - adjustments to the liability for incurred claims	--	--	(8,320,338)	(1,029,380)	(9,349,718)
	2,395,879	--	6,821,512	(394,200)	8,796,719
Insurance service result	(32,810,062)	--	6,795,040	(394,200)	(26,409,222)
Impact of discounting on insurance contracts	--	--	228,033	--	228,032
Effect of changes in interest rates and other financial assumptions	--	--	(701,396)	--	(701,396)
Total amounts recognised in comprehensive income	(32,810,062)	--	6,321,676	(394,200)	(26,882,586)
		--			
Cash flows		--			
Premiums received	35,948,961	--	--	--	35,948,961
Incurred claims and other directly attributable expenses paid	--	--	(13,295,969)	--	(13,295,969)
Insurance acquisition cost paid	(2,343,407)	--	--	--	(2,343,407)
Total cash flows	33,605,554	--	(13,322,442)	--	20,309,585
		--			
Insurance contract assets as at 31 December 2022	(43,792)	--	33,517	1,312	(8,963)
Insurance contract liabilities as at 31 December 2022	8,419,037	--	22,781,608	1,168,812	32,369,457
Net insurance contract liabilities as at 31 December 2022	8,375,245	--	22,815,125	1,170,124	32,360,494

Notes to the financial statements

8 Insurance contracts (Continued)

The insurance contract assets presented in pages 39 and 40 are net of provision for expected credit losses, for which the movements during the year are presented below:

	31 December 2023 RO	31 December 2022 (restated) RO
At 1 January, as previously stated	**667,993**	667,993
Impact of initial adoption of IFRS 9 (2.2)	**104,662**	104,662
At 1 January, as restated	**772,655**	772,655
Provision established during the year	**424,458**	--
At 31 December	**1,197,113**	772,655

9 Other receivables and prepayments

	31 December 2023 RO	31 December 2022 RO
Prepaid expenses	**274,685**	225,548
Others	**73,033**	146,423
	347,718	371,971

10. Financial investments

	31 December 2023 RO	31 December 2022 RO
Financial investments at fair value through profit or loss (FVTPL) [*note a*]	**19,243,846**	12,051,578
Financial investments at fair value through other comprehensive income (FVOCI) [*note b*]	**11,325,384**	6,938,496
	30,569,230	18,990,074

Notes to the financial statements

10 Financial investments (Continued)

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

	Carrying values 31 December 2023 RO	31 December 2022 RO	Cost 31 December 2023 RO	31 December 2022 RO
Quoted local – equity securities				
Banking	**8,736,093**	3,387,812	**8,122,786**	2,902,946
Services	**1,330,163**	1,550,747	**1,304,592**	1,096,791
Industrial	**1,380,498**	965,111	**1,874,322**	1,249,438
Total	**11,446,754**	5,903,670	**11,301,700**	5,249,175
Quoted foreign – equity securities				
Banking	**4,744,433**	2,078,315	**4,347,484**	2,718,495
Services	**1,050,622**	2,624,285	**1,039,606**	2,425,375
Investment	**941,833**	1,007,671	**1,105,058**	1,059,053
Total	**6,736,888**	5,710,271	**6,492,148**	6,202,923
Quoted local bond	**818,686**	217,797	**--**	--
Unquoted shares	**241,518**	219,840	71,428	71,428
Total FVTPL investments	**19,243,846**	12,051,578	**17,865,276**	11,523,526

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

	Carrying values 31 December 2023 RO	31 December 2022 RO	Cost 31 December 2023 RO	31 December 2022 RO
Quoted bonds				
Local bonds	**11,325,384**	6,938,496	**11,213,661**	6,978,244
Total FVOCI investments	**11,325,384**	6,938,496	**11,213,661**	6,978,244

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

	31 December 2023 RO	31 December 2022 RO
At 1 January	**18,990,074**	15,063,228
Relating to acquisition (note 20.1)	**9,976,888**	--
Additions	**4,573,046**	11,600,282
Disposals	**(3,468,260)**	(8,443,040)
Realised gain on sale of investments (note 19)	**692,895**	349,609
Unrealised gain	**(194,416)**	422,315
Impairment loss	**(997)**	(2,320)
At 31 December	**30,569,230**	18,990,074

Notes to the financial statements

10 Financial investments (Continued)

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

31 December 2023	No. of Securities	Market value RO	Cost value RO
Quoted local – equity securities			
Bank Muscat SAOG	**10,119,476**	**2,671,543**	**2,188,835**
National Bank of Oman SAOG	**4,639,668**	**1,299,108**	**1,340,864**
OQ Gas Networks	**4,204,094**	**643,227**	**621,464**
Quoted foreign – equity securities			
Commercial Bank of Qatar	**2,075,129**	**1,358,585**	**1,095,633**
Qatar Islamic Bank	**519,989**	**1,180,545**	**1,032,687**
Qatar National Bank	**704,418**	**1,229,570**	**1,304,729**
Quoted local Bonds & Funds			
Oman Government Bonds	**27,500**	**2,733,599**	**2,753,873**
Oman Sovereign Sukuk SAOC (5.75%	**10,000**	**1,048,007**	**999,999**
Oman USD Government Bonds (4.75%)	**125,650**	**4,795,732**	**4,764,385**
Oman USD Government Bonds (5.625%)	**25,000**	**1,005,310**	**976,278**
Oman USD Government Bonds (4.875%)	**20,270**	**790,460**	**768,058**
Ahli Bank Perpetual Bonds 2023	**950,935**	**952,124**	**950,936**
Oman Oryx Fund	**504,553**	**1,608,515**	**1,433,939**
Bank Muscat Perpetual Bonds	**1,120,198**	**818,843**	**610,404**
Tanmiya GCC Fund	**1,173,004**	**322,843**	**306,643**
Bank Muscat Money Market Fund	**1,830,659**	**2,445,192**	**2,431,868**

31 December 2022	No. of Securities	Market value RO	Cost value RO
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
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

Notes to the financial statements

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 38,096,683 (2022 – RO 18,047,747). 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 70,519 (2022 – RO 68,300).

(iii) The Company has provided a bank guarantee deposit to the Capital Market Authority of RO 150,000 (2022 – 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 207,774 (2022 – RO 37,142) in the normal course of business from which it is anticipated that no material liabilities will arise (note 26).

Notes to the financial statements

12 Property and equipment and Investment property

12.1 Property and equipment

At 31 December 2023	Building RO	Furniture and fixtures RO	Computer and office equipment RO	Motor Vehicle RO	Capital work in progress RO	Total RO
Cost						
At 1 January 2023	--	515,578	226,312	45,675	--	787,565
Relating to acquisition (note 20.1)	248,468	584,285	806,350	71,235	--	1,710,338
Additions	--	8,895	5,156	----	272,748	286,799
Disposals	--	(5,025)	(3,000)	(32,857)	--	(40,882)
At 31 December 2023	248,468	1,103,733	1034,818	84,053	272,748	2,743,820
Depreciation						
At 1 January 2023	4,128	510,198	749,156	48,328	--	1,311,810
Relating to acquisition (note 20.1)	--	469,012	209,297	25,121	--	703,430
Charge for the year	9,940	86,596	42,733	15,702	--	154,971
Relating to disposals	--	(1,089)	--	(15,225)	--	(16,314)
At 31 December 2023	14,068	1,064,717	1,001,186	73,926	--	2,153,897
Carrying values						
At 31 December 2023	234,400	39,016	33,632	10,127	272,748	589,923

Notes to the financial statements

12 Property and equipment and Investment property (Continued)

12.1 Property and equipment (Continued)

31 December 2022	Furniture and fixtures RO	Computer and office equipment RO	Motor Vehicle RO	Total RO
Cost				
At 1 January 2022	514,028	210,528	45,675	770,231
Additions	1,550	16,526	--	18,076
Disposal	--	(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

Notes to the financial statements

12 Property and equipment and Investment property

12.2 Investment property

31 December 2023 Carrying values	Freehold land RO	Building RO	Total RO
At 1 January 2023	--	--	--
Relating to acquisition during the year (note 20.1)	**187,000**	**161,944**	**348,944**
At 31 December 2023	**187,000**	**161,944**	**348,944**

Investment property is stated at fair value and is revalued every three years. At 31 December 2023, management believes that the carrying value approximates to its fair value.

13 Leases

13.1 Right of use assets

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

	31 December 2023 RO	31 December 2022 RO
Building		
Cost		
At 1 January	**946,066**	668,689
Additions	**5,782**	277,377
At 31 December	**951,848**	946,066
Depreciation		
At 1 January	**767,899**	585,661
Charge for the year	**44,420**	182,238
At 31 December	**812,319**	767,899
Carrying values		
At 31 December	**139,529**	178,167

Notes to the financial statements

13 Leases (Continued)

13.2 Lease liabilities

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

	31 December 2023 RO	31 December 2022 RO
Cost		
At 1 January	**157,885**	64,077
Additions	**5,782**	275,693
Accretion of interest	**1,085**	4,643
Payments	**(44,356)**	(186,528)
At 31 December	**120,396**	157,885
Current liabilities – Other liabilities and accruals (note 14)	**120,396**	157,885

Following are the amounts recognised in profit or loss:

	2023 RO	2022 RO
Amortisation expense on right-of-use assets	**44,420**	182,238
Interest expense on lease liabilities	**1,085**	4,643
	45,505	186,881

Total cash outflows for leases of RO 44,356 (2022 – RO 186,528).

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 Other liabilities and accruals

	31 December 2023 RO	31 December 2022 RO
Trade payables	**6,555,470**	3,518,365
Due to related parties (Technical and non-technical)	**1,162,025**	1,744,033
Income tax and withholding tax liabilities	**829,129**	470,831
Accrued expenses	**348,842**	217,571
Lease liabilities (note 13.2)	**120,396**	157,885
Accrual for employees' end of service benefits (see note below)	**114,317**	90,266
VAT liability	**407,477**	170,090
Other payables	**2,522,436**	765,220
	12,060,092	7,134,261

Notes to the financial statements

14 Other liabilities and accruals (Continued)

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

	31 December 2023 RO	31 December 2022 RO
At 1 January	**90,266**	72,439
Charge for the year	**138,490**	17,827
Paid during the year	**(114,439)**	--
At 31 December	**114,317**	90,266

15 Share capital

	2023	2022
Authorized share capital (RO) – see note below	**30,000,000**	20,000,000
Issued and fully paid number of shares	**161,218,750**	100,000,000
Issued and fully paid (RO) – see note below	**21,998,840**	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 2023 and 31 December 2022 are as follows:

	2023		2022	
	Number of shares	**% of shares**	Number of shares	% of shares
Qatar Insurance Company Q.S.P.C.	**90,264,754**	**55.989**	51,698,500	51.699
Al Hosn Investment Company SAOC	**56,600,011**	**35.108**	34,000,000	34.000
	146,864,765	**91.097**	85,698,500	85.699

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. Refer to note 20.1)

For the year 2023, the Board of Directors has proposed a cash dividend of 8 Baiza per share for the Year 2023 aggregating to RO 1,289,749 (Year 2022– RO 644,874). This proposal is subject to the approval of the Shareholders at the succeeding Annual General Meeting scheduled to be held on XX March 2024.

Notes to the financial statements

16 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.

17 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.

On conclusion of merger by incorporation with Vision, entire contingency reserve appearing in vision books as at 31st December 2022 of RO 3,854,765 is transferred to contingency reserve as per CMA regulation.

As at the reporting date contingency reserve for general business amounts to RO 9,881,698 (2022 – RO 5,562,809), for medical business amounts to RO 453,440 (2022 – RO 217,209), and for life business amounts to RO 605,261 (2022 – RO 163,505).

18 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 busine1ss 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:

- Marine and Energy includes marine cargo, marine hull & machinery, aviation and energy insurance.
- Property & Casualty includes fire, engineering, general accident, third party liability, workmen compensation, motor, travel and home insurance.
- Medical and Life includes health, group life and credit life insurance.

Notes to the financial statements

18 Segment information (Continued)

Operating Segments (Continued)

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

	Marine & Energy		Property & Casualty		Medical & Life		Total	
	2023	2022 (restated)	**2023**	2022 (restated)	**2023**	2022 (restated)	**2023**	2022 (restated)
	RO	RO	**RO**	RO	**RO**	RO	**RO**	RO
Insurance revenue	**10,338,638**	7,537,545	**35,400,656**	21,050,118	**17,934,749**	6,618,278	**63,674,043**	35,205,941
Insurance service expense	**1,471,461**	(303,551)	**(23,599,984)**	(3,472,897)	**(16,446,026)**	(5,020,272)	**(38,574,549)**	(8,796,719)
Net expenses from reinsurance contracts held	**(11,667,241)**	(7,101,473)	**(9,181,836)**	(15,811,648)	**(2,101,304)**	(1,116,770)	**(22,950,381)**	(24,029,891)
Insurance service result	**142,857**	**132,406**	**2,618,837**	**1,794,254**	**(612,581)**	**417,367**	**2,149,113**	**2,379,331**
Insurance finance expenses for insurance contracts issued	**(315,375)**	(20,847)	**(876,728)**	(176,325)	**(130,315)**	(30,860)	**(1,322,418)**	(228,032)
Reinsurance finance income for reinsurance contracts held	**353,007**	31,552	**594,282**	190,733	**225,888**	97,012	**1,173,177**	319,297
Net insurance finance result	**1,866,126**	**143,110**	**5,217,961**	**1,808,662**	**(5,084,215)**	**540,760**	**1,999,872**	**2,470,596**
Investment income (net)							**2,988,442**	3,109,563
Advisory Fees							**(109,125)**	(82,245)
Bargain purchase gain on acquisition							**1,922,817**	--
Rental and other income (net)							**20,170**	(7,787)
							6,822,176	**5,490,127**
General and administrative expenses							**(1,734,251)**	(826,562)
Depreciation and amortisation							**(320,388)**	(274,267)
Profit before taxation							**4,767,537**	**4,389,298**
Income tax expense							**(734,973)**	(382,762)
Net profit for the period							**4,032,564**	**4,006,536**

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

Notes to the financial statements

18 Segment information (Continued)

Geographical segment
The information with respect to operating segment is stated below:

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

(b) At 31 December 2023, all assets of the Company are located within Oman except for RO 13,807,091 (2022 – RO 7,733,585).

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

19 Investment and other income

	2023 RO	2022 (restated) RO
Investment income (net)		
Interest income	**1,863,476**	892,077
Dividends	**626,487**	650,723
Unrealized gain	**(194,416)**	422,315
Gain / (loss) on sale of investments (note 10)	**692,895**	1,144,448
Advisory fees	**(109,125)**	(82,245)
	2,879,317	3,027,318
Rental and other income		
Rental Income	**23,000**	--
Finance cost and others	**(7,801)**	(5,692)
Expected credit losses reversed	**(997)**	(2,095)
Other miscellaneous income	**5,968**	--
	20,170	(7,787)
	2,899,487	3,019,531

20 Acquisition of Vision Insurance SAOG

20.1 Net assets acquired and purchase consideration

The Company has completed the 100% merger of Vision Insurance SAOG (VI) with effect from 1 January 2023 as per Ministry of Commerce, Industry and Investment promotions notification reference issued on 5 February 2023. Accordingly, all the assets and liabilities of VI were transferred to the Company at acquisition date. The Company has issued the following number of equity shares through private placements which was approved by the Shareholders of the Company in Extra Ordinary General meeting held on 27 December 2022.

Name of the Shareholders	Issue Price	Number of shares	Amount RO
Qatar Insurance Company	196 Baiza	38,566,254	7,558,986
Al Hosn Investment Company SAOC	196 Baiza	22,600,011	4,429,602
		61,166,265	11,988,588

Acquisition related cost

The Company has incurred acquisition and related cost on advisory, legal, due diligence, valuation and other professional and consulting fees amounting to RO 692,307 up to 31 December 2023, which were expensed off.

Notes to the financial statements

20. Acquisition of Vision Insurance SAOG (Continued)

20.1 Net assets acquired and purchase consideration (Continued)

Identifiable assets and liabilities assumed in acquisition

In accordance with IFRS 13 "Business combination", the Company required to carry out purchase price allocation (PPA) exercise within 12 months from the date of transaction of 1st January 2023. during the final quarter of 2023, PPA valuation exercise was concluded. Accordingly fair value of net asset acquired is changed from the initial recognition value to the final fair value based on the report determined by external consultant as per IFRS 3. The transaction resulted in a final bargain gain of RO 1,922,817.

Following table summarizes the recognized amounts of asset acquired and liabilities assumed at the date of acquisition, at 1 January 2023 based on PPA report (As per IFRS 17).

	RO
Assets	
Cash and bank balances	1,271,562
Deposits	10,460,598
Other receivables and prepayments	550,995
Reinsurance contract assets	18,251,718
Available for sale investment	8,457,076
Investment carried out at amortized cost	1,519,812
Property, furniture and equipment	398,523
Investment property	348,944
Customer Relationship (Intangible) – see note 20.2	1,815,000
Total Assets	**43,074,228**
Liabilities	
Insurance contract liabilities	26,623,060
Reinsurance contract liabilities	103,948
Employee's benefits	97,378
Trade and other payables	2,328,185
Total Liabilities	**29,152,571**
Net identifiable assets acquired (Total assets - Total Liabilities): A	**13,921,657**
Purchase consideration	
Cash consideration paid to the shareholders of Vision Insurance	11,988,588
Fair value of equity shares of the Company issued as part of share swap to Vision Insurance's shareholders	10,252
B	**11,998,840**
Bargain purchase gain on acquisition (A – B)	**1,922,817**

The difference of RO 1,922,817 between total consideration transferred and fair value net identifiable assets acquired has been recorded as bargain gain in Revenue account under investment and other income. Separately, an identifiable intangible asset (customer relationship) is recognised for RO 1,815,000 (note 20.2).

Notes to the financial statements

20. Acquisition of Vision Insurance SAOG (Continued)

20.2 Intangible asset (customer relationship) and measurement subsequent to initial recognition

Intangible asset acquired in a business combination and recognised separately and recognised initially at their fair value at the acquisition date, 1 January 2023. Subsequent to the initial recognition, intangible assets acquired in business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Customer relationship is amortised over an estimated useful life of 15 years.

	Customer relationships RO
Cost	
At 1 January 2023	--
Relating to acquisition of business	1,815,000
At 31 December 2023	1,815,000
Amortization	
At January 2023	--
Charge for the year	121,000
At 31 December 2023	121,000
Carrying value	
At 31 December 2023	1,694,000

21 Attributable and non-attributable expenses

For the year ended 31 December 2023	Expenses attributable to insurance acquisition cash flows RO	Other directly attributable expenses RO	Other operating expenses RO	Total RO
Employee related cost	1,400,026	1,189,270	789,312	3,378,608
Commission expenses	2,612,313	--	--	1,903,886
Registration and marketing expenses	140,122	--	--	140,122
Others (see note below)	--	895,532	944,939	1,840,471
Adjustment for amortisation of acquisition expenses other than commission	(201,470)	--	--	(201,470)
	3,950,991	2,084,803	1,734,251	7,770,044

Notes to the financial statements

21 Attributable and Non attributable expenses (Continued)

For the year ended 31 December 2022 (restated)	Expenses attributable to insurance acquisition cash flows RO	Other directly attributable expenses RO	Other operating expenses RO	Total RO
Employee related cost	536,360	569,580	281,937	1,387,877
Commission expenses	1,903,886	--	--	1,903,886
Registration and marketing expenses	45,780	--	--	45,780
Others (see note below)		403,361	544,625	947,986
Adjustment for amortisation of acquisition expenses other than commission	(90,146)	--	--	(90,146)
	2,395,880	972,941	826,562	4,195,383

Note - Other expenses include management fees, rent, communication, Board of Directors' remuneration and other miscellaneous expenses.

22 Income tax

	2023 RO	2022 RO
Recognized in the statement of comprehensive income		
Income tax expense - Current year	**734,973**	382,762

The tax rate applicable to the Company is 15% (2022 – 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% (2022 – 15%) and the effective tax rate of 15.42% (2022 – 11.75%) 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 2020 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:

	2023 RO	2022 (restated) RO
Profit before income tax	**4,767,537**	3,256,943
Tax calculated at the statutory income tax rate	**715,131**	488,541
Tax effect of:		
Non-taxable income / gains	**(100,969)**	(151,529)
Non-deductible expenses	**120,003**	42,415
Disallowance of expenses related to exempted income	**808**	3,335
Income tax expense	**(734,973)**	382,762

Notes to the financial statements

22 Income tax (Continued)

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:

	31 December 2023 RO	31 December 2022 (restated) RO
Property and equipment	**14,779**	4,602
Provision for doubtful accounts	**181,664**	100,513
Leases	**(2,870)**	(3,042)
Unrealized loss on investments	**(2,498)**	(31,810)
Impairment gain	**(2,537)**	(2,537)
Total	**188,538**	67,726

23 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:

	2023	2022 (restated)
Net profit for the year (RO)	**4,032,564**	4,006,536
Weighted average number of shares	**161,218,570**	100,000,000
Earnings per share (RO)	**0.025**	0.040

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

	31 December 2023	31 December 2022 (restated)
Net assets (RO)	**36,910,232**	20,964,123
Number of shares at the reporting date	**161,218,750**	100,000,000
Net assets per share (RO)	**0.229**	0.210

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

Notes to the financial statements

24 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/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 207,774 (2022 – RO 37,142).

25 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:

	Major & Other Shareholders	
	2023	2022 (restated)
	RO	RO
Insurance revenue	**7,012**	74,736
Insurance service expense	**(1,802)**	(132,750)
Net expense from reinsurance contracts	**(5,876,819)**	(2,088,463)
Insurance finance income / (income) from insurance contracts issued (including under other comprehensive income)	**(2,635)**	2,928
Insurance finance income / (expense) from reinsurance contracts held (including under other comprehensive income)	**592,388**	(426,520)
Management fees	**400,000**	400,000
Board of Directors' sitting fees	**42,900**	28,600
Board of Directors' remuneration*	**57,100**	71,400

*Board of Director's remuneration for the Year 2023 is subject to approval at Annual General Meeting to be held on 30th March 2024.

Notes to the financial statements

25 Related party disclosures (Continued)

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:

	Major & Other Shareholders	
	31 December 2023	31 December 2022 (restated)
	RO	RO
Insurance contract assets	**--**	(2,429)
Reinsurance contract assets (net)	**(4,822,182)**	300,081
Insurance contract liabilities	**(159,510)**	(178,285)
Reinsurance contract liabilities	**(830,184)**	(393,101)
	(5,811,877)	(273,734)

Compensation of key management personnel

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

	2023	2022
	RO	RO
Salaries and other short-term benefits	**412,101**	311,708
End of service benefits	**20,994**	21,993
Total	**433,095**	333,701

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 (2022 – Nil).

26 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. Additionally, the Company's paid-up share capital exceeds the prescribed statutory minimum of RO 10 million.

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.

Notes to the financial statements

26 Risk management (Continued)

Regulatory framework (Continued)

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 2023.

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 constitute 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.

Notes to the financial statements

26 Risk management (Continued)

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 developments 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.

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, allows management to control exposure to potential losses arising from large risks, and provides 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 from rating Agency Standard & Poor:

Reinsurer	Rating
Aviva Insurance Limited	A+
Abu Dhabi National Insurance Co.	A-
African Reinsurance Corporation	A-
AIG Europe Limited	A+

Notes to the financial statements

26 Risk management (Continued)

Reinsurance risk (Continued)

Reinsurer	Rating
Al Ahleia Insurance Company	A-
Al Ain Ahlia Insurance Company	A-
Al Koot Insurance & Reinsurance Co.	A-
Allianz AG	AA
Allianz Global Corporate & Specialty (UK)	AA
Allianz Risk Transfer	AA-
Allied World Assurance Company (Europe) Ltd	A-
American International Group UK Ltd (AIG)	A+
Arch Insurance Co (UK) Ltd-Formerly Arch Ins. Co. (Europe) Ltd.	A+
ArgoGlobal Underwriting (Dubai) Ltd	A-
Asia Capital Reinsurance Group Pte Ltd	A-
Aspen Insurance U.K. Ltd.	A
Aviva Insurance Limited	A+
Abu Dhabi National Insurance Co.	A-
African Reinsurance Corporation	A-
AIG Europe Limited	A+
Al Ahleia Insurance Company	A-
Al Ain Ahlia Insurance Company	A-
Al Koot Insurance & Reinsurance Co.	A-
Allianz AG	AA
Allianz Global Corporate & Specialty (UK)	AA
Allianz Risk Transfer	AA-
Allied World Assurance Company (Europe) Ltd	A-
American International Group UK Ltd (AIG)	A+
Arch Insurance Co (UK) Ltd-Formerly Arch Ins. Co. (Europe) Ltd.	A+
ArgoGlobal Underwriting (Dubai) Ltd	A-
Asia Capital Reinsurance Group Pte Ltd	A-
Aspen Insurance U.K. Ltd.	A
AXA Insurance U.K. PLC	A+
AXA XL Insurance Company SE-Singapore	A
Berkley Insurance Company-Labuan	A+
Berkshire Hathaway International Insurance Limited	AA+
Berkshire Hathaway Specialty Insurance Company -U.A.E	AA+
Brit Insurance Ltd.	A+
Caisse Centrale de Reassurance (CCR)	A
Catlin Insurance Company(UK) Ltd.	A+
China Pacific Ins Co	A-
China Pacific Property Insurance Company	A
China Taiping Insurance (HK) Company Ltd	A
Chubb Underwriting (DIFC) Limited	AA
Doha Insurance Co.	A-
Emirates Insurance Company	A-
Endurance Worldwide Insurance Ltd.	A
Euler Hermes Kreditversicherungs – AG	A
Everest Reinsurance Co.	A+
General Reinsurance UK Ltd.	AA+
Greenlight Re	A+

Notes to the financial statements

26 Risk management (Continued)

Reinsurance risk (Continued)

Reinsurer	Rating
Hannover Re	AA-
Hannover Ruckversicherung AG	A+
HCC International Insurance Company Plc	AA-
HDI Global SE	A+
Helvetia Schweicerisch Versichherungsgellschaft AG	A
Hiscox Insurance Co. Ltd.	A
Houston Casualty Company London (HCL)	A+
Hudson Specialty Insurance	A-
International General Insurance Company Ltd(UK)	A-
International Insurance Co. of Hannover Ltd.	AA-
Korean Re	A
Kuwait Qatar Insurance Company (KQIC)	A-
Lancashire Insurance Company Ltd	A-
Liberty Mutual Insurance Europe Ltd.	A
Lloyd's Syndicates	A+
Mapfre Re Compania de Reaseguros, S.A.	A
Markel International Insurance Limited	A
Mitsui Sumitomo Insurance Co. Ltd.	A+
Munich Reinsurance Co.	AA-
Oman Insurance Company	A-
Oman United Insurance Company	BBB
Orient Insurance Company	A
Orient UNB Takaful PJSC	A
Partner Re.	A+
Ping An Property and Casualty Insurance company of China	A-
Qatar Insurance Company	A-
QBE Insurance Co. (U.K.) Ltd.	A+
R+V Versicherung AG	A+
Renaissance Reinsurance Ltd.	AA-
RGA Reinsurance Company (ME)	AA-
Royal & Sun Alliance Insurance PLC	A
Samsung Fire & Marine Insurance Co. Ltd.	AA-
SCOR UK Company LTD	A+
Sirius International Insurance Corp.	A-
Sompo Japan Insurance Co. of Europe Ltd.	A+
Swiss Re	AA-
Tokio Marine & Fire Insurance Co. (Singapore) Pte. Ltd. (The	A+
Tokio Marine Europe Insurance Ltd.	A+
Trans Re Zurich	A+
Triglav Re	A-
VIG Re Zajistovna	A+
W.R. Berkley Insurance (Europe) Ltd	A
Zurich Insurance Co.	AA-

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

Notes to the financial statements

26 Risk management (Continued)

Sensitivities

The general insurance claims provisions are sensitive to the key assumptions mentioned above. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following table presents the impact on profit and loss statement and equity due to changes in Insurance reserves.

	Increase – 5%		*Decrease – 5%*	
31 December 2023	*Impact on profit before tax RO*	*Impact on equity (before tax) RO*	*Impact on profit before tax RO*	*Impact on equity (before tax) RO*
Insurance contract assets	**6,524**	**6,524**	**(6,524)**	**(6,524)**
Reinsurance contract assets	**2,265,947**	**2,265,947**	**(2,265,947)**	**(2,265,947)**
Insurance contract liabilities	**3,043,541**	**3,043,541**	**(3,043,541)**	**(3,043,541)**
Reinsurance contract liabilities	**54,999**	**54,999**	**(54,999)**	**(54,999)**

b) Claims Development Table

The Company maintains strong reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The following tables show the estimates of cumulative incurred claims, including both claims notified and Incurred but not reported (IBNR) for each successive accident year at each reporting date, together with cumulative payments to date.

The top half of each table below illustrates how the Company's estimate of total claims outstanding for each accident year has changed at successive year-ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the statement of financial position.

Notes to the financial statements

26 Risk management (Continued)

b) Claims development (continued)

Gross Claims Development Table – 31 December 2023

Details	2018 RO	2019 RO	2020 RO	2021 RO	2022 RO	2023 RO	Total RO
At the end of accident year	44,028,531	19,135,183	20,654,518	13,011,554	12,481,390	44,226,938	--
One year later	41,964,040	26,271,735	14,173,650	12,669,497	22,323,678	-	--
Two years later	36,703,509	21,097,115	13,021,040	16,396,313	--	--	--
Three years later	36,332,207	18,626,189	14,540,158	--	--	--	--
Four years later	34,644,086	20,065,803	--	--	--	--	--
Five years later	33,019,606	--	--	--	--	--	--
Gross estimates of undiscounted amount of claims	33,019,606	20,065,803	14,540,158	16,396,313	22,323,678	44,226,938	150,572,496
Cumulative payments till date	31,182,148	15,511,211	12,567,547	11,546,005	15,070,161	17,876,505	103,753,578
Gross undiscounted liability for incurred claims	1,837,458	4,554,591	1,972,611	4,850,308	7,253,517	26,350,432	46,818,918
Other receivable / payables	--	--	--	--	--	--	8,098,159
Reserve in respect of prior years (Before 2018)	--	--	--	--	--	--	1,559,020
Effect of discounting	--	--	--	--	--	--	(2,460,890)
Effect of the risk adjustment margin for non-financial risk	--	--	--	--	--	--	2,288,444
Gross liability for incurred claims	1,837,458	4,554,591	1,972,611	4,850,308	7,253,517	26,350,432	56,303,652

Notes to the financial statements

26 Risk management (Continued)

b) Claims development (continued)

Net Claims Development Table – 31 December 2023

Details	2018 RO	2019 RO	2020 RO	2021 RO	2022 RO	2023 RO	Total RO
At the end of accident year	6,269,705	6,019,962	2,268,320	4,027,533	5,871,656	21,168,934	--
One year later	7,566,810	6,856,334	(915,311)	4,454,375	8,169,030	--	--
Two years later	6,021,970	7,964,182	2,760,599	4,742,253	--	--	--
Three years later	5,263,564	6,540,225	3,036,287	--	--	--	--
Four years later	5,251,699	6,447,605	--	--	--	--	--
Five years later	5,642,708	--	--	--	--	--	--
Net estimates of undiscounted amount of claims	5,642,708	6,447,605	3,036,287	4,742,253	8,169,030	21,168,934	49,206,816
Cumulative payments till date	5,439,392	5,450,270	2,863,285	4,110,769	8,143,451	12,427,100	38,434,266
Net undiscounted liability for incurred claims	203,316	997,335	173,002	631,484	25,579	8,741,835	10,772,550
Other receivable / payables	--	--	--	--	--	--	(17,959,495)
Reserve in respect of prior years (Before 2018)	--	--	--	--	--	--	659,674
Effect of discounting	--	--	--	--	--	--	(516,421)
Effect of the risk adjustment margin for non-financial risk	--	--	--	--	--	--	535,121
Net liability for incurred claims	203,316	997,335	173,002	631,484	25,579	8,741,835	(6,508,571)

Notes to the financial statements

26 Risk management (Continued)

d) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The following policies and procedures are in place to mitigate the Company's exposure to credit risk.

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

- Compliance with the receivable management 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 reinsurers approved by the management. To minimise 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 reinsurers.

At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.

Credit exposure is limited to the carrying values of the financial assets as at the reporting date.

Maximum exposure to credit risk
The table below shows the maximum exposure to credit risk for the components of consolidated statement of financial position.

	31 December 2023 RO	31 December 2022, restated RO
Financial investments at FVTPL	**19,243,846**	12,051,578
Financial investments at FVOCI	**11,325,384**	6,938,496
Insurance contract assets	**130,487**	8,963
Reinsurance contract assets	**45,318,949**	25,081,276
Other receivables	**347,718**	371,971
Cash and short-term deposits	**31,802,352**	16,184,659
	108,168,736	60,636,943

Other receivables
The Company uses an allowance matrix to measure the ECLs of its other receivables. As a result, management determined that the carrying amount of these receivables did not require any adjustment because the result of applying the ECL model was immaterial.

Cash and short-term deposits
Management considers that its cash at bank and short-term deposit has low credit risk considering the external credit ratings of the counterparties, which are all at "investment grade and above". Impairment on cash at bank has been measured on a 12-month expected loss basis and reflects the short-term maturities of the exposures.

Notes to the financial statements

26 Risk management (Continued)

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 summarises the maturity profile of the financial assets and financial liabilities of the Group based on remaining undiscounted contractual obligations, including interest payable and receivable. For insurance contracts liabilities and reinsurance assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance liabilities. Unearned premiums and the reinsurers' share of unearned premiums have been excluded from the analysis as they are not contractual obligations.

31 December 2023	**Up to 1 year RO**	**1-5 years RO**	**Over 5 years RO**	**Total RO**
Financial investments at FVTPL	**19,243,846**	**-**	**-**	**19,243,846**
Financial investments at FVOCI	**-**	**11,325,384**	**-**	**11,325,384**
Insurance contract assets	**130,487**	-	-	**130,487**
Reinsurance contract assets	**45,318,949**	-	-	**45,318,949**
Cash and short-term deposits	**9,660,962**	**22,141,388**	-	**31,802,352**
Other receivables and prepayments	**347,718**	**-**	-	**347,718**
Total	**74,701,962**	**33,466,774**	-	**108,168,736**

31 December 2023	**Up to 1 year RO**	**1-5 years RO**	**Over 5 years RO**	**Total RO**
Insurance contract liabilities	**60,870,825**	**-**	**-**	**60,870,825**
Reinsurance contract liabilities	**1,099,983**	**-**	**-**	**1,099,983**
Other liabilities and accruals	**12,060,092**	**-**	**-**	**12,060,092**
Total	**74,030,900**	**-**	**-**	**74,030,900**

31 December 2022	Up to 1 year RO	1-5 years RO	Over 5 years RO	Total RO
Financial investments at FVTPL	12,051,578	--	--	12,051,578
Financial investments at FVOCI	--	6,938,496	--	6,938,496
Insurance contract assets	8,963	--	--	8,963
Reinsurance contract assets	25,081,276	--	--	25,081,276
Cash and short-term deposits	10,325,387	5,859,272	-	16,184,659
Other receivables and prepayments	371,971	--	--	371,971
Total	47,839,175	12,797,768	--	60,636,943

31 December 2022	Up to 1 year RO	1-5 years RO	Over 5 years RO	Total RO
Insurance contract liabilities	32,369,457	-	-	32,369,457
Reinsurance contract liabilities	431,404	-	-	431,404
Other liabilities and accruals	7,134,261	-	-	7,134,261
Total	39,935,122	-	-	39,935,122

Notes to the financial statements

26 Risk management (Continued)

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:

Currency denomination	**USD RO**	**AED RO**	**EUR RO**	**QAR RO**	**Total RO**
31 December 2023					
Financial investments at FVTPL	**-**	**371,174**	**-**	**6,365,714**	**6,736,888**
Financial investments at FVOCI	**6,591,501**	**-**	**-**	**-**	**6,591,501**
Insurance and reinsurance contract assets	**9,166,258**	**85,497**	**20,539**	**-**	**9,272,294**
Insurance and reinsurance contract liabilities	**3,620,493**	**29,643**	**6,311**	**391,616**	**4,048,063**
Other liabilities and accruals	**1,167,967**	**617,102**	**2,141**	**554,804**	**2,342,014**
Cash and cash equivalents and short-term deposits	**1,126,788**	**11,259**	**23,614**	**221,763**	**1,383,424**
	21,673,007	**1,114,675**	**52,605**	**7,533,897**	**30,374,184**

Notes to the financial statements

26 Risk management (Continued)

h) 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.

i) 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.

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 2023	**Change in variable RO**	**Impact on net profit RO**	**Impact on equity RO**
Financial investments	+2%	368,503	368,503
Financial investments	-2%	(368,503)	(368,503)
31 December 2022			
Financial investments	+2%	232,279	232,279
Financial investments	-2%	(232,279)	(232,279)

Notes to the financial statements

26 Risk management (Continued)

j) 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.

27 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 53,010 (2022 – RO 10,992).

Notes to the financial statements

27 Fair values of financial instruments (Continued)

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 2023	**RO**	**RO**	**RO**
Financial assets			
- Quoted local investments	**7,070,204**	**--**	**7,070,204**
- Quoted foreign investments	**6,736,888**	**--**	**6,736,888**
- Unquoted local investments	**--**	**241,518**	**241,518**
- Quoted bonds	**11,325,386**	**818,686**	**12,144,072**
	25,132,478	**1,060,204**	**26,192,682**

	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

Unquoted equity, which is grouped under level 3, investment amounting to RO 71,428 (2022 – RO 71,428) was recorded at fair values of RO 241,518 (2022 – RO 219,840) 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:

	2023	2022
	RO	RO
Unquoted securities – Equity securities at FVTPL		
At 1 January	**219,840**	175,730
Gain / (loss) recorded in profit or loss	**21,678**	44,110
At 31 December	**241,518**	219,840