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LEGAL STATUS AND PRINCIPAL ACTIVITIES

Muscat Insurance Company SAOG (formerly known as Muscat National Holding Company SAOG), ("the Company") is registered as a public joint stock company in the Sultanate of Oman. The Company was formerly operating as an investment company whereby its license was amended by Capital Market Authority (CMA) to underwrite general insurance and life assurance business from 17 August 2017, vide the CMA's administration decision E/59/2017 dated 30 August 2017.

The Company was restructured in the year ended 31 December 2017 through the merger of its two fully owned subsidiaries in order to comply with provisions of the Insurance Companies Law of 1979, as amended, to bring the share capital of the Company to RO 10 million by August 2017. Accordingly, the subsidiaries Muscat Insurance Company SAOC ("MIC") and Muscat Life Assurance Company SAOC ("MLAC") were merged with the Company by transferring their assets and liabilities, as well as the licenses to underwrite portfolio of general and life insurance business.

Impact of COVID-19

The outbreak of coronavirus (COVID-19) continues to progress and evolve, causing disruption to business and economic activities across the globe, including the Sultanate of Oman. While the Government of Sultanate of Oman has eased lockdowns along with announcement and implementation of measures to provide assistance to the affected entities, the macro-economic uncertainty continues especially with the spread of OMICRON variant of COVID-19. The Management is regularly monitoring the evolution of the COVID 19 pandemic and will continue to assess the impact

going forward too.

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1.1 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.

1.2 New and amended IFRS adopted by the Company

The financial statements have been drawn up based on accounting standards, interpretations and amendments effective at 1 January 2021. The Company has adopted the following new and revised Standards and Interpretations issued by International Accounting Standards Board and the International Financial Reporting Interpretations Committee, which were effective for the current accounting period:

• Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 & IAS 39 - Interest Rate Benchmark Reform – Phase 2 require entities to reflect the effects of transitioning from benchmark interest rates, such as interbank offer rates to alternative benchmark interest rates without giving rise to accounting impacts that would not provide useful information to users of financial statements.

• Amendments to IFRS 16 'Leases' extends the availability of the practical expedient related to COVID 19 related rent concessions beyond 30 June 2021. The practical expedient applies to rent concessions relating to lease payments originally due on or before 30 June 2022. Although, the amendment is applicable for annual periods commencing on or after 1 April 2021, the Company has early adopted the amendment.

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

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SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been consistently applied in dealing with items considered material to the Company's financial statements:

a) Accounting convention

These financial statements have been prepared under the historical cost convention modified by the measurement at fair value of investments carried at fair value through profit or loss and available for sale investments.

The statement of financial position has been prepared in order of liquidity.

b) Insurance contracts

The Company issues contracts that transfer insurance risk. Insurance contracts issued by the Company do not contain any discretionary participation features which will entitle the contract holder to receive additional benefits or bonuses.

Recognition and measurement
Insurance contracts are classified into two main categories, short term and long term insurance contracts.

Short term insurance contracts are principally divided into motor and non-motor general insurance and health and group life insurance by the Company.

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

The non-motor insurance category comprises fire, marine, engineering, workmen compensation and general accident.

Health and group life insurance contracts protect the Company's customers from the consequences of events such as death or disability that would affect the ability of the customer or his / her dependents to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policyholder. There are no maturity or surrender benefits.

Long term insurance contracts with fixed and guaranteed terms

These contracts insure events associated with human life (for example death, or disability) over a long duration.

Liabilities for contractual benefits that are expected to be incurred in the future are recorded when the premiums are recognised based on actuarial valuation. The liabilities are recalculated at each reporting date using the assumptions established at inception based on the actuarial valuation.

Benefits payable to contract holders are recorded as an expense when they are incurred.

Policy acquisition costs
All commissions and other acquisition costs related to securing new contracts and renewing existing contracts are recognised as expenses when incurred.

c) Revenue

Premiums earned
Gross premium represents the total business written during the year and are recognised as revenue (premium) at the time of entering into the insurance contract. Unearned premiums represent

the proportion of premiums written relating to periods of insurance subsequent to the reporting date. Unearned premium reserve (UPR) for all classes of general insurance is calculated using 1/365 method for the year. For life (life and medical) insurance contracts, an appropriate actuarial reserve that is determined annually by an independent actuary is maintained.

Unearned premium

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

Commissions earned and paid

Commissions earned and paid are recognised at the time policies are written considering the short term nature of the insurance contracts.

d) Claims

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

Provisions for reported claims not paid at the reporting date are made on the basis of individual case estimates. In addition, a provision based on Management's judgment and 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 for the following year is included in the underwriting account for that year.

Salvage and subrogation reimbursements

Some insurance contracts permit the Company to sell a (usually damaged) vehicle or a property acquired in settling a claim (i.e. salvage). The Company may also have the right to pursue third parties for payment of some or all costs (i.e. subrogation).

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvaged vehicles or property acquired are recognised in other assets when the liability is settled unless disposed-off. The allowance is the amount that can reasonably be recovered from the disposal of the vehicle or property.

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvaged vehicles or property acquired are recognised in other assets when the liability is settled unless disposed-off. The allowance is the amount that can reasonably be recovered from the disposal of the vehicle or property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognised in other assets when the liability is settled. The allowance is the assessment of the amount that can reasonably be recovered from the action against the liable third party.

e) Liability adequacy test

At each reporting date, the Company assesses whether its recognised insurance liabilities are adequate using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of estimated future cash flows, the entire deficiency is immediately recognised in the statement of income and an unexpired risk provision is created.

Liabilities for contractual benefits that are expected to be incurred in the future are recorded when the premiums are recognised based on actuarial valuation. The liabilities are recalculated at each statement of reporting date using the assumptions established at inception based on the actuarial valuation.

At each reporting date, a liability adequacy test is performed, to ensure the adequacy of unearned premiums. Any inadequacy would be immediately charged to the statement of comprehensive income by establishing a premium deficiency provision.

An amount (mathematical actuarial reserve) is determined by an independent actuary on an annual basis reflecting the unexpired risk for life business underwritten. A contingency reserve is also established in accordance with the Insurance Companies Law of Oman.

f) Reinsurance

In order to minimise financial exposure from large claims, the Company enters into agreements with other parties for reinsurance purposes. Premiums ceded and claims reimbursed are presented on a gross basis. Premiums on reinsurance assumed are recognised as revenue in the same manner as they would be if the reinsurance were considered direct business.

The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers (classified within insurance receivables), as well as the reinsurance portion of gross claims outstanding including IBNR and unexpired risk reserve that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Claims receivable from reinsurers are estimated in a manner consistent with the claim liability and in accordance with the reinsurance contract. These are shown as assets in the statement of financial position until the Company pays the claim. Once the claim is paid, the amount due from the reinsurer in connection with the paid claim is transferred to ‘insurance receivable’.

Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due, net of commission income which represents income earned from reinsurance companies.

The Company regularly assesses its reinsurance assets for impairment. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the statement of comprehensive income. The Company gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for insurance and other receivables. The impairment loss is also calculated following the same method as used for impairment of other financial assets.

g) Premium and insurance receivables

Premium and insurance receivables are initially recognised at fair value and subsequently are stated at amortised cost using the effective interest rate method less impairment losses, if any. A provision for impairment of premium and insurance receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the premium and insurance receivables are impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the provision is recognised in the statement of income within 'general and administration expenses'. When premium and insurance receivable is uncollectable, it is written off against the allowance account for premium and insurance receivables. Subsequent recoveries of amounts previously written off are credited against 'general and administration expenses' in the statement of income.

h) Investments

Investments available for sale
Investments available for sale are intended to be held for an indefinite period of time, but may be sold in response to the need for liquidity or changes in equity prices. Investments available for sale are valued at fair value where it can be reliably estimated. Gains or losses are recognised in the statement of changes in equity as 'fair value reserve' in the period in which they arise and are recognised as other comprehensive income in the statement of comprehensive income. When the investments available for sale are disposed or the carrying amount of the investment is impaired, the cumulative gain or loss recognised in the statement of changes in equity is transferred to the statement of income.

Held-to-maturity investments
Held-to-maturity investments are non - derivative financial assets with fixed or determinable payments and fixed maturities that the Management has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Investments at fair value through profit or loss
Investments at fair value through profit or loss are acquired principally for the purpose of benefitting from short-term fluctuations in price. They are initially recognised at cost and are subsequently remeasured to fair value. Fair values of quoted investments are determined with reference to the closing prices in organized financial markets at the end of the reporting period. Gains or losses arising from changes in the fair values are accounted in the statement of income. Realized gains on sale of investments are determined by the difference between the sale proceeds and the carrying value and are accounted in the statement of income.

Dividend and interest income
Dividend income from investments is accounted when the right to receive payment is established. Interest income is recognized on an accrual basis.

i) Fair value measurement

The Company has classified fair value measurements on a recurring basis using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

j) Cash and cash equialents

For the purpose of statement of cash flows, cash and cash equivalents comprise bank balances and cash, including deposits with an original maturity period of 3 months or less from the date of acquisition, net of bank borrowings, if any.

k) Financial assets

Financial assets are recognized when the Company has become a party to the contractual provisions of the instrument. Financial assets are recognised and derecognized on the trade date when the Company becomes party to the contractual provisions of the instruments.

l) Impairment

Financial assets
At the end of each reporting period, the Management assesses if there is any objective evidence indicating impairment of financial assets. An impairment loss, if any, arrived at as a difference between the carrying amount and the recoverable amount, is recognised in the statement of income. The recoverable amount represents the present value of expected future cash flows discounted at the original effective interest rate.

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale investments, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in equity is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on such equity instruments are not reversed through the statement of comprehensive income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the statement of income.

Non financial assets
At the end of each reporting period, the Management assesses if there is any indication of impairment of non-financial assets. If an indication exists, the Management estimates the recoverable amount of the asset or cash generating unit (CGU) and recognises an impairment loss in the statement of income.

The recoverable amount is assessed as higher of asset's or CGU's value in use (VIU) and fair value less costs to sell. In assessing the VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects market assessments of the time value of money and other asset specific risks. The Management also assesses if there is any indication that an impairment loss recognized in prior years no longer exists or has reduced. The resultant impairment loss reversals are recognised immediately in the statement of income.

m) Offsetting

Financial assets and financial liabilities are only offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and the Company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

n) Property, plant and equipment

Items of property and equipment are stated at cost less accumulated depreciation and impairment losses. Where an item of property and equipment comprises major components having different useful lives, they are accounted for as separate items of property and equipment. Following initial recognition at cost, expenditure incurred to replace a component of an item of property and equipment which increases the future economic benefits embodied in the item of property and equipment is capitalised. All other expenditures are recognised in the statement of income as an expense as incurred.

Items of property and equipment are derecognised upon disposal or when no future economic benefit is expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset is included in the statement of income in the year the item is derecognized.

Freehold land is not depreciated as it is deemed to have an indefinite useful life. Capital work in progress is not depreciated. The cost of property and equipment is expensed by equal annual instalments over the estimated useful lives of the assets. The estimated useful lives of the assets for the calculation of depreciation are as follows:

	Years
Buildings	15 - 25
Furniture and equipment	6
Computer hardware and software	5
Motor vehicles	5

o) Investment properties

Investment properties comprise commercial buildings and lands held for rental or capital appreciation and accounted under the cost model. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Rental income on investment properties is recognized in the statement of income. Any gain or loss arising on disposal of an investment property is also recognised in the statement of income.

Capital work-in-progress is not depreciated. All expenditure incurred on engineering, design work and costs directly attributable to the project engineering, procurement and construction / installation are treated as capital work in progress until such time the assets are put to use, when these will be allocated to investment properties.

The investment properties are depreciated over their estimated useful lives of 15 to 25 years. Freehold land is not depreciated as it is deemed to have an indefinite useful life.

p) Intangible assets

Intangible assets are reported at cost less accumulated amortization and impairment losses, if any. Amortisation is charged on a straight line basis over the estimated useful life. The estimated useful life and the amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The intangible asset pertains to software license and is amortised over a period of five years.

q) Taxation

Taxation is provided for in accordance with the Sultanate of Oman's fiscal regulations.

Deferred taxation is provided using the liability method on all temporary differences at the reporting date. It is calculated at the tax rates that are expected to apply to the period when it is anticipated the liabilities will be settled, and is based on the rates (and laws) that have been enacted at the end of the reporting period.

Deferred tax assets are recognized in relation to carry forward losses and unused tax credits to the extent that it is probable that future taxable profits will be achieved.

r) Accruals and other payables

Liabilities are recognized for amounts to be paid in future for goods or services received, whether billed by the supplier or not.

s) Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

t) Employees' end of service benefits

Payment is made to Omani Government's Social Security Scheme as per Royal Decree number 72/91 (as amended) for Omani employees. Provision is made for amounts payable under the Sultanate of Oman's Labour Law as per Royal Decree number 35/2003 (as amended) applicable to non-Omani employees' accumulated periods of service at the end of the reporting period.

u) Foreign currency transactions

Transactions denominated in foreign currencies are translated into Rials Omani and recorded at rates of exchange ruling at the date of the transaction. Liabilities denominated in foreign currencies are translated into Rials Omani at exchange rates ruling on the end of the reporting period. Foreign exchange differences arising on translation are recognised in the statement of income.

v) Dividends

The Board of Directors recommends to the shareholders the dividend to be paid out of profits. The Directors take into account appropriate parameters including the requirements of the Commercial Companies Law of the Sultanate of Oman, and other relevant directives issued by CMA while recommending the dividend. Dividend distribution to the shareholders is recognized as a liability only in the period in which the dividends are approved by the shareholders.

w) Operating segment

An operating segment is component of the Company that engages in business activities from which it may earn revenues and incur expenses. The results of the operating segments are reviewed by the Management and Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Group has two reportable segments that of general and life insurance business.

x) Directors' remuneration

The Company follows the Commercial Companies Law of the Sultanate of Oman, and other latest relevant directives issued by CMA, in regard to determination of the amount to be paid as Directors' remuneration. Directors' remuneration is charged to the statement of income in the year to which they relate.

y) Leases

Lessee

The Company leases its branch premises under various leasing arrangements. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices unless it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Lease liabilities include (wherever applicable) the net present value of the following lease payments:

• fixed payments (including in-substance fixed payments), less any lease incentives receivable
• variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
• amounts expected to be payable by the Company under residual value guarantees
• the exercise price of a purchase option if the Company is reasonably certain to exercise the option, and
• penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate is used.

Lease payments are allocated between the principal and interest. The interest is charged to the statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:
• the amount of the initial measurement of lease liability
• any lease payments made at or before the commencement date less any lease incentives received
• any initial direct costs, and
• restoration costs, if applicable.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and of low-value assets are recognised on a straight-line basis as an expense in the statement of income.

Lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

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1.3 New and amended IFRS which are in issue but not yet effective

At the end of the reporting period, the following significant new and revised standards were in issue but not yet effective:

• IFRS 17 'Insurance Contracts' issued in May 2017 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued.

Under IFRS 17, contracts are measured using the building blocks of:
- discounted probability-weighted cash flows;
- an explicit risk adjustment; and
- a contractual service margin ("CSM") representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the income statement or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.

An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.

There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach the entity's share of the fair value changes of the underlying items is included in the contractual service margin. The results of insurers using this model are therefore likely to be less volatile than under the general model.

The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

IFRS 17 is tentatively expected to be effective from 1 January 2023, with comparative figures required. The Company has performed an initial impact assessment of IFRS 17 and expects that the new standard will result in an important change to the accounting policies for insurance contract liabilities of the Company. However, the Company is in the process of determining the impact on the profit and total equity, which cannot be accurately quantified at the end of the reporting period. IFRS 17 has introduced additional quantitative and qualitative disclosure requirements including the amounts recognised in the financial statements, significant judgments made when applying IFRS 17 and the nature and extent of risks from insurance contracts.

• IFRS 9, 'Financial Instruments' outlines the recognition, measurement and derecognition of financial assets and financial liabilities, the impairment of financial assets and hedge accounting. Financial assets are to be measured at amortised cost, fair value through profit and loss or fair value through other comprehensive income, with an irrevocable option on initial recognition to recognise some equity financial assets at fair value through other comprehensive income. The impairment model in IFRS 9 moves to one that is based on expected credit losses rather than the IAS 39 incurred loss model. The derecognition principles of IAS 39, 'Financial Instruments: Recognition and Measurement' have been transferred to IFRS 9.

The Company plans to defer the application of IFRS 9 until the effective date of the new insurance contracts standard, IFRS 17, effective for annual periods beginning on or after 1 January 2023 by applying the temporary exemption from applying IFRS 9 as introduced by the Amendments to IFRS 4 as detailed below:

Amendments to IFRS 4, 'Insurance Contracts' regarding the implementation of IFRS 9, 'Financial Instruments'

In September 2016, the amendments to IFRS 4, 'Insurance Contracts' were issued regarding the implementation of IFRS 9, 'Financial Instruments'.

The amendments introduce two alternative approaches for entities issuing insurance contracts within the scope of IFRS 4, notably a 'temporary exemption' and an 'overlay approach'.

Under the 'overlay approach', an insurer reclassifies from profit or loss to other comprehensive income any changes in the fair value of financial assets held in respect of an activity that is connected with contracts within the scope of IFRS 4, if these changes are recognised in profit or loss under IFRS 9, but not under IAS 39.

The 'temporary exemption' enables entities to defer the implementation date of IFRS 9 for annual periods beginning after 1 January 2023 at the latest. Accordingly, entities are allowed to

continue to apply IAS 39 'Financial Instruments: Recognition and Measurement', instead of adopting IFRS 9 'Financial Instruments', if they meet the following criteria:

• the insurer has not previously applied any version of IFRS 9, and

• the insurer's activities are predominantly connected with insurance on its annual reporting date that immediately precedes 1 April 2016. The following tests have to be satisfied:

- the carrying amount of liabilities arising from contracts within the scope of IFRS 4 is significant compared to the total carrying amount of all its liabilities, and
- the total carrying amount of an insurer's liabilities connected with insurance is compared to the total carrying amount of all its liabilities:

  - if the percentage is greater than 90%, the insurer's activities are predominantly connected with insurance.
  - if the percentage is less than or equal to 90%, but greater than 80% and the insurer does not engage in a significant activity unconnected with insurance, its activities are predominantly connected with insurance. Otherwise, the activities are not predominantly connected with insurance.
  -if the percentage is less than or equal to 80%, the insurer's activities are not predominantly connected with insurance.

The Management has performed an assessment of the above options available and concluded that:

- IFRS 9 has not been adopted by the Company previously; and
- Its activities are predominantly connected with insurance.

In view of above, the Management has applied the temporary exemption in its reporting for the current year ended 31 December 2021.

• The following other standards and amendments will become effective for the annual periods beginning on or after 1 January 2022.

- Amendments to IAS 1 'Presentation of financial statements'
- Amendments to IAS 16 'Property, plant and equipment'
- Amendments to IFRS 3 'Business combinations'
- Amendments to IAS 37 'Provisions, contingent liabilities and contingent assets'
- Annual Improvements to IFRS Standards 2018–2020 amending IFRS 1, IFRS 9, IFRS 16 & IAS 41
- Amendments to IFRS 10 'Consolidated financial statements' and IAS 28 'Investments in associates'
- Amendments to IAS 8 'Accounting policies, changes in accounting estimates and errors'
- Amendments to IAS 12 'Income taxes'

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.

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CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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. Actual results in the future could differ from such estimates.

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

• *Outstanding claims including IBNR*

Estimates have to be made both for the expected ultimate cost of claims reported at the end of the reporting period and for the expected ultimate cost of claims incurred but not yet reported (“IBNR”) at the end of the reporting period.

The Company has a concentration in motor policies issued. The Management believes that the liability arising out of third party bodily injury claims, in particular, cannot be precisely estimated. Nevertheless, the Management continuosly monitors the development of compensation claims on an annual basis and makes adequate provision for these insurance liabilities.

In case of non motor general insurance policies issued, the loss estimation is determined at the end of the reporting period using a range of historical trends, empirical data and standard actuarial claim projection techniques. The non motor general insurance is predominantly ceded out and the risk retention is low.

In respect of claims under general and life insurance policies, estimates are required to be made for the expected ultimate cost of reported claims at the end of the reporting period as well as for the ultimate cost in respect of claims IBNR at the end of the reporitng period. The Management uses the initial value of the claim provided by the surveyor for the expected ultimate cost of claims reported at the financial position date. However, for IBNR, the Management relies on an independent actuary to perform a review of the reserve for IBNR based on the historical data of claims and premium development. The primary technique adopted by the Management in estimating the cost of notified and IBNR claims is that of using past claim settlement trends to predict future claim settlement trends.

At each reporting date, prior year claims estimates are reassessed for adequacy and changes are made to the provision. General insurance claims provisions are not discounted for the time value of money.

• *Liability adequacy test*

The Company uses best estimates of future contractual cash flows and claims handling and administration expense, as well as investment income from the assets backing such liabilities in evaluating the adequacy of the liability. Any inadequacy is immediately charged to the statement of income by establishing an unexpired risk provision.

• *Future benefit payments and premiums arising from long term insurance contracts*

The determination of the liabilities under long-term insurance contracts is dependent on estimates made by the Company. Estimates are made as to the expected number of

deaths for each of the years in which the Company is exposed to risk. The Company bases these estimates on standard industry and national mortality tables that reflect recent historical mortality experience, adjusted where appropriate to reflect the Company's own experience. For contracts that insure the risk of longevity, appropriate but not excessively prudent allowance is made for expected mortality improvements. The estimated number of deaths determine the value of the benefit payments and the value of the valuation premiums. The main source of uncertainty is that epidemics such as COVID 19, AIDS, SARS and wide-ranging lifestyle changes, such as in eating, smoking and exercise habits, could result in future mortality being significantly worse than in the past for the age in which the Company has significant exposure to mortality risk. However, continuing improvements in medical care and social conditions could result in improvements in longevity in excess of those allowed for in the estimates used to determine the liability for contracts where the Company is exposed to longevity risk.

• *Fair value of unquoted investments available for sale*

For the unquoted investments available for sale, the Management estimates the fair value by using valuation techniques, including the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis. Where it is impractical to use such techniques, the Company uses the adjusted net asset value or par value of instruments as appropriate.

• *Impairment of investments available for sale*

The Management determines that investments available for sale are impaired when there has been a significant or prolonged decline in the value of the investment below its cost. The determination of what is significant or prolonged requires judgment. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, cash flows, etc.

• *Impairment of premium and insurance balance receivable*

The Management reviews the premium and insurance receivable ageing on a periodic basis. In case of difficult and unsecured debtors whose outstanding is in excess of the credit period allowed, regular follow up is made to collect the same. Wherever necessary, legal options are also considered. The Management estimates the allowance for credit losses based on percentages applied on the overall ageing analysis and a review of case to case debtors.

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SEGMENT INFORMATION

Business segments - primary reporting segment

The Company has two reportable business segments, as described below, which are the Company's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different marketing strategies. For each of the strategic units, the Company's CEO reviews the internal management reports on a regular basis.

The Company has the following operating segments:

General insurance
General business includes insurance of motor; fire, marine, engineering, workmen compensation and general accident.

Life insurance
Life insurance business relates to the insurance of the life and medical of an individual or Company and the credit life policies.

	2021 General insurance RO	2021 Life insurance RO	2021 Total RO
Gross written premiums arising from insurance contracts issued	10,554,317	3,252,896	13,807,213
Movement in gross unearned premium reserve	981,440	1,256,140	2,237,580
Insurance premium revenue earned	11,535,757	4,509,036	16,044,793
Premium ceded to reinsurers on insurance contracts issued	(7,956,950)	(2,207,316)	(10,164,266)
Movement in reinsurance share of unearned premium reserve	(325,280)	(1,130,930)	(1,456,210)
Insurance premium ceded to reinsurers	(8,282,230)	(3,338,246)	(11,620,476)
Net premium revenue earned	3,253,527	1,170,790	4,424,317
Gross claims settled	(4,759,333)	(2,441,157)	(7,200,490)
Reinsurance share of gross claims settled	2,151,203	1,575,591	3,726,794
Net claims settled	(2,608,130)	(865,566)	(3,473,696)
Movement in net outstanding claims	656,700	129,682	786,382
Net claims incurred	(1,951,430)	(735,884)	(2,687,314)
Commission income	832,144	147,158	979,302
Commission expense	(175,515)	(72,701)	(248,216)
Net commission income	656,629	74,457	731,086

Other underwriting income	80,534	227	80,761
Underwriting results	2,039,260	509,590	2,548,850
Investment income - net	1,450,775	124,847	1,575,622
Other income	8,705	-	8,705
	3,498,740	634,437	4,133,177

	2021 General insurance RO	2021 Life insurance RO	2021 Total RO
General and administration expenses	2,421,474	463,931	2,885,405
Impairment of investment property			-
Other operating expenses	321,496	-	321,496
	2,742,970	463,931	3,206,901
Operating profit	755,770	170,506	926,276
Finance costs	(82,595)	-	(82,595)
Profit before taxation	673,175	170,506	843,681
Taxation	(73,242)	-	(73,242)
Profit for the year	599,933	170,506	770,439
Other comprehensive income:			
Potentially reclassifiable to the income statement:			
Fair value change in investments available for sale	(10,621)	-	(10,621)
Net profit and total comprehensive income for the year	589,312	170,506	759,818
Segment assets	42,895,040	-	42,895,040
Segment liabilities	25,414,373	-	25,414,373

	2020 General insurance RO	2020 Life insurance RO	2020 Total RO
Gross written premiums arising from insurance contracts issued	12,772,764	4,045,186	16,817,950
Movement in gross unearned premium reserve	1,335,369	(4,792)	1,330,577
Insurance premium revenue earned	14,108,133	4,040,394	18,148,527
Premium ceded to reinsurers on insurance contracts issued	(8,950,197)	(2,769,694)	(11,719,891)
Movement in reinsurance share of unearned premium reserve	(410,723)	244,891	(165,832)
Insurance premium ceded to reinsurers	(9,360,920)	(2,524,803)	(11,885,723)
Net premium revenue earned	4,747,213	1,515,591	6,262,804
Gross claims settled	(6,969,965)	(2,358,693)	(9,328,658)
Reinsurance share of gross claims settled	3,465,193	1,382,320	4,847,513
Net claims settled	(3,504,772)	(976,373)	(4,481,145)
Movement in net outstanding claims	612,082	(84,400)	527,682
Net claims incurred	(2,892,690)	(1,060,773)	(3,953,463)

	2020 General insurance RO	2020 Life insurance RO	2020 Total RO
Commission income	876,918	166,782	1,043,700
Commission expense	(162,941)	(41,647)	(204,588)
Net commission income	713,977	125,135	839,112

Other underwriting income	153,706	276	153,982
Underwriting results	2,722,206	580,229	3,302,435
Investment income - net	586,607	52,969	639,576
Other income	24,572	-	24,572
	3,333,385	633,198	3,966,583
General and administration expenses	2,811,735	313,431	3,125,166
Impairment of investment property	-	158,206	158,206
Other operating expenses	160,697	16,135	176,832
	2,972,432	487,772	3,460,204
Operating profit	360,953	145,426	506,379
Finance costs	(39,806)	-	(39,806)
Profit before taxation	321,147	145,426	466,573
Taxation	(85,091)	(28,943)	(114,034)
Profit for the year	236,056	116,483	352,539
Other comprehensive income:			
Potentially reclassifiable to the income statement:			
Fair value change in investments available for sale	115,988	-	115,988
Net profit and total comprehensive income for the year	352,044	116,483	468,527
Segment assets	41,525,151	4,865,425	46,390,576
Segment liabilities	27,631,455	2,038,270	29,669,725

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Call deposits are placed with local commercial banks and earn effective interest at 0.75% to 2.35% per annum (2020 – 0.75% to 2.35% per annum).

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DEPOSITS

a) At the end of the reporting period, deposits with banks and other financial institutions have maturity period of twelve months to thirty-six months (2020 – twelve months to thirty-six months) from the date of placement.

b) The deposits held with commercial banks in Oman carry effective annual interest rates from 4.55% to 5.25% (2020 - 4.55% to 5.25%) and with other financial institutions carry effective annual interest rates from 6% to 6.10% (2020 - 6.00% to 6.10%).

c) At the end of the reporting period, transfer of deposits in local currency amounting to RO 6,951,000 (2020 – RO 6,951,000) is restricted.

d) At the end of the reporting period, the maturity profile of the deposits is as follows:

	2021 RO	2020 RO
Less than 12 months	4,850,000	3,550,000
More than 12 months	3,405,000	5,605,000
	8,255,000	9,155,000

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INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

a) Details of the Company's investments for which the Company's holding exceeds 10% of the market value of its equity investment portfolio are:

	% of investment portfolio %	Number of securities	Carrying value RO	Cost RO
31 December 2021				
HSBC Bank of Oman SAOG	50.87	20,663,885	2,149,044	3,155,988
31 December 2020				
HSBC Bank of Oman SAOG	50.87	20,663,885	1,880,413	3,155,988

b)The movement in investments at fair value through profit or loss during the year was as follows:

	2021 RO	2020 RO

At the beginning of the year	3,035,798	3,771,571
Fair value changes during the year	493,774	(735,773)
At the end of the year	3,529,572	3,035,798

c) As at the end of the reporting period, transfer of investments carried at fair value through profit or loss amounting to RO 2,535,629 (2020 - RO 2,451,834) is restricted.

d) Currently the percentage of HSBC Bank Oman SAOG investment in relation to overall investments of the Company is 8.55% (2020 – 7.01%) which exceeds the limit prescribed by Regulations for Investing Assets for Insurance Companies issued by the CMA. As per the Regulation, investments in shares of any one company should not exceed 5% of the total investments of the insurer. The Company has applied for exemptions from the CMA in respect of this investment.

e) The fair value hierarchy of the investments is as follows:

	2021 RO	2020 RO
Quoted investments		
Level 1 hierarchy	3,456,979	2,963,205
Unquoted investments		
Level 2 hierarchy	72,593	72,593
Total	3,529,572	3,035,798

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PREMIUM AND INSURANCE RECEIVABLES

a) The normal credit period allowed to insurance receivables and reinsurance companies is 120 days, after which amounts are considered past due.

b) The ageing analysis of the gross receivables is as follows:

	2021 RO	2020 RO
Neither past due nor impaired	893,432	1,268,007

Past due but not impaired		
Past due up to 60 days	404,469	615,180
Past due between 61 to 240 days	859,482	752,150
Past due above 240 days	407,512	426,263
Past due but not impaired		
Past due above 240 days	330,103	227,039
	2,894,998	3,288,639

c) Insurance receivables and due from reinsurance companies amounting to RO 1,671,463 (2020 – RO 1,793,593) are past due but not impaired. These relate to a number of customers and reinsurers for whom there is no history of default. Most of the credit customers have been dealing with the Company for over 5 years and losses have occurred infrequently.

d) In accordance with the debt provisioning policy, the Management has estimated past due debts amounting to RO 330,103 (2020 – RO 227,039) to be impaired and established allowance for credit losses against such debts.

e) The movement in provision for impairment of premium and insurance receivables during the year is as follows:

	2021 RO	2020 RO
At the beginning of the year	227,039	116,784
Provided during the year	103,064	110,255
At the end of the year	330,103	227,039

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AVAILABLE FOR SALE INVESTMENTS

	2021 Cost RO	2021 Fair value RO	2020 Cost RO	2020 Fair value RO
Quoted investment				
Services - Level 1 hierarchy	319,019	354,994	-	-

Unquoted investments				
Services - Level 3 hierarchy	86,011	396,381	303,860	660,826
Total	405,030	751,375	303,860	660,826

The following further notes apply:

a) The movements in available for sale investments during the year are as follows:

	2021 RO	2020 RO
At the beginning of the year	660,826	556,815
Impairment charge for the year	-	(11,977)
Additions during the year	101,170	-
Fair value changes in investments during the year	(10,621)	115,988
At the end of the year	751,375	660,826

b) With respect to investment in Oman Reinsurance Company SAOG which was listed in the Muscat Securities Exchange during the year, there was a movements from level 3 fair value hierarchy in 2020 to level 1 fair value hierarchy.

c) Investment in shares of unquoted companies are measured as Level 3 investments. The valuation techniques used for valuation of unquoted securities is as follows:

Oman Reinsurance Company

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
2020 - Discounted cash flows: The valuation model considers the present value of expected cash flows, discounted using a risk adjusted discount rate. The cash flows are determined by considering the possible scenarios of forecast revenue and earnings before interest	WACC: 13% Terminal value: Growing perpetuity with 2% growth rate	The estimated fair value would increase/ (decrease) if: - WACC was lower/ (higher); - Growth rate was lower/ (higher); or - Terminal value was higher/ (lower)

tax depreciation and amortisation ('EBITDA').

Oman Aviation Services Company ('OASC') and Omani Unified Bureau for Orange Card ('OUBOC')

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
2021 - Discounted cash flows: The valuation model considers the present value of expected cash flows, discounted using a risk adjusted discount rate. The cash flows are determined by considering the possible scenarios of forecast revenue and earnings before interest tax depreciation and amortisation ('EBITDA').	WACC: OASC - 12.5% OUBOC – 13% Terminal value: Growing perpetuity with 2% growth rate	The estimated fair value would increase/ (decrease) if: - WACC was lower/ (higher); - Growth rate was lower/ (higher); or - Terminal value was higher/ (lower)
2020 - Discounted cash flows: The valuation model considers the present value of expected cash flows, discounted using a risk adjusted discount rate. The cash flows are determined by considering the possible scenarios of forecast revenue and earnings before interest tax depreciation and amortisation ('EBITDA').		

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INVESTMENT PROPERTIES

a) Freehold land and building in Al Khuwair, which is used for rental purposes, is entirely classified as investment property.

At the end of the reporting period, the Company has assessed if there are any indicators for impairment of the investment property, especially considering the impact of the COVID 19 pandemic and the extended vacancy of the property.

Based on the market value of the property arrived at by an open market valuation by Al Habib and Company LLC, an independent valuer, by making reference to condition of the property and the depreciated replacement cost value, the recoverable value of the property at 29 December 2020 has been determined at Ro 1,850,000 (2020 - the recoverable amount is lower than the carrying value of the property, an impairment loss of RO 158,206 has been recognised).

b) The new building constructed in Al Khuwair is 11% occupied for the Company's administrative use and 89% used for rental purposes. The freehold land and building, which is used for rental purposes, is classified as investment property.

At the end of the reporting period, the Company has assessed if there are any indicators for impairment of investment property. The Management has estimated the recoverable amount to be more than the carrying value, and accordingly concluded no impairment loss has arisen for the year (2020 – nil).

The fair value of the freehold land and building included under investment property and property and equipment was assessed by an independent valuer in December 2020 at RO 12,000,000. The Management believes the fair value of the investment property at the end of the reporting period to be not materially different from the fair value assessed in December 2021.

c) Investment properties are either leased to third parties or held for future undetermined use. The rental income earned from the investment properties, net of direct operating expenses, is as follows:

	2021 RO	2020 RO
Rental income	424,928	365,885
Less:		
Management fee	(62,942)	(56,370)
	361,986	309,515

d) The lease terms ranges between 1 to 5 years, with options for extension. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew.

e) At the end of the reporting period, the percentage of investment in real estate to overall investments of the Company is 36.83% which exceeds the limit prescribed by Regulation for Investing Assets of Insurance Companies issued by the CMA. As per the Regulation, investments in real estate shall not exceed 20% of the total investments of the insurer.

f) The lessees do not have an option to purchase the property at the expiry of the lease period.

g) At the end of the reporting period, the maturity analysis of the undiscounted lease payments to be received under the operating lease agreements is as follows:

	2021 RO	2020 RO
Year 1	269,006	369,457
Year 2	111,523	170,806
Year 3	52,167	52,110
Year 4	-	47,767
	432,696	640,140

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PROPERTY AND EQUIPMENT

a) The freehold land and buildings comprises a portion of the property held by the Company located at Al Khuwair, Sultanate of Oman.

b) The depreciation charge for the year included under property and equipment, investment properties and right-of-use assets have been allocated as follows:

	2021 RO	2020 RO

Property and equipment	144,769	165,270
Investment property	348,543	330,432
Right-of-use assets	112,590	149,730
	605,902	645,432

c) The lease terms ranges between 1 to 5 years, with options for extension. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew.

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SHARE CAPITAL

a) The Company's authorized, issued and paid up capital at the end of the reporting period is as follows:

	2021 RO	2020 RO
Authorised – ordinary shares of RO 1 each	30,000,000	30,000,000
Weighted average number of shares outstanding during the year	11,025,046	11,025,046
Issued and fully paid – ordinary shares of RO 1 each	11,025,046	11,025,046

b) The details of shareholders who own 10% or more of the Company's share capital are as follows:

	2021 % holding	2021 No of shares RO	2020 % holding	2020 No of shares RO
Waleed Omar Abdulmunim Al Zawawi	19.98	2,202,685	19.98	2,202,685

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Capital reserve

The Capital reserve represents the excess over nominal value paid by the initial subscribers towards public issue expenses incurred by the Company.

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Legal reserve

In accordance with Article 274 of the Commercial Companies Law of the Sultanate of Oman, annual appropriation of the net profit for the year has to be made to the legal reserve, until the reserve equals one-third of the Company's capital. The reserve is not available for distribution, but can be utilised to set off against any accumulated losses.

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Contingency reserve

	2021 RO	2020 RO
At the beginning of the year	2,854,658	2,471,868
Transfer during the year	320,097	382,790
	3,174,755	2,854,658

In accordance with Article 10(bis) (2) (c) and 10(bis) (3) (b) of Regulations for Implementing Insurance Companies Law (Ministerial Order 5/80), as amended, 10% of the net outstanding claims in case of the general insurance business and 1% of the life assurance premium for the year for 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 equals to the issued share capital. No dividend shall be declared in any period until the deficit in the reserve is covered from the retained profits. The reserves shall not be used except by prior approval of the CMA.

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Movements in expatriate employees' end of service benefits liability during the year is as follows:

	2021 RO	2020 RO
At the beginning of the year	257,770	283,704
Expense for the year	26,052	34,677
Settled during the year	(8,720)	(60,611)
At the end of the year	275,102	257,770

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TAXATION

	2021	2020

	RO	RO
Statement of income		
Current tax	73,815	19,379
Prior year	11	-
Deferred tax (credit) / charge	(584)	94,655
	73,242	114,034

Statement of income

Non-current asset

Deferred tax asset	335,416	334,832

Current liabilities

Current year	73,815	19,379
Prior years	161,833	161,833
	235,648	181,212

The following further notes apply:

a) Taxation is provided at 15% (2020 – 15%) on profit for the year adjusted for tax purposes.

b) The status of the tax assessments are as follows:
Muscat Insurance Company SAOG

During the year, the tax assessment for the year 2017 was completed by the Tax Authority with no additional tax liability.

The Management believes that additional taxes, if any, relating to the unassessed taxation assessments would not be material to the Company's financial position at the end of the reporting period.

Muscat Insurance Company SAOC

In year 2019, the Company had filed an objection with the Tax Authority against the assessment for the year 2006 to 2011. The decision on the Objections with the Supreme Court

and Tax Committee for the years 2006 to 2011 were pending finalization at the end of the reporting period. In the previous year, the tax assessment for the year 2015 was finalised with a tax refund of RO 976.

Muscat Life Assurance Company SAOC

In year 2019, the Company had filed an Objection with the Tax Authority for the disputed balance amount of RO 12,549 that arose on completion of the tax assessments for the years 2006 to 2014. The decision on the Objection was received from the Taxation Authority for the years 2012-2014, partly allowing the Company's Objection, and the Management had settled the undisputed amount of RO 2,102 in the prior year. The decision on the Objections filed for the years 2008 to 2011 were pending finalization at the end of the reporting period. During the year, the tax assessment for the year 2015 has been finalised with no additional tax liability.

c) The status of the completed tax assessments of the Company and its subsidiaries prior to the merger is as follows:

Company	Assessments completed till the year
Muscat Insurance Company SAOG	2017
Muscat Insurance Company SAOC	2017
Muscat Life Assurance Company SAOC	2017

d) The Management believes that the amount of additional taxes, if any, that may become payable on finalization of the assessments for the unassessed years would not be material to the Company's financial position at the end of the reporting period.

e) The movement in the deferred tax asset during the year is attributed to the following items:

Accelerated capital allowances	Provisions	Carry forward losses	Others	Total
RO	RO	RO	RO	RO

At 31 December 2019	271,469	17,518	143,879	(3,379)	429,487
(Charged) / credited to the statement of income	27,844	16,538	(143,879)	4,842	(94,655)
At 31 December 2020	299,313	34,056	-	1,463	334,832
At 31 December 2020	299,313	34,056	-	1,463	334,832
(Charged) / credited to the statement of income	(16,513)	15,459	-	1,638	584
At 31 December 2021	282,800	49,515	-	3,101	335,416

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The reconciliation of taxation on the accounting profit with the current taxation charge for the year is as follows:

	2021 RO	2020 RO
Tax charge on accounting profit at applicable rates	126,552	69,986
Add / (less) tax effect of:		
- Depreciation, amortization and impairment	19,166	27,752
- Provision	15,460	16,538
- Carry forward losses	-	(143,879)
Others	(87,363)	48,982
	73,815	19,379

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RELATED PARTY TRANSACTIONS

a) The Company enters into transactions in the ordinary course of business with key management personnel (including Board of Directors) and entities in which the key Management personnel / significant shareholders of the Company have significant influence or control. Prices and terms of payment for these transactions are approved by the Management and the Board of Directors.

These transactions are entered into on terms and conditions approved by the management and Board of Directors and subject to shareholders' approval at the Annual General Meeting.

	2021 RO	2020 RO
Premiums written from related parties	3,049,165	3,204,441
Claims paid to related parties	330,342	311,992
Purchases of goods and services from related parties	21,039	43,177
Dividend income	28,572	175,553
Bonus shares (number of shares)	75,014	75,014
Other underwriting income from related parties	17,876	77,024
Director's sitting fees received	11,000	6,500

b) The key management personnel compensation for the year comprises:

	2021 RO	2020 RO
Short term employment benefits	300,697	301,266
End of service benefits	3,234	9,038
Directors' sitting fees	33,600	42,500
	337,531	352,804

c) The premiums due from and due to related parties are unsecured, repayable on normal credit terms and not subject to interest (2020 – similar terms and conditions).

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FINANCIAL RISK

The Company’s activities expose it to various financial risks, primarily being, market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company’s risk management is carried out internally in accordance with the policies approved by the Company.

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Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of the financial assets, other than those relating to reinsurance contracts, represents the maximum credit exposure. The Company has a credit policy in place and exposure to credit risk is monitored on receivables on a regular basis The

Company also ensures that bank balances and deposits are placed with reputable financial institutions.

The maximum exposure to credit risk at the end of the reporting period was as follows:

	2021 RO	2020 RO
Cash equivalents	1,082,210	2,296,661
Premium and insurance receivable	2,718,461	3,061,600
Investments held to maturity	2,255,336	2,265,836
Other receivables (excluding prepayments)	1,264,895	802,075
Reinsurance contracts	12,034,390	13,809,091
Deposits	8,255,000	9,155,000
	27,610,292	31,390,263

The table below presents an analysis of balances with banks at the end of the reporting period:

	2021 RO	2020 RO
Ba2 (cr)	-	57,701
NP	1,082,210	2,238,960
	1,082,210	2,296,661

The following table shows the placements of deposits held with counterparties at the end of the reporting period:

	2021 RO	2020 RO
Ba3	5,605,000	6,505,000
Not rated	2,650,000	2,650,000
	8,255,000	9,155,000

The following table shows the rating of bonds held to maturity at the end of the reporting period:

	2021	2020
	RO	RO
Ba3	2,004,375	2,014,191
Not rated	250,961	251,645
	2,255,336	2,265,836

Premium and insurance receivables

Premium and insurance receivable comprise a number of customers within Oman and local and foreign reinsurers. The Company monitors these receivables on a regular basis. Most of the credit customers have been dealing with the Company for over 5 years and losses have occurred infrequently. The Company establishes an allowance for impairment that represents its estimate of likely losses in respect of these receivable accounts. With respect to reinsurers, as per Company policy of managing insurance risks, such contracts are placed only with internationally reputed well rated reinsurers.

The other classes within receivables do not contain impaired assets. The Company does not hold any collateral as security.

Premium receivables from related parties

Outstanding balances at year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables. For the year ended 31 December 2021, the Company has not established any provision for doubtful debts relating to amounts owed by related parties as the payment history has been good. This assessment is undertaken for each financial period through examining the financial position of the related party and the market in which the related party operates.

Other receivables
These are short term receivables and the Management does not consider there to be significant credit risk associated with them.

The maximum credit exposure to credit risk for premium and insurance receivables (including reinsurance receivable) at the end of the reporting period by geographic region was as below:

	2021	2020
	RO	RO
Oman	2,564,115	2,541,371

Europe	45,919	263,038
Middle East	42,958	153,019
America and Canada	64,242	44,127
Rest of Asia	1,227	60,045
	2,718,461	3,061,600

The maximum credit exposure to credit risk at the end of the reporting period by type was as follows:

	2021	2020
	RO	RO
Individuals and corporate clients	2,431,913	2,463,894
Reinsurers	286,548	597,706
	2,718,461	3,061,600

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Liquidity risk

The Management monitors liquidity requirements on a regular basis and ensures that sufficient funds are available to meet all liabilities as they fall due. The Company manages liquidity risk of maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows.

	Carrying value	Six months or less	Between six to twelve months	Not fixed maturity
	RO	RO	RO	RO
At 31 December 2021				
Accruals and other payables (excluding end of service benefits and advance rent received)	3,221,588	3,221,588	-	-
Premium and loss reserve retained from treaty reinsurers	2,798,581	589,226	2,209,355	-
Premium (net of commission and claims) due to reinsurers	1,140,902	1,140,902	-	-

Insurance contracts	17,104,133	-	-	17,104,133
Lease liability	57,676	32,535	14,369	10,772
	24,322,880	4,984,251	2,223,724	17,114,905

	Carrying value	Six months or less	Between six to twelve months	Not fixed maturity
	RO	RO	RO	RO
At 31 December 2020				
Accruals and other payables (excluding end of service benefits and advance rent received)	3,978,908	3,259,960	718,948	-
Premium and loss reserve retained from treaty reinsurers	3,175,635	2,494,875	680,760	-
Premium (net of commission and claims) due to reinsurers	1,507,992	1,507,992	-	-
Insurance contracts	20,446,586	-	-	20,446,586
Lease liability	49,969	34,228	8,998	6,743
	29,159,090	7,297,055	1,408,706	20,453,329

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Market risk

Currency risk
The Company is exposed to foreign exchange risk arising primarily with respect to the bank balances and cash held in US Dollar. As the Omani Rial is pegged against the US Dollar, the Management does not believe that the Company is exposed to any material currency risk.

At the end of the reporting period, the Company had cash and cash equivalents denominated in US Dollars amounting to RO 208,475 (2020 – RO 158,220)

Interest rate risk
The Company is exposed to interest rate risk on interest bearing assets (call deposit accounts, fixed deposits and held to maturity investments).

The Management analyses its interest rate exposure on a regular basis, renegotiates interest rates at terms favorable to the Company and ensures that they are as far as possible on a fixed rate basis. The bank deposits, deposit with other financial institutions and held to maturity investments are at fixed interest rates. The Company is therefore not exposed to significant interest rate risk due to fluctuation in the market interest rate.

For every 0.5% change in interest rate, the impact on the statement of income will approximate to RO 57,758 (2020 – RO 67,265) based on the level of financial assets at the end of the reporting period.

Price risk

The Company's investments are subject to market price risk arising from uncertainties about future prices of equities. Market price risk is managed through the diversification of the investments, thereby avoiding concentration of investments in individual securities. Furthermore, the Company's investments are managed according to the guidelines provided by Regulations for Investing Assets for Insurance Companies issued by the CMA.

The Company's quoted investments are publicly traded in the Muscat Securities Exchange.

Assuming that:

• the MSM index would have changed by 10%;
• the Company's equity instruments move according with the historical correlation with the index; and
• all other variables are constant

the impact on the net profit of the Company would approximate to RO 381,197 (2020 – RO 296,321).

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CONTINGENCIES AND COMMITMENTS

At the end of the reporting period, the Company had contingent liabilities of RO 66,124 (2020 – RO 176,214) in respect of bonds and guarantees issued into in the normal course of business from which it is anticipated that no material liabilities will arise.

The bank facility agreement contains certain restrictive covenants, which, if violated, could permit the bank to cancel or reduce the facilities.

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CAPITAL MANAGEMENT

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

The Company's objectives when managing capital is to enable the entity to continue as a going concern, in order to provide adequate returns to the Shareholders and to maintain an optimal capital structure to reduce the cost of capital.

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. In the context of managing capital, the Company has covenanted with banks providing external debt to maintain specified leverage ratios. The Company manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to the shareholders, return capital to shareholders or raise additional capital.

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OPERATIONAL RISK

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, authorisation 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.

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RISK MANAGEMENT

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

The Company has an Executive Committee with clear terms of reference from the Board of Directors. This is in addition to a clear organisational structure with documented delegated authorities and responsibilities from the Board of Directors to the Executive Committee and senior managers.

INSURANCE RISK

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments may exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

The Company's objectives in managing risks are to take a conservative approach to underwriting, which means review of all aspects about a risk prior to acceptance; retaining experienced and knowledgeable underwriters; and having underwriting authorities in place which are checked by internal audits. The Company ensures that risks are mitigated with

first class reinsurance security, pre-underwriting surveys and claims history reviews. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The Company only accepts insurance risk within the Sultanate of Oman. The Company's net account in terms of aggregate risk retention is well protected with substantial event limits plus catastrophe excess of loss reinsurance per class of business written.

Frequency and amount of claims

The frequency and amounts of claims can be affected by several factors.

General insurance

Motor insurance

For motor contracts the main risks are claims for death and bodily injury and the replacement or repair of vehicles. The level of court awards for deaths and to injured parties and the replacement costs of motor vehicles are the key factors that influence the level of claims.

Property

For property insurance contracts the main risks are fire and business interruption.

These contracts are underwritten by reference to the replacement value of the properties and contents insured. The cost of rebuilding properties and obtaining replacement contents and the time taken to restart operations which leads to business interruptions are the main factors that influence the level of claims.
Marine

For marine insurance the main risks are loss or damage to marine craft and accidents resulting in the total or partial loss of cargoes. The underwriting strategy for the marine class of business is to ensure that policies are well diversified in terms of vessels and shipping routes covered.

Life insurance

The Company underwrites mainly under the Group credit life, Group life and Group medical risks. Claims are normally advised and settled within one year of the insured event taking place. This helps to mitigate insurance risk.

Group life insurance

Group credit assurance policy is designed to fulfil the borrower's loan obligation in the event that the borrower dies or becomes disabled.

Group life and Group medical

The Company underwrites mainly under the Group credit life, Group life and Group medical risks. Claims are normally advised and settled within one year of the insured event taking place. This helps to mitigate insurance risk.

Reinsurance risk

In common with other insurance companies, to minimise financial exposure arising from large claims, the Company, in the normal course of business, enters into agreements with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allows 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.

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.

Reinsurance ceded contracts do not relieve the Company from its obligations to policyholders and as a result the Company remains liable for the portion of outstanding claims reinsured to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements. The concentration of credit risk exposure in this connection is:

• The five largest reinsurers account for 74% of the credit exposure at 31 December 2021 in case of the general insurance business (2020 - 82%).

• The life insurance business is exposed to material concentration of reinsurance risk in respect of the Group Credit Life scheme. The credit risk in this connection is that one reinsurer accounts for 69% of the credit exposure at 31 December 2021 (2020 - 66%).

Regulatory framework

The operations of the Company are subject to local 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 capital adequacy to minimise the risk of default and insolvency on the part of the insurance companies and to enable them to meet unforeseen liabilities as these arise.

The Company has a surplus over the required solvency margin as per the Insurance Company Law:

• in case of the general insurance, a surplus of RO 101,588 at 31 December 2021 (2020 - RO 1,265,349);

• in case of life insurance, a surplus of RO 205,352 at 31 December 2021 (2020 - RO 383,218); and

• in case of medical insurance, a surplus of RO 991,559 at 31 December 2021 (2020 - Not applicable).

INVESTMENTS HELD TO MATURITY

a) Investments held to maturity comprise the following:

i) Investment in Government Development Bonds (40th Issue) with interest at 5.5%, due to mature in 2022; and

ii) Perpetual bonds with interest at 7.5%.

b) Fair value of held to maturity investments as of 31 December 2021 was RO 2.25 million (2020 - RO 2.25 million).

c) As at 31 December 2021, transfer of investments held to maturity amounting to RO 2,004,375 (2020 - RO 2,014,191) is restricted.

RESTRICTIONS ON TRANSFER OF ASSETS

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, investments carried at fair value through profit or loss and investments held to maturity included in the statement of financial position at their carrying amount of RO 11,491,004 (2020 – RO 11,417,025). Under the terms of the legislation, the Company can transfer these assets only with the prior approval of the Capital Market Authority.

LEASES

a) The Company enters into leasing arrangements for the branch offices across various locations in the Sultanate of Oman. The average lease term for the premises is around 2 to 5 years.

b) The total cash outflow for leases amounted to RO 101,088 (2020 – RO 108,178).

FINANCIAL ASSETS BY CATEGORY

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

	Loans and receivables	Held-to-maturity	Financial assets at FVPL	Available-for-sale financial assets	Total
At 31 December 2021	RO	RO	RO	RO	RO
Bank balances and cash	1,087,063	-	-	-	1,087,063
Investments at fair value through profit or loss	-	-	3,529,572	-	3,529,572
Premium and insurance	2,718,461	-	-	-	2,718,461

receivables					
Available-for-sale investments	-	-	-	751,375	751,375
Other receivables	1,337,916	-	-	-	1,337,916
Reinsurers' contracts	12,034,390	-	-	-	12,034,390
Deposits	8,255,000	-	-	-	8,255,000
Investments held to maturity	-	2,255,336	-	-	2,255,336
	25,432,830	2,255,336	3,529,572	751,375	31,969,113

	Loans and receivables	Held-to-maturity	Financial assets at FVPL	Available-for-sale financial assets	Total
At 31 December 2020	RO	RO	RO	RO	RO
Bank balances and cash	2,302,054	-	-	-	2,302,054
Investments at fair value through profit or loss	-	-	3,035,798	-	3,035,798
Premium and insurance receivables	3,061,600	-	-	-	3,061,600
Available-for-sale investments	-	-	-	660,826	660,826
Other receivables	885,074	-	-	-	885,074
Reinsurers' contracts	13,809,091	-	-	-	13,809,091
Deposits	9,155,000	-	-	-	9,155,000
Investments held to maturity	-	2,265,836	-	-	2,265,836
	29,212,819	2,265,836	3,035,798	660,826	35,175,279

Premiums	01/01/2021-31/12/2021 Total Life, Medical and General	Actuals/Omani Rial/Audited 01/01/2020-31/12/2020 Total Life, Medical and General
PARTICULARS		
Gross written premiums	13,807,213	16,817,950
Movement in unearned premiums/ Mathematical Reserve	781,370	1,164,745
Gross premium, earned	**14,588,583**	**17,982,695**
Reinsurance premiums ceded	10,164,267	11,719,891
Premium ceded to reinsurers	**10,164,267**	**11,719,891**
Net Premium Earned	**4,424,316**	**6,262,804**

Reinsurance premiums ceded	01/01/2021-31/12/2021 Total Life, Medical and General	Actuals/Omani Rial/Audited 01/01/2020-31/12/2020 Total Life, Medical and General

PARTICULARS		
Reinsurance premiums ceded - (i)	10,164,267	11,719,891
Commission income on premium ceded to reinsurers - (ii)	979,302	1,043,700
Reinsurances' share of claims - (iii)	3,408,300	3,828,686
Net reinsurance impact (i)+(ii)+(iii)+(iv)	**5,776,665**	**6,847,505**

01/01/2021-31/12/2021			Actuals/Omani Rial/Audited
CLAIMS	Total Life, Medical and General		
	Gross outstanding claims	Reinsurers' share of outstanding claims	Net outstanding claims
PARTICULARS			
AT THE BEGINNING OF THE PERIOD			
Claims incurred	8,426,849	5,730,407	2,696,442
incurred but not reported	3,300,142	1,942,778	1,357,364
Total	11,726,991	7,673,185	4,053,806
ADD: CLAIMS PROVIDED DURING THE PERIOD			
Individual	4,034,947	2,083,518	1,951,429
Group	2,060,667	1,324,782	735,885
Total	6,095,614	3,408,300	2,687,314
Less: Insurance claims paid during the period	7,200,490	3,726,794	3,473,696
At the end of the period	10,622,115	7,354,691	3,267,424
ANALYSIS OF OUTSTANDING CLAIMS AT END OF THE PERIOD			
Claims reported	7,717,374	5,676,704	2,040,670
incurred but not reported	2,904,741	1,677,987	1,226,754
Total	10,622,115	7,354,691	3,267,424

01/01/2020-31/12/2020			Actuals/Omani Rial/Audited
CLAIMS	Total Life, Medical and General		
	Gross outstanding claims	Reinsurers' share of outstanding claims	Net outstanding claims
PARTICULARS			
AT THE BEGINNING OF THE PERIOD			
Claims incurred	10,315,484	6,978,824	3,336,660
incurred but not reported	2,958,016	1,713,188	1,244,828
Total	13,273,500	8,692,012	4,581,488
ADD: CLAIMS PROVIDED DURING THE PERIOD			
Individual	4,955,306	2,062,616	2,892,690
Group	2,826,843	1,766,070	1,060,773
Total	7,782,149	3,828,686	3,953,463
Less: Insurance claims paid during the period	9,328,658	4,847,513	4,481,145
At the end of the period	11,726,991	7,673,185	4,053,806
ANALYSIS OF OUTSTANDING CLAIMS AT END OF THE PERIOD			
Claims reported	8,426,849	5,730,407	2,696,442
incurred but not reported	3,300,142	1,942,778	1,357,364
Total	11,726,991	7,673,185	4,053,806

		Actuals/Omani Rial/Audited
Investment Income	01/01/2021-31/12/2021	01/01/2020-31/12/2020
INVESTMENT INCOME		
Interest income on bank deposits and other investments	501,340	521,206
Interest income on bonds, net of amortisation charge	118,875	119,230
Revenue from dividends	88,645	430,875
Rental income	361,986	309,515
Other income	11,000	6,500
Total Gross Investment income	**1,081,846**	**1,387,326**
NET UNREALISED LOSS ON INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS		
Net unrealised loss on investments carried at fair value through profit or loss	(493,774)	747,750
Total Net Investment income	**1,575,620**	**639,576**

Net Investment income	**1,575,620**	**639,576**

Other Operating Income	Actuals/Omani Rial/Audited 01/01/2021-31/12/2021	01/01/2020-31/12/2020
NET OTHER OPERATING INCOME		
OTHER OPERATING INCOME		
Profit on disposal of property and equipment		3,923
Total Other Income		**3,923**
OTHER OPERATING EXPENSES		
Exchange loss	(8,705)	(20,649)
Total Other Expense	**(8,705)**	**(20,649)**
Net Other Operating income (Expenses)	**8,705**	**24,572**

General And Administrative Expenses	Actuals/Omani Rial/Audited 01/01/2021-31/12/2021	01/01/2020-31/12/2020
Wages, salaries and other benefits	1,645,935	1,868,884
Rent and utility expenses	146,623	192,882
Depreciation	605,902	645,432
Director's remuneration and sitting fees	33,600	42,500
Expected credit losses - trade and other receivables	103,064	110,255
Head office expenses	118,752	21,473
Professional and consultants fees	30,959	18,172
Social security benefits	131,160	123,332
Legal and professional expense	193,063	72,264
Registrations and renewals	20,232	19,218
Vehicle expenses	6,930	7,534
Printing and stationary	16,496	22,443
Travelling expenses	71,293	69,165
Advertisment and business promotion	10,966	14,678
Recruitment and training expenses	6,848	39,967
Other expenses and fees	65,077	192,005
Total General and administrative Expenses	**3,206,900**	**3,460,204**

Income Taxes	Actuals/Omani Rial/Audited 01/01/2021-31/12/2021	01/01/2020-31/12/2020
INCOME TAXES		
CURRENT TAX		
For the period	73,815	19,379
For prior period	11	0
Deferred tax	(584)	94,655
Total current tax	**73,242**	**114,034**
CURRENT LIABILITY		
INCOME TAX PAYABLE		
At the beginning of the period	181,212	161,833
Change for the period	73,815	19,379
Paid during the period	19,379	0
At the end of the period	235,648	181,212
Deferred tax assets	335,416	334,832

Earnings Per Share - Basic And Diluted	Actuals/Omani Rial/Audited 01/01/2021-31/12/2021	01/01/2020-31/12/2020
Profit for the period	**770,437**	**352,539**

Weighted average number of shares outstanding during the period	11025046	11025046
Earnings per share	0.070	0.032

31/12/2021			Actuals/Omani Rial/Audited
Cash and bank balances	Amount (RO)	Is under Lien with the CMA Y/N	Value Under Lien
PARTICULARS			
BALANCES WITH BANKS			
current account	41,044	No	
saving account	1,041,166	No	
Cash in hand	4,853	No	
Cash and bank balances	1,087,063		

31/12/2020			Actuals/Omani Rial/Audited
Cash and bank balances	Amount (RO)	Is under Lien with the CMA Y/N	Value Under Lien
PARTICULARS			
BALANCES WITH BANKS			
current account	264,423	No	
saving account	2,032,238	No	
Cash in hand	5,393	No	
Cash and bank balances	2,302,054		

		Actuals/Omani Rial/Audited
Cash Flow Summary	01/01/2021-31/12/2021 Amount (RO)	01/01/2020-31/12/2020 Amount (RO)
PARTICULARS		
CASH & CASH EQUIVALLENT GENERATED FROM:		
Operating Activities	**(2,463,241)**	**(5,324,308)**
Investing Activities	**1,428,957**	**2,145,537**
Financing Activities	**(180,707)**	**(143,976)**
Total	**(1,214,991)**	**(3,322,747)**

01/01/2021-31/12/2021			Actuals/Omani Rial/Audited
FC Name	FC Amount	Conversion rate	Amount (RO)
Omani Rial	4,853	1.000	4,853

01/01/2020-31/12/2020			Actuals/Omani Rial/Audited
FC Name	FC Amount	Conversion rate	Amount (RO)
Omani Rial	5,393	1.000	5,393

	Actuals/Omani Rial/Audited	
Foreign Currency: Cash in Hand	31/12/2021 Amount(RO)	31/12/2020 Amount(RO)
FC NAME		
Total	4,853	5,393

01/01/2021-31/12/2021				Actuals/Omani Rial/Audited
FC Name	Bank Details	FC Amount	Conversion rate	Amount (RO)
Omani Rial	Alizz Islamic Bank	931	1.000	931
Omani Rial	Bank Dhofar	44,317	1.000	44,317
Omani Rial	Bank Muscat	148,036	1.000	148,036
Omani Rial	Muzn Islamic Bank	2,856	1.000	2,856

Omani Rial	National Bank of Oman	672,822	1.000	672,822
Omani Rial	Oman Arab Bank	1	1.000	1
Omani Rial	Sohar International Bank	4,772	1.000	4,772
United States of America, Dollars	National Bank of Oman	541,494	0.385	208,475

01/01/2020-31/12/2020				Actuals/Omani Rial/Audited
FC Name	Bank Details	FC Amount	Conversion rate	Amount (RO)
Omani Rial	Alizz Islamic Bank	937	1.000	937
Omani Rial	Bank Dhofar	59,462	1.000	59,462
Omani Rial	Bank Muscat	57,701	1.000	57,701
Omani Rial	Muzn Islamic Bank	2,854	1.000	2,854
Omani Rial	National Bank of Oman	1,227,284	1.000	1,227,284
Omani Rial	Oman Arab Bank	1,455	1.000	1,455
Omani Rial	Sohar International Bank	788,748	1.000	788,748
United States of America, Dollars	National Bank of Oman	410,961	0.385	158,220

	Actuals/Omani Rial/Audited	
Bank accounts details	31/12/2021 Amount (RO)	31/12/2020 Amount (RO)
FC NAME		
Total	1,082,210	2,296,661

01/01/2021-31/12/2021				Actuals/Omani Rial/Audited
Premiums and Insurance Balance Receivables	Life	Medical	General	Amount (RO)
PARTICULARS				
Premium receivable	126,565	142,441	2,105,168	2,374,174
Premium receivable from a related party	20,995	5,608	361,239	387,842
Reinsurance balances receivable	41,846	36,377	208,325	286,548
Total Receivables	**189,406**	**184,426**	**2,674,732**	**3,048,564**
Total Allowance for Impaired debts	19,966		310,137	330,103
Grand Total	169,440	184,426	2,364,595	2,718,461
At the beginning of the period	12,369		214,669	227,038
Provided during the Period	7,597		95,468	103,065
At the end of the period	19,966		310,137	330,103

01/01/2020-31/12/2020				Actuals/Omani Rial/Audited
Premiums and Insurance Balance Receivables	Life	Medical	General	Amount (RO)
PARTICULARS				
Premium receivable	56,758	257,810	1,879,268	2,193,836
Premium receivable from a related party	62,717	11,824	422,555	497,096
Reinsurance balances receivable	201,949	0	395,757	597,706
Total Receivables	**321,424**	**269,634**	**2,697,580**	**3,288,638**
Total Allowance for Impaired debts	12,369		214,669	227,038
Grand Total	309,055	269,634	2,482,911	3,061,600
At the beginning of the period	9,407		107,376	116,783
Provided during the Period	2,962		107,293	110,255
At the end of the period	12,369		214,669	227,038

	Actuals/Omani Rial/Audited	
Insurance Contract Liabilities and Contract Assets	31/12/2021 Amount (RO)	31/12/2020 Amount (RO)
PARTICULARS		
INSURANCE CONTRACT LIABILITIES		
Outstanding claims reported and unallocated loss adjustment expenses	7,717,372	8,426,848

Claims incurred but not reported (IBNR)	2,904,745	3,300,142
Unexpired risk reserve (UPR+PDR)	2,537,686	3,519,127
Actuarial / mathematical reserve for life	3,944,330	5,200,469
Insurance contract liabilities	**17,104,133**	**20,446,586**
REINSURANCE CONTRACT ASSETS		
Outstanding claims reported and unallocated loss adjustment expenses	5,768,686	5,731,070
Claims incurred but not reported (IBNR)	1,586,007	1,942,114
Unexpired risk reserve (UPR+PDR)	1,335,020	1,660,300
Actuarial / mathematical reserve for life	3,344,677	4,475,607
Reinsurance contract assets	**12,034,390**	**13,809,091**
Outstanding claims reported and unallocated loss adjustment expenses	1,948,686	2,695,778
Claims incurred but not reported (IBNR)	1,318,738	1,358,028
Unexpired risk reserve (UPR+PDR)	1,202,666	1,858,827
Actuarial / mathematical reserve for life	599,653	724,862
Insurance contracts- Net	**5,069,743**	**6,637,495**

Unexpired Risk Reserves	Actuals/Omani Rial/Audited	
	31/12/2021 Amount (RO)	31/12/2020 Amount (RO)
PARTICULARS		
ACTUARIAL/ MATHEMATICAL AND UNEXPIRED RISK RESERVE (TOTAL)		
Gross	6,482,016	8,719,596
Reinsurers' share	4,679,697	6,135,907
Net	**1,802,319**	**2,583,689**

Actuarial / mathematical and unexpired risk reserve - Life Assurance	Actuals/Omani Rial/Audited	
	01/01/2021-31/12/2021 Amount (RO)	01/01/2020-31/12/2020 Amount (RO)
PARTICULARS		
At the beginning of the period	**470,007**	**642,795**
Net movement in the statement of comprehensive income	(106,254)	(172,788)
At the end of the period	**363,753**	**470,007**

Actuarial / mathematical and unexpired risk reserve - Medical assurance	Actuals/Omani Rial/Audited	
	01/01/2021-31/12/2021 Amount (RO)	01/01/2020-31/12/2020 Amount (RO)
PARTICULARS		
At the beginning of the period	**254,856**	**322,168**
Net movement in the statement of comprehensive income	(18,956)	(67,312)
At the end of the period	**235,900**	**254,856**

Unexpired risk reserve - General Insurance	Actuals/Omani Rial/Audited	
	01/01/2021-31/12/2021 Amount (RO)	01/01/2020-31/12/2020 Amount (RO)
PARTICULARS		
At the beginning of the period	**1,858,826**	**2,783,471**
Net movement in the statement of comprehensive income	(656,160)	(924,645)
At the end of the period	**1,202,666**	**1,858,826**

Other receivables and prepayments	Actuals/Omani Rial/Audited	
	01/01/2021-31/12/2021	01/01/2020-31/12/2020
TRADE AND OTHER RECEIVABLES		

TRADE AND OTHER RECEIVABLES		
Other receivables	776,804	595,592
Accrued interest	561,112	289,482
Total	**1,337,916**	**885,074**
Grand Total	**1,337,916**	**885,074**
MOVEMENT IN ALLOWANCE FOR DOUBTFUL DEBTS		

31/12/2021			Actuals/Omani Rial/Audited
Details of investments	**Amount**	**Is under Lien with the CMA Y/N**	**Value Under Lien**
PARTICULARS			
Bank deposits	8,255,000	Yes	6,951,000
Investments at fair value through profit or loss	3,529,572	Yes	2,535,629
Investments carried at amortised cost	2,255,336	Yes	2,000,000
Investments carried at fair value through other comprehensive income	751,375	No	
Others		No	
Total	14,791,283		11,486,629

31/12/2020			Actuals/Omani Rial/Audited
Details of investments	**Amount**	**Is under Lien with the CMA Y/N**	**Value Under Lien**
PARTICULARS			
Bank deposits	9,155,000	Yes	6,951,000
Investments at fair value through profit or loss	3,035,798	Yes	2,451,834
Investments carried at amortised cost	2,265,836	Yes	2,000,000
Investments carried at fair value through other comprehensive income	660,826	No	
Others		No	
Total	15,117,460		11,402,834

	Actuals/Omani Rial/Audited	
Bank deposits	**31/12/2021 Amount (RO)**	**31/12/2020 Amount (RO)**
PARTICULARS		
Deposits	5,605,000	6,505,000
Subordinated deposits	2,650,000	2,650,000
Total	**8,255,000**	**9,155,000**

31/12/2021	Actuals/Omani Rial/Audited	
Investments at fair value through profit or loss	**Market value**	**Cost**
PARTICULARS		
QUOTED LOCAL		
Banking and investment	2,530,583	3,431,650
Services	372,284	679,837
Industrial	167,095	101,577
Others	387,017	169,356
Sub-Total	3,456,979	4,382,420
UnQuoted local	72,593	76,889
FOREIGN		
Unquoted	0	0
Quoted	0	0
Total	3,529,572	4,459,309

31/12/2020	Actuals/Omani Rial/Audited	
Investments at fair value through profit or loss	**Market value**	**Cost**
PARTICULARS		
QUOTED LOCAL		
Banking and investment	2,165,465	3,431,650

Services	388,109	679,837
Industrial	131,678	101,577
Others	277,953	169,356
Sub-Total	2,963,205	4,382,420
UnQuoted local	72,593	76,889
FOREIGN		
Unquoted	0	0
Quoted	0	0
Total	3,035,798	4,459,309

Movement in investments carried at amortised cost	Actuals/Omani Rial/Audited 01/01/2021-31/12/2021 Amount (RO)	01/01/2020-31/12/2020 Amount (RO)
PARTICULARS		
At the beginning of the period	2,265,836	2,276,336
Amortisation during the period	10,500	10,500
At the end of the period	2,255,336	2,265,836

31/12/2021 Investments carried at fair value through other comprehensive income	Actuals/Omani Rial/Audited Market value	Cost
PARTICULARS		
LOCAL		
Unquoted	396,381	86,011
Quoted	354,994	319,019
Sub-Total	751,375	405,030
FOREIGN		
Total	751,375	405,030

31/12/2020 Investments carried at fair value through other comprehensive income	Actuals/Omani Rial/Audited Market value	Cost
PARTICULARS		
LOCAL		
Unquoted	660,826	303,860
Sub-Total	660,826	303,860
FOREIGN		
Total	660,826	303,860

01/01/2021-31/12/2021 Cost / Revalued Amount	Motor Vehicles	Furniture and Equipment	Computer equipment	Leasehold Improvements	Office Equipment	Capital Workin Progress	Others	Actuals/Omani Rial/Audited Total
PARTICULARS								
At the beginning of the period	86,854	661,712	405,281					2,147,332
Additions		(9,045)	12,016					25,363
Disposals			290					290
At the end of the period	86,854	652,667	417,007					2,172,405

01/01/2020-31/12/2020 Cost / Revalued Amount	Motor Vehicles	Furniture and Equipment	Computer equipment	Leasehold Improvements	Office Equipment	Capital Workin Progress	Others	Actuals/Omani Rial/Audited Total
PARTICULARS								
At the beginning of the period	106,504	653,955	376,831					2,129,169
Additions		16,184	28,450					46,240
Disposals	19,650	8,427						28,077
At the end of the period	86,854	661,712	405,281					2,147,332

01/01/2021-31/12/2021	Actuals/Omani Rial/Audited

Accumulated Depreciation, Amortisation And Impairment	Motor Vehicles	Furniture and Equipment	Computer equipment	Leasehold Improvements	Office Equipment	Capital Workin Progress	Others	Total
PARTICULARS								
At the beginning of the period	75,669	374,313	347,690					839,994
Charge for the period	3,120	80,360	25,635					144,769
Disposals			50					50
At the end of the period	78,789	454,673	373,275					984,713

01/01/2020-31/12/2020								Actuals/Omani Rial/Audited
Accumulated Depreciation, Amortisation And Impairment	Motor Vehicles	Furniture and Equipment	Computer equipment	Leasehold Improvements	Office Equipment	Capital Workin Progress	Others	Total
PARTICULARS								
At the beginning of the period	90,843	290,158	311,864					701,785
Charge for the period	4,476	91,566	35,826					165,270
Disposals	19,650	7,411						27,061
At the end of the period	75,669	374,313	347,690					839,994

31/12/2021								Actuals/Omani Rial/Audited
Net bookvalue	Motor Vehicles	Furniture and Equipment	Computer equipment	Leasehold Improvements	Office Equipment	Capital Workin Progress	Others	Total
PARTICULARS								
Net book value	8,065	197,994	43,732					1,187,692

31/12/2020								Actuals/Omani Rial/Audited
Net bookvalue	Motor Vehicles	Furniture and Equipment	Computer equipment	Leasehold Improvements	Office Equipment	Capital Workin Progress	Others	Total
PARTICULARS								
Net book value	11,185	287,399	57,591					1,307,338

31/12/2021								/Audited
Property and Equipment	Motor Vehicles	Furniture and Equipment	Computer equipment	Leasehold Improvements	Office Equipment	Capital Workin Progress	Others	Total
PARTICULARS								
Is under Lien Y/N?	No	No	No	No	No	No	No	

31/12/2020								/Audited
Property and Equipment	Motor Vehicles	Furniture and Equipment	Computer equipment	Leasehold Improvements	Office Equipment	Capital Workin Progress	Others	Total
PARTICULARS								
Is under Lien Y/N?	No	No	No	No	No	No	No	

31/12/2021								/Audited
Property and Equipment	Motor Vehicles	Furniture and Equipment	Computer equipment	Leasehold Improvements	Office Equipment	Capital Workin Progress	Others	Total
PARTICULARS								
Mortgaged with banks or kept as a security with bank for the purpose of borrowing? (Yes/No)	No	No	No	No	No	No	No	

31/12/2020								/Audited
Property and Equipment	Motor Vehicles	Furniture and Equipment	Computer equipment	Leasehold Improvements	Office Equipment	Capital Workin Progress	Others	Total
PARTICULARS								
Mortgaged with banks or kept as a security with bank for the purpose of borrowing? (Yes/No)	No	No	No	No	No	No	No	

01/01/2021-31/12/2021				Actuals/Omani Rial/Audited
Investment Property at Cost	Land	Building	Land and Building	Total
PARTICULARS				
At the beginning of the period	2,710,834	7,644,864		10,355,698
Additions		181,823		181,823
At the end of the period	2,710,834	7,826,687		10,537,521

01/01/2020-31/12/2020				Actuals/Omani Rial/Audited
Investment Property at Cost	Land	Building	Land and Building	Total
PARTICULARS				
At the beginning of the period	2,710,834	7,631,874		10,342,708
Additions		12,990		12,990
At the end of the period	2,710,834	7,644,864		10,355,698

01/01/2021-31/12/2021				Actuals/Omani Rial/Audited
Accumulated Depreciation and Amortization	Land	Building	Land and Building	Total
PARTICULARS				
At the beginning of the period		934,420		934,420
Charge for the period		348,543		348,543
At the end of the period		1,282,963		1,282,963

01/01/2020-31/12/2020				Actuals/Omani Rial/Audited
Accumulated Depreciation and Amortization	Land	Building	Land and Building	Total
PARTICULARS				
At the beginning of the period		445,782		445,782
Charge for the period		488,638		488,638
At the end of the period		934,420		934,420

31/12/2021				Actuals/Omani Rial/Audited
Investment property	Land	Building	Land and Building	Total
PARTICULARS				
Net book value	2,710,834	6,543,724		9,254,558

31/12/2020				Actuals/Omani Rial/Audited
Investment property	Land	Building	Land and Building	Total
PARTICULARS				
Net book value	2,710,834	6,710,444		9,421,278

31/12/2021				/Audited
Investment property	Land	Building	Land and Building	Total
PARTICULARS				
Is under Lien Y/N?	No	No		

31/12/2020				/Audited
Investment property	Land	Building	Land and Building	Total
PARTICULARS				
Is under Lien Y/N?	No	No		

01/01/2021-31/12/2021			Actuals/Omani Rial/Audited
Cost	Building	Equipment	Total
PARTICULARS			
At the beginning of the period	356,538		356,538
Additions	105,819		105,819
At the end of the period	462,357		462,357

01/01/2020-31/12/2020			Actuals/Omani Rial/Audited
Cost	Building	Equipment	Total
PARTICULARS			
At the beginning of the period	252,224		252,224

Additions	104,314	104,314
At the end of the period	356,538	356,538

01/01/2021-31/12/2021	Actuals/Omani Rial/Audited		
Accumulated depreciation	Building	Equipment	Total
PARTICULARS			
At the beginning of the period	286,460		286,460
Charge for the period	112,590		112,590
At the end of the period	399,050		399,050

01/01/2020-31/12/2020	Actuals/Omani Rial/Audited		
Accumulated depreciation	Building	Equipment	Total
PARTICULARS			
At the beginning of the period	136,730		136,730
Charge for the period	149,730		149,730
At the end of the period	286,460		286,460

31/12/2021	Actuals/Omani Rial/Audited	
Right-of-use assets	Building	Total
PARTICULARS		
Net carrying amount	63,307	63,307

31/12/2020	Actuals/Omani Rial/Audited	
Right-of-use assets	Building	Total
PARTICULARS		
Net carrying amount	70,078	70,078

	Actuals/Omani Rial/Audited	
Maturity Analysis	31/12/2021 Value	31/12/2020 Value
PARTICULARS		
MATURITY ANALYSIS:		
Year 1	46,802	43,225
Year 2	10,874	6,744
Gross Lease Liabilities	57,676	49,969
Net Lease Liabilities	**57,676**	**49,969**

	Actuals/Omani Rial/Audited	
Analysed as	31/12/2021 Value	31/12/2020 Value
PARTICULARS		
Non-current lease liabilities	46,802	43,225
Current lease liabilities	10,874	6,744

	Actuals/Omani Rial/Audited	
Deferred acquisition costs	01/01/2021-31/12/2021	01/01/2020-31/12/2020
At the beginning of the period	0	
At the end of the period	0	0

	Actuals/Omani Rial/Audited

Details of Due to reinsurers	31/12/2021 Amount (RO)	31/12/2020 Amount (RO)
PARTICULARS		
Reinsurance balances payable - life insurance	9,204	21,880
Reinsurance balances payable - Medical Insurance		42,777
Reinsurance balances payable - General insurance	3,930,279	4,618,970
Total	3,939,483	4,683,627

01/01/2021-31/12/2021			Actuals/Omani Rial/Audited
Life Insurance	FC Amount	Conversion Rate	Amount (RO)
United States of America, Dollars	23,721	0.388	9,204

01/01/2020-31/12/2020			Actuals/Omani Rial/Audited
Life Insurance	FC Amount	Conversion Rate	Amount (RO)
United States of America, Dollars	56,831	0.385	21,880

Payable in Foreign Currencies	Actuals/Omani Rial/Audited 31/12/2021 Amount (RO)	31/12/2020 Amount (RO)
LIFE INSURANCE		
Total	9,204	21,880

01/01/2020-31/12/2020			Actuals/Omani Rial/Audited
Medical Insurance	FC Amount	Conversion Rate	Amount (RO)
United States of America, Dollars	111,109	0.385	42,777

Payable in Foreign Currencies	Actuals/Omani Rial/Audited 31/12/2021 Amount (RO)	31/12/2020 Amount (RO)
MEDICAL INSURANCE		
Total		42,777

Other liabilities	Actuals/Omani Rial/Audited 31/12/2021	31/12/2020
Accounts payable	1,573,703	1,434,234
Accrued expenses	1,163,256	1,606,616
Other payables	1,016,918	794,510
End of service benefits	275,102	257,770
Amounts due to a related party	48,454	215,201
Total other liabilities	4,077,433	4,308,331

Net Assets per Share	Actuals/Omani Rial/Audited 01/01/2021-31/12/2021	01/01/2020-31/12/2020
Net assets (RO)	**17,480,667**	**16,720,851**
Number of shares outstanding at end of the period	11025046	11025046
Net assets per share (RO)	1.586	1.517

End of Service Benefits	Actuals/Omani Rial/Audited 01/01/2021-31/12/2021	01/01/2020-31/12/2020

At the beginning of the period	257,770	283,704
Charge for the period	26,052	34,677
Payment during the period	8,720	60,611
At the end of the period	275,102	257,770

Intangible assets other than goodwill	Accumulated depreciation, amortisation and impairment Computer software 01/01/2021-31/12/2021	Accumulated depreciation, amortisation and impairment Intangible assets other than goodwill 01/01/2021-31/12/2021	Gross carrying amount Computer software 01/01/2021-31/12/2021	Gross carrying amount Intangible assets other than goodwill 01/01/2021-31/12/2021	Actuals/Omani Rial/Audited Computer software Intangible assets other than goodwill 01/01/2021-31/12/2021
DISCLOSURE OF DETAILED INFORMATION ABOUT INTANGIBLE ASSETS					
DISCLOSURE OF DETAILED INFORMATION ABOUT INTANGIBLE ASSETS					
At the beginning of the period	50,099	50,099	131,870	131,870	81,771
Additions			35,467	35,467	
Additions	32,284	32,284			
At the end of the period	82,383	82,383	167,337	167,337	84,954

Net Book Value	Actuals/Omani Rial/Audited 31/12/2021 Value	31/12/2020 Value
PATICULARS		
Net book value	0	0