DHOFAR INSURANCE COMPANY SAOG

ANNUAL REPORT 2024

His Majesty Sultan Qaboos Bin Said

- May Allah rest his soul in Peace -

His Majesty Sultan Haitham Bin Tarik

- Allah Bless him -

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Company Information

Commercial registration number	1318977	
Board of Directors	Majid Sultan Said Al Toky	Chairman
	Tariq Abdul Hafidh Salim Al Aujaili	Vice-Chairman
	Christos Patsalides	Director
	Sandeep Arora Vallabh	Director
	Ahmed Al Abri	Director
	Yassir Albaharna	Director
	Dr. Hamed Al Rawahi	Director
Audit, Risk and Compliance Committee	Christos Patsalides	Chairman
	Sandeep Arora Vallabh	Member
	Yassir Albaharna	Member
	Dr. Hamed Al Rawahi	Member
The Executive Nomination and Remuneration Committee	Majid Sultan Said Al Toky	Chairman
	Tariq Abdul Hafidh Salim Al Aujaili	Member
	Ahmed Al Abri	Member
Executive Management	Sunil Kohli	Chief Executive Officer
	Omar Ahmed Al Sheikh	Deputy - Chief Executive Officer
	Venkatachalam Sekar	Chief Financial Officer
	Younis Al Salti	Company Secretary
Internal Auditor	Mukesh Ajitkumar Jawaharani	
Legal Adviser	Ibrahim Jubair	
Registered office	P.O. Box 1002, P.C. 112, Ruwi Sultanate of Oman	
Bankers	Bank Dhofar SAOG, Bank Muscat SAOG, Sohar International Bank SAOG, Ahli Bank SAOG, National Bank of Oman SAOG	
Statutory Auditor	BDO LLC	

Board Members

Mr. Majid Sultan Said Al Toky

Chairman

Mr. Tariq Abdul Hafidh Salim Al Aujaili

Vice-Chairman

Mr. Christos Patsalides

Director

Mr. Ahmed Al Abri

Director

Mr. Sandeep Arora Vallabh

Director

Mr. Yassir Albaharna

Director

Dr. Hamed Al Rawahi

Director

Chairman's Report

for the year ended 31st December 2024

Dear Shareholders,

On behalf of the Board of Directors of Dhofar Insurance Company SAOG, I have the pleasure to present to you the audited Financial Statements for the year ended 31st December 2024.

Insurance Operations

I am delighted to state that our company has achieved impressive growth of 23% in Gross Written Premiums to RO 91.070 million for the year ended 31st December 2024. The Company increased its insurance market share by 2.1% to 17.8% in financial year 2024. During the year under review, the Company continued to improve the overall portfolio balance, driven by prudent underwriting. The Company has a dominant market share in motor, property and life segments.

Total Insurance Revenue for the year ended December 31, 2024, was RO 84.211 million against RO 70.374 million during the previous year which represents 19.67% growth over previous year. The Insurance Service Result was RO 3.373 million compared to RO 1.420 million during the previous year, a growth of 138% over the previous year.

Actuarial Assessment of Insurance Liabilities

The Company uses the services of an independent actuarial firm to recommend the appropriate reserves to be maintained for premium and claims. Based on the independent assessment of insurance liabilities by the consultant, the same has been incorporated in the financial statements.

Investment Performance

Net Investment income was RO 2.667 million for the year ended 31st December 2024 as against RO 7.910 million for the last year. The reduction in the investment income is on the back of its share of loss in an associate investment. Excluding for the loss, the Company has registered an investment income of RO 3.660 million. The company continues to adopt a prudent investment policy and the majority of the assets in the investment portfolio of the company is made up of fixed income investments.

Profitability

Net Profit after Tax decreased by 32% for the year 2024 on the back of a loss accruing from an investment in an associate. The Company registered a Profit after tax of RO 4.180 million for the year ended 31st December 2024 as against a profit of RO 6.170 million in the same period last year.

Dividend

The Board of Directors recommend the payment of 15 Baiza / share as cash dividend for the year ended 31st December 2024, aggregating Rial Omani one million six hundred and ninety-one thousand two hundred and eighty-nine (1,691,289).

Shareholders Returns

- Basic Earnings per share (EPS) achieved was 40 Baizas per equity share for the year 2024; and
- Net Asset Value (NAV) per share stands at 348 Baizas as on 31st December 2024.

Corporate Social Responsibility

For the financial year ended 31st December 2024, the Company contributed a sum of Rial Omani Forty-one thousand and nineteen (RO 41,019) towards various corporate social responsibility initiatives.

Acknowledgements

We express our deep gratitude and appreciation to our leader, His Majesty Sultan Haitham Bin Tarik for his vision and guidance, which sustained the country's success, growth and prosperity.

The Board of Directors thank the Ministry of Commerce and Industry and Investment Promotion and the Financial Service Authority for the continued guidance and support. We also would like to thank the shareholders, reinsurers, customers, and employees of the Company for their continued trust and support

Majid Bin Sultan Al Toky

Chairman

Management Discussion & Analysis

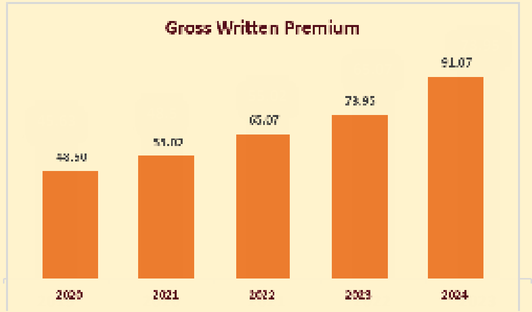
The Management discussion report presented below is a summary on the FY 2024 performance and is in line with the financial statements of the year under review.

Operating Performance

The year 2024 continued to witness challenging environment due to stiff competition in the Insurance Market.

We continued our efforts to improve the portfolio balance and prudent underwriting for all lines of business including motor based on statistical and actuarial analysis. The Company ended the year with total premium of RO 91.07 million against RO 73.95 million last year, representing a growth of 23.15% year on year.

Gross Written Premium (RO in million)



The Company has a market share of 17.8 % based on GWP as at 31st December 2024, ranking it the largest insurer in the Sultanate of Oman.

Total Insurance Revenue of the Company was RO 84.21 million against RO 70.34 million for the previous year which represents year on year growth of 13.87%

Actuarial Assessment of Insurance Liabilities

The Company continues to get the Insurance Liabilities recommended by an independent actuarial firm and maintain reserves.

Investment Income

The Company reported an investment income of RO 2.67 million for the year ended 31st December 2024 as against a RO 7.91 million in the same period last year.

Financial Highlights

(In Millions)

Particulars	2024	2023	Change
Insurance Revenue	**84.21**	70.37	19.7%
Insurance Service Results	**3.37**	1.41	137.6%
Net Insurance and Investment Result	**5.79**	8.54	-32.2%
Profit after tax	**4.18**	6.17	-32.3%

The sound underwriting policy of the Company helped to post a Insurance Service Results of RO 3.37 million against previous year of RO 1.41 million, which represents 137.6% growth

The Company has achieved Profit after Tax of RO 4.18 million in 2024 as compared to profit of RO 6.17 million in 2023.

SWOT Analysis

Strengths

- **Strong Brand Reputation:** Extensive market presence across Oman.
- **Customer-Centric Service:** Timely claims payments ensuring high customer satisfaction.
- **Robust Reinsurer Relationships:** Long-standing ties with global reinsurers for financial security.
- **Experienced Management Team:** Highly qualified leadership across key functions.

Weakness

- **Rebalancing of Portfolio** – The company is conscious of risks of high contribution from single line of businesses. The management has identified new product lines that it intends to develop and launch during the course of the next financial year to diversify the portfolio mix.

Opportunities

- **Branch Network Potential:** Leveraging the largest branch network to enhance customer service across Oman.
- **Digital Transformation:** Implementing digital platforms to improve customer experience.
- **Medical Insurance Growth:** Expanding into an underpenetrated medical insurance market.

Threats

- **Geopolitical Instability:** Global uncertainty impacting operations.
- **Economic Pressures & Low Oil Prices:** Economic downturns and oil price fluctuations affecting growth.
- **Market Competition:** Intense competition and margin compression, particularly in the motor insurance sector.

Human Resources

Our approach to Human capital management (HCM)goes beyond just hiring and retaining talent. We focus on developing a culture of continuous learning, collaboration, and innovation, where our team members feel valued, motivated, and equipped to meet the challenges of an ever-evolving industry. We believe that by nurturing our employees' skills, fostering diversity and inclusion, and ensuring their well-being, we can achieve sustainable success and contribute positively to the communities we serve.

As part of our commitment to local employment and the national economy, 84% of our workforce is Omani, reflecting our dedication to supporting Oman's workforce development and aligning with the country's vision for growth and employment.

Digitization

During the year we have taken several steps to reduce paper usage by embracing digital solutions.

These efforts include the implementation of the following digital tools:

1. WhatsApp Bot
2. Web App
3. Dedicated Mobile App

These platforms provide customers with convenient, paperless options, such as purchasing policies, finding branch locations, submitting ROP (Renewal of Policy) requests, renewing policies, and interacting with Dhofar Insurance through a chat feature.

In line with our digital transformation efforts, Dhofar Insurance is planning to send sales promotion flyers via WhatsApp in 2025, further reducing the need for printed materials and contributing to our commitment to sustainability.

Customer Service

At Dhofar Insurance, customers are the heart of our business success. Maintaining strong relationships with our clients is crucial to our continued growth and reputation. Every customer interaction, whether it's a visit or a complaint, is an opportunity to gather valuable feedback on their satisfaction with our services and to learn if they would recommend our insurance offerings to others.

We place great emphasis on customer care, which is why we provide multiple channels for customers to reach out to us. Our hotline numbers and website link are readily available for inquiries, and each regional office has a dedicated person or department to address any queries. If a query cannot be resolved at the regional level, it is escalated to the head office, where a focal person ensures the issue is handled effectively.

ESG

We have developed our first ESG Report aligned with the MSX ESG disclosure guidelines, which are in turn consistent with the globally recognized Global Reporting Initiative (GRI) standards covering the financial period from January 1, 2024, to December 31, 2024

This ESG report is in line with our Vision to become the insurer of choice for our customers, employees, shareholders, and partners by delivering unparalleled value, earning trust, and providing innovative, sustainable solutions. The report offers a detailed overview of our efforts, progress, and performance across three key areas: environmental stewardship, social responsibility, and governance. These efforts also align with the Oman Vision 2040 and the Sustainable Development Goals (SDGs).

We prioritize climate risk management in insurance and focus on reducing emissions and energy consumption. Our efforts extend to water consumption and management, waste management, and overall environmental oversight. Under community renaissance, we emphasize human capital management, gender diversity, and non-discrimination while ensuring occupational health and safety. Our commitment extends to eradicating child and forced labor, upholding human rights, and fostering strong customer and community relationships. Through Leadership Integrity, our corporate governance framework is built on ethical principles, anti-corruption measures, and cybersecurity practices. We also focus on business resilience, supplier relations, and comprehensive ESG reporting and disclosure practices.

Future Outlook

Oman's economy is expected to grow by 4.1 % per cent in 2025 as compared to estimated 3% per cent growth in 2024. This growth is mainly attributed to an increase in the value-added of non-oil activities, according to the estimates released by the Ministry of Finance.

Economic and geopolitical challenges may adversely affect energy prices and supply chains, leading to high inflation rates and growing global debt risks.

We are implementing business plans with focus on Digitalization and Process reengineering which will improve the customer experience. This would transform the company as the Insurer of Choice for all Stakeholders.

We would like to extend our sincere best wishes to His Majesty Sultan Haitham Bin Tarik, and we pledge our constant support and commitment for the economic development of the Sultanate under his leadership.

We thank our Customers, the Financial Services Authority, Shareholders and Board of Directors for the continued support and guidance to the Company as well as the unstinted hard work of all the employees. A sincere thanks and gratitude to them all.

Sunil Kohli

Chief Executive Officer

BDO

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Way No. 2601, Shatti Al Qurum
PO Box 1176, Ruwi, PC 112
Sultanate of Oman

AGREED UPON PROCEDURES REPORT ON CODE OF CORPORATE GOVERNANCE TO THE SHAREHOLDERS OF DHOFAR INSURANCE COMPANY SAOG

Purpose of this Agreed-Upon Procedures Report

Our report is solely for the purpose of assisting Dhofar Insurance Company SAOG (the "Company") in determining whether the Company is compliant with the Code of Corporate Governance (the "Code") of the Financial Services Authority ("FSA"), as prescribed in the FSA Circular No. E/10/2016 dated 1 December 2016 and may not be suitable for another purpose.

Responsibilities of the Company

The Company has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Company (also the Responsible Party) is responsible for the subject matter on which the agreed-upon procedures are performed.

Practitioners' Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the Company, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness or sufficiency of the agreed upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Management

We have complied with the ethical and independence requirements in accordance with International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code).

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Service Engagements*, and accordingly, maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

AGREED UPON PROCEDURES REPORT ON CODE OF CORPORATE GOVERNANCE TO THE SHAREHOLDERS OF DHOFAR INSURANCE COMPANY SAOG

Procedures and Findings

We have performed the procedures described below, which were agreed upon with the Company in the terms of our engagement letter on the compliance with the requirements of the Code and report to you the findings resulting from our work:

S. No	Procedures	Findings
(a)	We obtained the Corporate Governance Report ("the Report") issued by the Board of Directors and compared it to Annexure 3 of the Code to determine whether the Report includes as a minimum, all items suggested by the FSA in Annexure 3.	No exceptions were noted.
(b)	We obtained the details regarding the areas of non-compliance with the Code identified by the Company's Board of Directors, included in the Report in the section "Details of non-compliance with regulatory requirements", together with the reasons for such non-compliance for the year ended 31 December 2024.	No exceptions were noted.

Muscat
26 February 2025

Unmesh Bhome
Partner
Membership No. 125660
Institute of Chartered Accountants of India

Corporate Governance Report - 2024

Company Philosophy

Dhofar Insurance Co. SAOG ("the Company") follows the Code of Corporate Governance ("the Code") issued by the Financial Services Authority (FSA) for listed companies on the Muscat Stock Exchange (MSX). The Board of Directors are committed to applying the highest level of corporate governance standards and confirm their commitment and responsibility to manage the Company and provide transparency in the running of the Company.

The Board of Directors are committed to the highest standards of Corporate Governance and strive for excellence in business operations through transparency, and accountability to all stakeholders.

Board of Directors

The Board of Directors are responsible for the supervision and control of the Company. The Board also lays down and approves the objectives, strategies, and policies of the Company. The Board of Directors also review the performance of the Company in relation to its stated objectives.

Process of Nomination of the Directors

The nomination of the Directors is done as per Company's Article of Association and the FSA Code of Corporate Governance. Shareholders retain the authority to elect any candidate to the Board of Directors irrespective of any recommendation made by the Board.

Information Provided to the Board of Directors

The Directors are given timely information to maintain full and effective control over strategic, financial, operation, compliance, and governance issues. On appointment, each Director receives information about the Company and is advised of the legal and regulatory obligations of a director of a joint stock Company.

Composition of the Board

The Board comprises of seven (7) directors who have been elected by shareholders for a period of three years. The current term of the Directors expires in March 2025. All the Board Members including the Chairman, are non-executive Members. Five directors are independent. All the directors have been elected in their individual capacity.

Changes in the Membership of Board of Directors:

The membership of previous Board of Directors ended on March 2022 and the Company's shareholders in the Annual General Meeting held on 27th March 2022 elected seven (7) members to the Board.

Board Meetings

The Board of Directors held five Board Meetings during the financial year ended 31st December 2024 – 27th February 2024, 28th April 2024, 29th July 2024, 30th October 2024 and 1st December 2024.

Corporate Governance Report - 2024 (cont.)

Board of Directors as on 31st December 2024

Name and Position	Capacity and Representation	Member in Any Other Company	No. of Board Meeting's Attended	Attending last AGM
Majid Sultan Said Al Toky, Chairman	Non-executive / Independent - representing himself -	1	4	Yes
Tariq Abdul Hafidh Salim Al Aujaili, Vice Chairman	Non-executive /non-independent - representing himself -	3	4	Yes
Ahmed Al Abri - Director	Non-executive / Independent - representing himself -	1	5	Yes
Christos Patsalides - Director	Non-executive / Independent - representing himself -	-	5	Yes
Yassir Albaharna - Director	Non-executive / Independent - representing himself -	-	5	Yes
Mr. Sandeep V. Arora - Director	Non-executive / Independent - representing himself -	-	5	Yes
Dr. Hamed Al Rawahi- Director	Non-executive / non-Independent - representing himself -	1	4	Yes

In accordance with the rules and regulations of the Financial Services Authority, all Board Members are non – executive Members and with the exception of the Vice Chairman, all members of the Board are considered independent.

Brief profile of Directors

Majid Sultan Said Al Toky – Chairman

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

Tariq Abdul Hafidh Salim Al Aujaili – Vice Chairman

Mr. Tariq Al Aujaili holds a Bachelor of Science degree in accounting and finance from the London School of Economics & Political Science and has extensive experience of directorship in Public Companies such as Bank Dhofar SAOG, Dhofar International Development and Investment Holding Company SAOG (Vice Chairman) and Oman Investment & Finance Company SAOG (Vice Chairman).

Corporate Governance Report - 2024 (cont.)

Ahmed Mohammed Al Abri

Mr. Ahmed Mohammed Al Abri joined the Dhofar Insurance Board in March 2022. Mr. Ahmed Al Abri brings over 30 years of banking experience, having begun with Standard Chartered Bank in 1976, as Head of Operations. He joined Bank Muscat in 1989 and worked in various roles up to the Chief Operating Officer. Mr. Al Abri holds an MBA from the University of Lincolnshire and Humberside, the UK. He has attended the advanced management program at INSEAD, and General Management Program at Harvard Business School.

Christos Patsalides

Mr. Christos Patsalides is a Fellow of the Society of Actuaries and a Certified Fellow of the Institute of Risk Management. In addition to his professional qualifications, he holds a master's degree in Actuarial Sciences from Georgia State University.

Yassir Taqi Albaharna

Mr Albaharna's illustrious carrier in reinsurance spans over 37 years, starting with Arab Insurance Group (ARIG) in 1987, and then becoming its CEO in 2006 until his departure in 2018. He then joined Trust Re as Vice Chairman in 2019 and became its Group CEO & Executive Director in 2021.

Yassir is Past President and Board member of the Federation of Afro-Asian Insurers and Reinsurers in Cairo, Past President and Board member of the Association of Insurers and Reinsurers of Developing Countries in Manila, Board member of the Chartered Insurance Institute in London, member of the Executive Council of the International Insurance Society in New York, Chairman of the FAIR Non-Life Reinsurance Pool in Istanbul and Board member at Bahrain Institute of Banking & Finance.

Mr Albaharna graduated with a Bachelor's in Engineering (Mechanical) from McGill University in Montreal and then obtained a dual Master's in Engineering (Manufacturing) and an MBA (High Honours) from Boston University. He was elected as Fellow and Chartered Insurer of the Chartered Insurance Institute in 1993.

Sandeep V. Arora

Mr. Sandeep Arora holds a Master's degree in economics and a Post Graduate Diploma in Marketing from Delhi University. He has had extensive experience in Oman and has served as Marketing Manager in Muscat Overseas Company LLC, General Manager – Marketing in Backer Suleiman Jaffer Co., General Manager – Sales and Business Development in Oman National Dairy Products Co. SAOG, Group Managing Director – Al Fairuz Trading and Contracting & General Manager in OTE Group, Oman. He was previously serving as the CEO of Rakhyoot Group Holding.

Dr Hamed Salim Al Rawahi

Dr Hamed Salim Rashid Al Rawahi has a PhD and M. Phil from Cranfield University and B.Sc. from the University of Salford and Royal Défense College in London. He also is a Chartered Engineering and Chartered IT Professional from the United Kingdom, Member of the Chatham House in London. He has an extensive experience of more than 35 years in various sectors during which he held many leaderships positions the last of which was the position of Executive President of the Telecommunications Regulatory Authority from 2011 to 2020. He is a member of the State Council and is the Chairman of the Technology and Innovation committee. Dr Hamed Al Rawahi is on the Board of Dhofar International Development and Investment Holding Company SAOG.

Corporate Governance Report - 2024 (cont.)

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee consists of four (4) members, all of whom are independent and non-executive. The Members are nominated by the Board of Directors and are as below:

Name	Meetings Attended
Christos Patsalides – Chairman	4
Yassir Taqi Albaharna	4
Sandeep Arora Vallabh	4
Dr. Hamed Salim Al Rawahi	3

The Audit, Risk and Compliance Committee held 4 Meetings during the financial year ended 31st December 2024 –27th February 28th April, 29th July and 30th October 2024.

Terms of Reference:

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

In addition, the Committee is responsible for making recommendations to the Board of Directors on the risk appetite of the Company in relation to Insurance Risk, Credit Risk, Market Risk, Operational Risk, Information Risk and Business Continuity Management with focus on the policy framework.

Duties And Responsibilities

The Committee is required to discharge the following duties and responsibilities:

- The ARC committee should submit to the Board an annual plan to implement its duties and responsibilities.
- Ensuring efficiency of the Executive Management in general in implementing the operational controls and guidelines specified by the Board.
- Ensuring compliance with the reporting requirement as issued by the Financial Services Authority.
- Ensuring the adequacy and sufficiency of the internal auditing systems of the Company either by approving regular reports by Internal Auditors and External Auditors or seeking specialized consultations in this field.
- Reviewing proposed specific transactions with related parties for making suitable recommendations to the Board and setting rules for entering into small value transactions with related parties without obtaining prior approval of the Audit Committee and the Board.
- Review from a regulatory viewpoint, the quarterly, half yearly and annual financial statements and make recommendation to the Board for the adoption of those statements.
- Review the internal audit and compliance reports and make appropriate enquiries with the relevant head of department.
- Confirm the appropriateness of the Company's material accounting policies and principles.
- Review the adequacy of the ARC Terms of Reference on an annual basis.
- Review of compliance with FSA prudential guidelines.

Corporate Governance Report - 2024 (cont.)

Internal Audit

To review and report to the Board (as necessary) on:

- Appointment of Head of Internal Audit.
- The internal audit mission, charter, qualifications, and resources.
- The reporting line and independence (i.e., directly to the Audit Committee).
- Review and approve the annual audit plan and work Programme.
- The progress of the audit work Programme and the implication of all audit findings on the Company's control environment.
- Management's responsiveness to the audit findings and recommendations.
- The process the Company has in place for monitoring and assessing the effectiveness of the internal audit function; and
- The Company's procedures for detecting fraud and whistleblowing and ensure that arrangements are in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or any other matters.

External Audit

- Recommend to the Board appointment/re-appointment and removal of external auditors.
- Review representation letter, engagement letter and management compliance letter for financial audit.
- Review and monitor on an annual basis, external auditor's independence, including with respect to performance of any non-audit services, objectivity, and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements for the external auditor.
- Obtain from the external auditor a written report listing any relationships that may compromise the auditor's independence.
- Monitor the effectiveness and independence of the external auditor.
- Recommend to the Board on external auditor fees and whether an effective comprehensive review can be conducted for such fees.
- Recommend term of engagement with the external auditor.
- Review and approve the scope of the external audit plan and any additional agreed upon procedures on a regular and timely basis.
- Enquires of the external auditor as to whether there have been any significant disagreements with senior management regardless of whether these have been resolved or not; and
- Ensure management's responsiveness to external audit findings and recommendations.

Risk Management

To review and report to the Board (as necessary) on:

- Ensuring that there are adequate Board approved risk policies such as Insurance Risk, Credit Risk, Market Risk, Operational Risk, Information Security and Business Continuity Management and procedure for managing these risks.
- Ensuring that there are validated risk models available to measure risks and conduct stress testing.
- Monitor compliance of various risk parameters by business lines.

Corporate Governance Report - 2024 (cont.)

- Responsible for establishing comprehensive and integrated framework for managing Insurance Risk, Credit Risk, Market Risk (including risks related to interest rate, liquidity etc.), Operational Risks, Information Security and Business Continuity; and
- Review all policies and limits from a risk perspective to ascertain adequacy of mitigations and controls.

Compliance

To review and report to the Board (as necessary) on:

- Appointment of Head of Compliance.
- The Compliance charter, qualifications, and resources.
- The reporting line and independence (i.e., directly to the CEO/COO and ARCC).
- Review and approve compliance annual plan and work Programme.
- Management's responsiveness to the compliance findings and recommendations; and
- The ARC will review the Financial Services Authority report as and when issued and received and to address the issues raised therein as needed.

The Executive, Nomination and Remuneration Committee

The Executive, Nomination and Remuneration Committee consists of three (3) members as follows:

Name	Meetings Attended
Majid Sultan Al Toky - Chairman	4
Tariq Abdul Hafidh Salim Al Aujaili	4
Ahmed Mohammed Al Abri	4

The Committee held 4 meetings during the financial year ended 31st December 2024 – 11th March, 9th May, 25th November and 1st December 2024.

The objective of the Executive Nomination and Remuneration Committee (ENRC) is to assist the Board in overseeing the Management of the Company. ENRC is responsible for the reviewing, monitoring and approval of key financial and non-financial businesses, investments, and operations decisions for the Company within the authority prescribed by the Board. The ENRC will also review and recommend to the Board candidates for Management positions within the Company as well as matters pertaining to Human Resources Management and Development.

Terms of Reference:

- Review of annual business plans, capital expenditure and performance targets:
- Resources and delegated authority of the Executive Management:
- Reviewing and monitoring the investment portfolio of the Company
- Monitoring the work of the Management to ensure that business is properly managed according to the Company's objective and ensuring compliance with FSA laws and regulations:
- Management Information Systems, IT infrastructure and operating policies and procedures:
- Customer service and quality.

Corporate Governance Report - 2024 (cont.)

- Performance of product lines, branches, and delivery channels:
- Profitability of underwriting and approval of large risks:
- Reinsurance arrangements/renewals:
- Corporate social responsibility initiatives and execution thereof:
- Communication- internal and external, advertising and promotion; and
- Claims and legal proceedings by/against the Company.
- Ensuring consistent and correct application of the Company HR policies.
- Executing specific tasks as mandated to it by the Board.
- Ensuring compliance of directives set by the Ministry of Labor.
- Ensuring the existence of job descriptions for employees.
- Considering employee complaints and grievances.
- Making the necessary decisions to resolve issues arising from the implementation of HR policies and regulations or due to the lack of relevant provisions therein.
- Reviewing the basis and criteria related to assessment of employees
- Supporting the Board by identifying appropriate candidates to fill in Board vacancies as and when they arise.
- Assisting the Board in identifying appropriate candidates for Management positions within the Company:
- Ensuring a Succession Plan for the Executive Management is in place and reviewed regularly.
- Developing recommendations to the Board for selecting qualified candidates for election to The Board.
- Developing a search practice for qualified candidates to serve as directors on the Board and if a search firm is used to identify Board candidates, have sole authority to approve the search firm's fees and other retention terms.
- Developing and recommending to the Board policies and procedures regarding selection of Board candidates recommended by the shareholder.
- Developing and reviewing the Company's remuneration policy for both staff and Board members taking market conditions and the performance of the Company in mind.
- Developing, controlling, applying, and revising the Human Resources Policy and any relevant policies that relate to executive remuneration and incentives.

Procedures for nomination members of the Board of Directors

The Board of Directors was elected in 2022 through the Ordinary General Meeting held on 27th March 2022 for a period of three years, ending in March 2025. If any board seat is vacated for resignation of any member or for any other reason, the Board of Directors may elect another person as a temporary member of the Board of Directors until the next General Meeting.

In accordance with the FSA rules, the Company, in the event of the nomination of the one of the same shareholder to the Board of Directors, will examine the forms, and then follow all procedures in force in accordance with the laws and regulations of the Financial Services Authority.

Corporate Governance Report - 2024 (cont.)

Remuneration Paid

Members of the Board of Directors do not receive salaries or any fixed income from the Company. Each member receives RO 800 as board setting fees (RO 800 for the previous year), and RO 700 as Sub – Committee sitting fees (RO 700 for the previous year). The travel allowance paid to Board Members in 2024 was RO 10,146.

The five (5) senior executives of the Company received a total amount of RO 497,409 including salaries and other provisions.

According to the Performance standards, the Company distributes bonuses and incentives to the staffs, considering the principle of discipline, performance, and productivity,

Each employee of the Company has a contract. This contract has been prepared in accordance with the Omani Labour Law and the regulations issued by the Ministry of Manpower.

Sitting Fees of the Board of Directors and Board Sub-Committees Paid for the FY2024

Board Member	Board Meetings	Audit, Risk and Compliance Committee	Executive, Nomination and Remuneration Committee	Total Sitting Fees Paid RO	Board Remuneration Paid
Majid Sultan Said Al Toky	3,200	-	2,800	6,000	22,500
Tariq Abdul Hafidh Salim Al Aujaili	3,200	-	2,800	6,000	21,250
Ahmed Mohammed Al Abri	4,000	-	2,800	6,800	21,250
Yassir Taqi Albaharna	4,000	2,800	-	6,800	21,250
Christos Patsalides	4,000	2,800	-	6,800	21,250
Sandeep Arora Vallabh	4,000	2,800	-	6,800	21,250
Dr. Hamed Salim Al Rawahi	3,200	2,100	-	5,300	21,250
Total Sitting Fees Paid	**25,600**	**10,500**	**8,400**	**44,500**	**150,000**

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is linked to the Company's purposes and activities, vision, and value statement. The Company shall seek to exercise its role as a good corporate citizen and mitigate any adverse impact on its activities on the national economy, community, or environment at large. For the financial year ended 31st December 2024, the Company contributed a sum of Rial Omani Forty-One Thousand and Nineteen only (41,019) towards various CSR activities as under:

Corporate Governance Report - 2024 (cont.)

Serial Number	Particulars	Amount (RO)
1.	Al Noor Association for the Blind – Muscat	2,000
2.	Al Noor Association for the Blind – Salalah	2,000
3.	Al Noor Association for the Blind – Sohar	2,000
4.	Oman Down Syndrome Association – Muscat	2,000
5.	Arab Autism Center – Muscat	2,000
6.	Al Manayar Autism Center – Muscat	2,000
7.	Oman Autism Society – Muscat	2,000
8.	Oman Cancer Association – Muscat	2,000
9.	Sarooj School – Muscat	2,450
10.	Al Tarbiat Al Fikrih School – Muscat	2,430
11.	Ms. Fida Al Barwani (Taekwondo Champion)	2,000
12.	4,500 Iftaar Kits	3,915
13.	Flood Relief – Sohar	6,020
14.	Oman Charitable Organization	8,204
	Total CSR Spend	**41,019**

Internal Control Review

The Board gives great importance to maintaining a strong control environment and the Board review has covered all controls, including financial, operational, compliance and risk management.

The Board has established a management structure that clearly defines roles and responsibility and reporting lines and has approved the policies.

Financial information is prepared using appropriate accounting policies that are consistently applied. Operational procedures and controls have been established to facilitate complete, accurate and timely processing of transactions and the safeguarding of assets through policies and procedures manuals, desk performance instructions and other circulars.

Shareholders - Communication with Shareholders and Investors

The Board is committed to ensure that all material information relating to the Company's operations is regularly communicated to its stakeholders and investors.

All material information relating to the Company, its products, its operations, and annual and quarterly financial statements are posted on the Company's website, www.dhofarinsurance.com and the website of the Muscat Stock Exchange, www.msx.om

The quarterly, half-yearly, and annual results of operations of the Company are published in leading Arabic newspapers in the Sultanate of Oman. After completion of the statutory audit, the annual report and summary financial statements should be published to all stakeholders through the Muscat Stock Exchange (MSX) website.

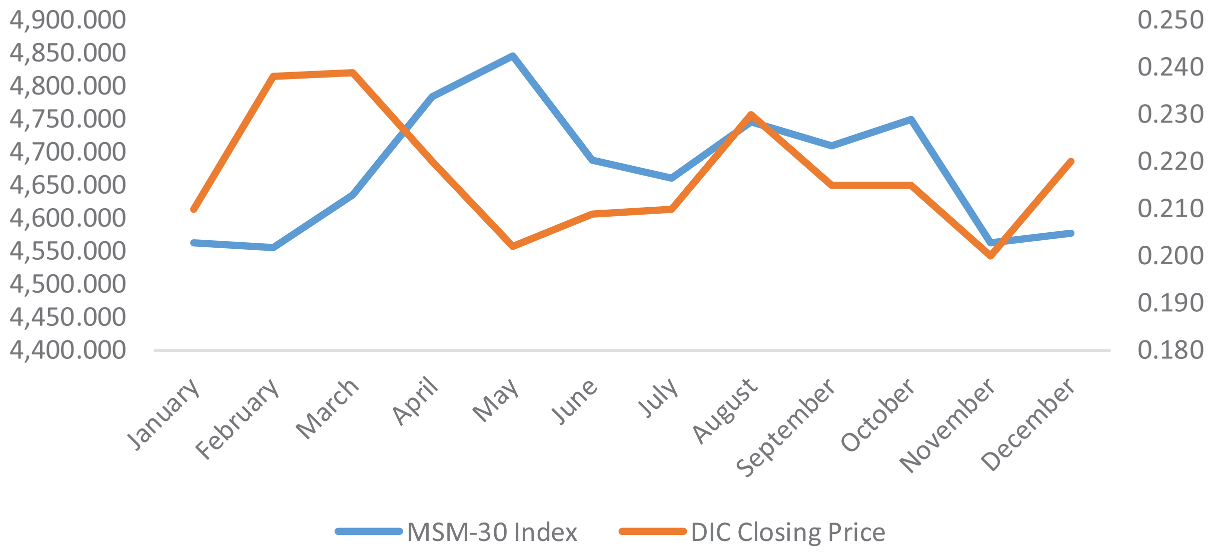
Corporate Governance Report - 2024 (cont.)

Market Price Data - Share Price Movement in Financial Year 2024

MSX Ticker DICS

Month	High (RO)	Low (RO)
January	0.225	0.210
February	0.238	0.210
March	0.239	0.210
April	0.230	0.220
May	0.216	0.202
June	0.210	0.200
July	0.210	0.210
August	0.230	0.224
September	0.220	0.215
October	0.215	0.215
November	0.200	0.200
December	0.220	0.203

Stock Performance vs. MSX-30 Index



Corporate Governance Report - 2024 (cont.)

Distribution of Ownership of Shares

Shareholder Name	Nos. of Shares Held	Ownership %
Dhofar International Development & Investment Holding Company SAOG	43,604,270	38.673%
H.E. Abdul Alim Mustahil Rakhyout	15,062,797	13.359%
Oman Investment and Finance Company SAOG	7,898,657	7.005%
Trust International Insurance & Reinsurance Company (B.S.C)	7,111,178	6.307%
Other (less than 5%)	39,075,677	34.656%
Total	**112,752,579**	**100.000 %**

Details of non-compliance with regulatory requirements

The Company complied with laws and regulations issued by the concerned authorities such as the Financial Services Authority, Ministry of Commerce, Industry and Investment Promotion and the Muscat Stock Exchange.

As at 31st December 2024, the percentage of investment in Dhofar Foods and Investment SAOG (DFIN) as a percentage of DFIN's share capital is 32.83%, which exceeds the limit prescribed by Regulation for Investing Assets of Insurance Companies issued by the FSA. As per the regulation, investments in Public Joint Stock Companies shall not exceed 20% of its total capital.

The Company had on 10th July 2024 written to the FSA seeking a 1- year exemption to comply with the regulations.

Professional Profile of the External Auditor:

BDO LLC, the statutory auditors of the Company, have been operating in the Sultanate of Oman since the year 1976. BDO LLC is an independent and legally distinct member firm of BDO International Limited. BDO, one of the leading professional services firm, providing industry focused Assurance, Tax and Advisory services, has over 119,000 employees working in a global network of 1,800 offices situated in 166 countries and territories.

BDO LLC is accredited by the Financial Services Authority to audit publicly listed joint stock companies (SAOGs) in Oman. BDO LLC billed an amount of RO 27,750 towards professional services rendered to the Company for the year 2024.

Declaration

We, The Board of Directors of Dhofar Insurance Company SAOG, acknowledge and confirm the following:

The financial statements have been prepared and presented in accordance with International Financial Reporting Standards.

The efficiency and adequacy of the internal control system of the Company and its compliance with the internal standards & procedures of the Company; and

That there are no material matters that affect the continuation of the Company's operations during the coming financial years.

Majid Sultan Al Toky
Chairman

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Dhofar Insurance Company SAOG ("the Company"), which comprise the statement of financial position as at 31 December 2024, the statement of profit or loss and other comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

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

Key Audit Matters

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

IFRS 17: Insurance contracts and reinsurance contracts - recognition, measurement, subsequent measurement, modification, derecognition and presentation and disclosure

As disclosed in Notes 23 to 29 of the financial statements of the Company for the year ended 31 December 2024, the Company has net insurance revenue, reinsurance contract assets and insurance contract liabilities amounting to RO 84.21 million, RO 42.19 million and 90.68 million, respectively, which represent significant elements in the financial statements.

The estimation of net insurance revenue, reinsurance contract assets and insurance contract liabilities is considered as a significant matter as it includes complex actuarial assumptions, historical data, judgments for liability considerations, including risk adjustments and discounting factors, calculation of Contractual Service Margin (CSM), fulfilment cash flows, aggregation of insurance contracts, risk adjustment factors, discounts rates, acquisition costs, reinsurance contracts held, and other relevant data.

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Public Accountants & Management Consultants

BDO

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
DHOFAR INSURANCE COMPANY SAOG (continued)

Key Audit Matters (continued)

IFRS 17: Insurance contracts and reinsurance contracts - recognition, measurement, subsequent measurement, modification, derecognition and presentation and disclosure (continued)

We determined this to be a key audit matter because minor changes in this information and assumptions can lead to a material impact on the insurance revenue, insurance service expenses, net income/expense from reinsurance, and net insurance financial results and valuation of insurance and reinsurance contract assets and contract liabilities.

Our audit procedures in this area included, among others:

- assessed the independence, experience and competency of the Company's actuary to measure net insurance revenue and insurance and reinsurance contract assets and insurance and reinsurance liabilities, and obtained an understanding of the work performed by the Company's appointed actuary;

- verified the accuracy and completeness of data used in the calculation, including policyholders' information, CSM, fulfilment cashflows, aggregation of insurance contracts, risk adjustment factors, discounts rates, present value of future cash flows, deferred acquisition cash flows, reinsurance contracts held and other relevant data;

- carried out independent evaluation by our actuarial specialist team members to apply appropriate industry knowledge and experience and compared the methodology, models and assumptions used against recognised and acceptable actuarial practices;

- verified the accuracy and completeness of claims data, including information on reported and unreported claims, claims development, and claims settlement patterns;

- verified the completeness and accuracy of insurance acquisition expenses and also basis of the allocation of other expenses;

- reviewed the Company's criteria for classifying contracts under either PAA or GMM, performed tests to validate the classification decisions, and assessed the consistency;

- evaluated the CSM calculation models and key parameters used, and assessed the appropriateness of the assumptions and the discount rates applied;

- evaluated the reasonableness of key assumptions such as future revenue, claims, and expenses, considering historical experience and changes in economic conditions;

- performed procedures, including an assessment of the IT controls over revenue/expense recording and collection, and testing their operating effectiveness;

- tested the operating effectiveness of controls in the claims handling and reservation process, including controls over completeness and accuracy of the claims estimates recorded;

- obtained the reinsurance treaty summary effective for the year and verified the details in the summary to the respective agreements and obtained confirmations from the reinsurance parties to reconcile the year-end balances;

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
DHOFAR INSURANCE COMPANY SAOG (continued)

Key Audit Matters (continued)

IFRS 17: Insurance contracts and reinsurance contracts - recognition, measurement, subsequent measurement, modification, derecognition and presentation and disclosure (continued)

- performed substantive audit procedures to test the reasonableness of the Company's estimates and disclosures, focusing on areas with significant impact on the net insurance net insurance revenue, reinsurance contract assets and insurance contract liabilities;

- reviewed and assessed the appropriateness of the measurement methods used by the Company in calculating the liability for remaining coverage (LRC), Unallocated Loss Adjustment Expenses (ULAE) reserves, and liability for incurred claims (LIC), including consideration of discount rates and other actuarial assumtions; and

- reviewed the Company's disclosures against the disclosure requirements of the standard and assessed whether they provide sufficient information for users to understand the impact of the adoption.

Other Information included in the Company's 2024 Annual Report

Management of the Company is responsible for the other information. The other information comprises the Chairman's Report, Management Discussion and Analysis Report and Report on Corporate Governance which is included in Company's Annual Report, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Those Charged With Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, the relevant requirements of the Financial Services Authority (FSA) and the applicable provisions of the Commercial Companies Law and Regulations of the Sultanate of Oman, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Those Charged With Governance are responsible for overseeing the Company's financial reporting process.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
DHOFAR INSURANCE COMPANY SAOG (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

We also provide Those Charged With Governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or applied related safeguards.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
DHOFAR INSURANCE COMPANY SAOG (continued)

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

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

Report on Other Legal and Regulatory Requirements

We report that the financial statements of the Company as at, and for the year ended, 31 December 2024, in all material respects, comply with the applicable provisions of the Commercial Companies Law and Regulations and the Insurance Companies Law of the Sultanate of Oman and the relevant disclosure requirements issued by the FSA.

Unmesh Bhome
Partner
Membership No. 125660
Institute of Chartered Accountants of India

Muscat
26 February 2025

Statement of financial position

as at 31 December 2024

(Expressed in Omani Rial)

	Notes	**31 December 2024**	31 December 2023 (Restated)	1 January 2023 (Restated)
ASSETS				
Cash and cash equivalents	10	**9,011,347**	15,765,063	12,354,923
Bank deposits	9	**33,765,758**	27,625,757	27,433,538
Investments at fair value through profit or loss	8(c & d)	**12,171,227**	3,495,482	1,291,241
Investments at fair value through other comprehensive income	8(a)	**8,087,414**	6,838,637	5,260,390
Investments at amortised cost	8(e)	**13,457,862**	13,751,543	11,237,091
Other receivables	12	**1,705,731**	1,884,988	2,252,671
Reinsurance contract assets	24	**42,186,723**	46,551,398	47,795,795
Investment in associates	8(b)	**8,736,884**	9,605,983	4,313,249
Investment properties	7	**6,234,932**	6,100,000	6,150,000
Property and equipment	6	**2,100,557**	1,966,856	2,006,618
Total assets		**137,458,435**	133,585,707	120,095,516
LIABILITIES AND SHAREHOLDERS' EQUITY				
SHAREHOLDERS' EQUITY				
Share capital	13	**13,000,000**	12,000,000	11,000,000
Legal reserve	14	**2,435,970**	2,017,957	1,400,931
Contingency reserve	16	**13,000,000**	12,000,000	11,000,000
Investment fair value reserve	8f)	**1,440,068**	963,275	(694,037)
Revaluation reserve in equity accounted investees	8(a)	**124,438**	-	470,176
Revaluation reserve	7.1	**561,450**	561,450	561,450
Retained earnings		**8,699,669**	7,575,026	4,158,705
TOTAL SHAREHOLDERS' EQUITY		**39,261,595**	35,117,708	27,897,225
LIABILITIES				
Optional convertible bonds	18	**1,000,000**	2,000,000	3,000,000
Employee benefit liabilities	21	**495,476**	502,824	398,155
Deferred tax liability	19	**735,203**	748,088	519,362
Other payables	20	**2,374,651**	2,301,222	2,304,285
Corporate tax liability	19	**804,970**	870,052	448,017
Insurance contract liabilities	23	**90,679,373**	91,024,539	85,458,038
Reinsurance contract liabilities	24	**2,107,167**	1,021,274	70,434
TOTAL LIABILITIES		**98,196,840**	98,467,999	92,198,291
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**137,458,435**	133,585,707	120,095,516
Net assets per share	22	**0.348**	0.322	0.269

These financial statements, as set out "on pages 25 to 104" were approved and authorised for issue by the Board of Directors and were signed on their behalf by:

Chairman	**Chief Executive Officer**	**Director**	**Chief Financial Officer**

Statement of profit or loss and other comprehensive income

for the year ended 31 December 2024

(Expressed in Omani Rial)

	Notes	**Year ended 31 December 2024**	Year ended 31 December 2023 (Restated)
Insurance revenue	25	**84,210,727**	70,374,317
Insurance service expense	26	**(45,206,616)**	(42,382,028)
Net expense from reinsurance contracts held	27	**(35,631,040)**	(26,572,524)
Insurance service results		**3,373,071**	1,419,765
Investment income	30	**2,667,409**	7,909,645
Finance costs		**(206,717)**	(176,464)
Net investment income		**2,460,692**	7,733,181
Insurance finance expenses	28	**(1,091,800)**	(1,918,161)
Reinsurance finance income	29	**1,057,707**	1,312,646
Net insurance finance expenses		**(34,093)**	(605,515)
Net Insurance and Investment Results		**5,799,670**	8,547,431
Other income		**101,218**	48,941
Other expenses	31	**(913,916)**	(1,250,838)
Net profit before tax for the year		**4,986,972**	7,345,534
Income tax expense	19	**(806,843)**	(1,175,275)
Net profit after tax for the year		**4,180,129**	6,170,259
Other comprehensive income / (loss):			
Items that will be reclassified subsequently to profit or loss			
Net change in investments at fair value through other comprehensive income	8(a)	**354,513**	1,578,247
Items that will not be reclassified to profit or loss			
Share of other comprehensive loss from equity accounted investees	8(b)	**124,438**	(35,657)
Income tax relating to items in other comprehensive income	19	**122,280**	79,065
Other comprehensive income / loss for the year, net of tax		**601,231**	1,621,655
Total comprehensive income for the year		**4,781,360**	7,791,914
Basic earnings per share (RO)	32	**0.040**	0.060
Diluted earnings per share (RO)		**0.040**	0.050

Statement of changes in Shareholders' equity

for the year ended 31 December 2024

(Expressed in Omani Rial)

	Notes	Share capital	Legal reserve	Contingency reserve	Investment fair value reserve	Revaluation reserve in equity accounted investees	Revaluation reserve	Retained earnings	Total
Balance at 1 January 2024		12,000,000	2,017,957	12,000,000	963,275	-	561,450	7,575,026	35,117,708
Net profit after tax for the year		-	-	-	-	-	-	4,180,129	4,180,129
Other comprehensive income:									
Net change in investments at fair value through other comprehensive income	8(a)	-	-	-	354,513	124,438	-	-	478,951
Share of other comprehensive loss from equity accounted investees	8(b)	-	-	-	-	-	-	-	
Income tax relating to items in other comprehensive income	19	-	-	-	122,280	-	-	-	-
Total other comprehensive (loss) / income for the year		-	-	-	476,793	124,438	-	4,180,129	4,781,360
Dividend paid	17	-	-	-	-	-	-	(1,637,473)	(1,637,473)
Increase in share capital	13	1,000,000	-	-	-	-	-	-	1,000,000
Transferred to contingency reserve	16	-	-	1,000,000	-	-	-	(1,000,000)	-
Transferred to legal reserve	14	-	418,013	-	-	-	-	(418,013)	-
At 31 December 2024		13,000,000	2,435,970	13,000,000	1,440,068	124,438	561,450	8,699,669	39,261,595

Statement of changes in Shareholders' equity

for the year ended 31 December 2024

(Expressed in Omani Rial)

	Notes	Share capital	Legal reserve	Contingency reserve	Investment fair value reserve	Revaluation reserve in equity accounted investees	Revaluation reserve	Retained earnings	Total
Balance at 1 January 2023 (as previously stated)		11,000,000	1,401,887	11,000,000	(618,535)	470,176	561,450	5,692,589	29,507,567
Transition adjustment on implementation of IFRS 9 and IFRS 17 net of tax (Note 41)		-	(956)	-	(75,502)	-	-	(8,609)	(85,067)
Restatement of Insurance contract liabilities (Note 42)		-	-	-	-	-	-	(1,525,275)	(1,525,275)
Balance at 1 January 2023 (as restated)	4 (c)	11,000,000	1,400,931	11,000,000	(694,037)	470,176	561,450	4,158,705	27,897,225
Net profit after tax for the year (as restated)		-	-	-	-	-	-	6,170,259	6,170,259
Other comprehensive income:									
Net change in investments at fair value through other comprehensive income	8(f)	-	-	-	1,578,247	-	-	-	1,578,247
Share of other comprehensive loss from equity accounted investees	8(b)	-	-	-	-	(470,176)	-	434,519	(35,657)
Income tax relating to items in other comprehensive income	19	-	-	-	79,065	-	-	-	79,065
Total other comprehensive (loss) / income for the year		-	-	-	1,657,312	(470,176)	-	6,604,778	7,791,914
Dividend paid	17	-	-	-	-	-	-	(1,571,431)	(1,571,431)
Increase in share capital	13	1,000,000	-	-	-	-	-	-	1,000,000
Transferred to contingency reserve	16	-	-	1,000,000	-	-	-	(1,000,000)	-
Transferred to legal reserve	14	-	617,026	-	-	-	-	(617,026)	-
At 31 December 2023	4 (c)	12,000,000	2,017,957	12,000,000	963,275	-	561,450	7,575,026	35,117,708

Statement of cash flow

for the year ended 31 December 2024

(Expressed in Omani Rial)

	Notes	**Year ended 31 December 2024**	Year ended 31 December 2023 (Restated)
OPERATING ACTIVITIES			
Premiums received		**88,203,113**	70,561,296
Payments to insurance and reinsurance companies (net)		**(20,565,632)**	(17,538,355)
Claims paid net of recoveries		**(48,696,853)**	(35,039,268)
Amounts recovered from disposal of salvage		**1,368,099**	1,259,851
General and administrative expenses paid		**(9,207,269)**	(8,790,385)
Payment of Value-Added-Tax (VAT)		**(3,193,717)**	(2,561,710)
Cash generated from / (used in) operations		**7,907,741**	7,891,429
Income tax paid (net of refund)		**(767,614)**	(445,450)
Net cash generated from / (used in) operating activities		**7,140,127**	7,445,979
INVESTING ACTIVITIES			
Purchase of property and equipment		**(335,040)**	(117,687)
Additions to investment properties		**(134,932)**	(128,690)
Purchase of Investments at fair value through profit or loss	8 (c)	**(12,540,000)**	(4,882,136)
Purchase of Investments at fair value through profit or loss	8(d)	**(203,763)**	(424,183)
Purchase of investment at amortised cost	8(e)	**(9,476,171)**	(4,224,171)
Purchase of Investments at fair value through other comprehensive income	8(a)	**(894,264)**	-
Proceeds from disposal of investment at fair value through profit or loss		**4,152,510**	3,102,914
Proceeds from sale of bonds		**9,838,294**	1,577,350
Rental income		**230,677**	182,557
Dividend and interest income		**3,371,104**	2,834,850
Investment in bank deposits		**(8,150,000)**	(3,200,000)
Encashment of bank deposits		**2,000,000**	3,000,000
Net cash (used in) / from investing activities		**(12,141,585)**	(2,279,196)
FINANCING ACTIVITIES			
Interest paid on convertible bonds		**(120,000)**	(180,000)
Convertible bonds redeemed		**-**	-
Dividends paid (note 17)		**(1,637,473)**	(1,571,431)
Net cash used in financing activities		**(1,757,473)**	(1,751,431)
Net increase/(decrease) in cash and cash equivalents		**(6,758,931)**	3,415,355
Cash and cash equivalents at the beginning of the year		**15,770,278**	12,354,923
Cash and cash equivalents at the end of the year (note 10)		**9,011,347**	15,770,278

Notes to the financial statements

for the year ended 31 December 2024

1 Legal status and principal activities

Dhofar Insurance Company SAOG ("the Company") is an Omani public joint stock company registered on 13 April 1991 with the Ministry of Commerce, Industry and Investment Promotion in accordance with the provisions of the Commercial Companies Law and Regulations of the Sultanate of Oman. The Company's principal activity is undertaking the business of insurance (general and life).

The Company's principal place of business is located in Muscat, Sultanate of Oman.

2 Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRS Accounting Standards) and the applicable disclosure requirements of the Financial Services Authority (FSA) and relevant provisions of the Commercial Companies Law (CCL) and Regulations (CCR) of the Sultanate of Oman.

As disclosed in Note 8 (b.1), the Company's percentage of investment in Dhofar Food and Investment SAOG (DFNI) as a percentage of DFNI's Share capital is 32.83%, which exceeds the limit prescribed by Regulation for Investing Assets of Insurance Companies issued by the FSA. As per the Regulation, investments in public joint stock companies shall not exceed 20% of its total capital.

Basis of preparation

The financial statements have been prepared on a historical cost basis and going concern assumption, except for financial instruments at fair value, fair values through profit or loss and/or through other comprehensive income, investment property and revalued property, plant and equipment. The preparation of financial statements is in conformity with IFRS Accounting Standards that requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

The financial statements have been presented in Rial Omani which is the functional currency of the Company.

3 Adoption of significant new and revised IFRS

(a) Standards, amendments and interpretations effective and adopted in the annual period beginning on or after 1 January 2024

The following new standards, amendment to existing standards or interpretations to various IFRS Accounting Standards are mandatorily effective for the reporting period beginning on or after 1 January 2024:

Standard or Interpretation	Title
Amendments to IFRS 16	Leases: Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-Current Liabilities with Covenants
Amendments to IAS 7	Statement of Cash Flows: Supplier Finance Arrangements
Amendments to IFRS 7	Financial Instruments: Disclosures: Supplier Finance Arrangements

3 Adoption of significant new and revised IFRS (continued)

(a) Standards, amendments and interpretations effective and adopted in the annual period beginning on or after 1 January 2024 (continued)

IFRS 16: Lease Liability in a Sale and Leaseback

On 22 September 2022, the IASB issued amendments to IFRS 16 – Lease Liability in a Sale and Leaseback (the Amendments).

Prior to the Amendments, IFRS 16 did not contain specific measurement requirements for lease liabilities that may contain variable lease payments arising in a sale and leaseback transaction. In applying the subsequent measurement requirements of lease liabilities to a sale and leaseback transaction, the Amendments require a seller-lessee to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

These amendments have no effect on the financial statements of the Company.

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants

The IASB issued amendments to IAS 1 in January 2020 Classification of Liabilities as Current or Noncurrent and subsequently, in October 2022 Non-current Liabilities with Covenants.

The amendments clarify the following:

- An entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period.
- If an entity's right to defer settlement of a liability is subject to covenants, such covenants affect whether that right exists at the end of the reporting period only if the entity is required to comply with the covenant on or before the end of the reporting period.
- The classification of a liability as current or non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement.
- In case of a liability that can be settled, at the option of the counterparty, by the transfer of the entity's own equity instruments, such settlement terms do not affect the classification of the liability as current or non-current only if the option is classified as an equity instrument.

These amendments have no effect on the financial statements of the Company.

Amendments to IAS 7 & IFRS 7: Supplier Finance Arrangements

On 25 May 2023, the IASB issued Supplier Finance Arrangements, which amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures.

The amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The amendments also provide guidance on characteristics of supplier finance arrangements.

The Company carried out an assessment of its contracts and operations and concluded that these amendments have had no effect on the financial statements, regardless of the transition relief provided.

Notes to the financial statements (Cont.)

for the year ended 31 December 2024

3 Adoption of significant new and revised IFRS (continued)

(b) Standards, amendments and interpretations issued but not yet effective

The following new/amended accounting standards and interpretations have been issued by IASB that are effective in future accounting period and the Company has decided not to adopt early.

Standard or Interpretation	Title	Effective for annual periods beginning on or after
Amendments to IAS 21	The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	1 January 2025
Amendments to IFRS 9	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to IFRS 9	Contracts Referencing Nature-dependent Electricity	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

The Company does not expect these amendments and standards issued but not yet effective, to have a material impact on the financial statements of the Company, except IFRS 18.

IFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the IASB in April 2024 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/ disaggregation and labelling of information, and disclosure of management-defined performance measures.

4 Material accounting policy information

A summary of the material accounting policies adopted in the preparation of these financial statements is set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Insurance and reinsurance contracts

The Company has made the following accounting policy choices available as per IFRS 17 in accounting for its Insurance contracts:

Accounting policy judgement area	Company decision
Use of other comprehensive income for insurance finance income / expense	Did not opt
Risk adjustment unwinding within insurance service results or split between insurance service results and insurance finance expense.	Did not opt
Where using PAA, whether deferral of acquisition cost for life and non-life have been opted for 1 - year contract	Opted
Discounting contracts of one year or lesser duration for determining LIC	Opted
Length of cohorts (e.g., annual, quarterly, monthly, etc.)	Annual
Allocation of cash flows between loss component and LFRC for unprofitable contracts.	Done on a systematic basis
Adjustment of cash flows for CSM calculations (quarterly vs actual)	Annual

4 Material accounting policy information (continued)

(a) Insurance and reinsurance contracts (continued)

i) Initial recognition

The Company writes Life, Medical and General insurance policies, which are measured as described as below:

ia) Life Insurance Contracts

1) Individual life policies

These consist of the following types of policies:

- With profits conventional policies (i.e., policies with a discretionary participation feature) which insure events associated with human life (for example, death or survival) over a long duration. Premiums are recognised as revenue when they are received. Provisional premiums are recognised at the year-end for premiums receivable of policies which have not lapsed. Benefits are recorded as an expense when they are incurred. Each policy has a defined benefit amount payable which is guaranteed. Apart from this reversionary and terminal bonuses are declared by the Company from time to time based on the profitability of the individual life portfolio. Reversionary bonuses convert into guaranteed benefits once declared and a certain minimum level of bonus is guaranteed for certain policies.
- Term assurance where the benefits are payable only in the event of death of the insured. These include policies where the insured amount is constant throughout the term of the policy and decreasing term assurance policies where the sum assured reduces at a pre-decided rate every year. The premium is paid either over the term of the policy or as a single premium. Premiums are recognised as revenue when they are received. Provisional premiums are recognised at the year-end for premiums receivable of policies which have not lapsed. These are without profit policies.

2) Individual credit life policies

These are life insurance contracts underwritten on single premium and on an individual basis and issued to protect financial institutions for their outstanding loans from the customers. These contracts protect the financial institutions from the consequences of events (such as death or disability) that would affect the ability of the customers to repay their outstanding loans. These are without profit policies. These contracts are issued for the duration of loans with the insurance premium being received as a single premium. Further, amounts are received if and when loans are topped up. Similarly, refunds are allowed in case of pre-closure or change in terms of the loan.

3) Group credit life policies

These are life insurance contracts underwritten on a group basis and issued to financial institutions to protect their outstanding loan portfolios. These contracts protect the Company's customers (financial institutions) from the consequences of events (such as death or disability) that would effect on the ability of the customer's borrowers to repay outstanding loans.

These contracts are issued on two basis:

- For the duration of loans with the insurance premium being received as a single premiums are received if and when loans are topped up; and
- short-term contracts covering the risk for a year at a time, with premiums being determined and paid monthly on outstanding balances.

4 Material accounting policy information (continued)

(a) Insurance and reinsurance contracts (continued)

i) Initial recognition

ia) Life Insurance Contracts (continued)

4) Group life policies

These are short-term life insurance contracts underwritten on a group basis, the lives covered usually being employees of a common employer. These contracts protect the Company's customer (the employer) from the consequences of events (such as death or disability) that would effect on the ability of the employee 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 customer. There are no maturity or surrender benefits.

5) Retail/personal accident policies

These are term life insurance contracts underwritten for a period of one to two years, the lives covered usually being employees by an employer. These contracts protect the employer from the consequences of events (such as death or disability) that would effect on the ability of the employee 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 customer. There are no maturity or surrender benefits.

ib) Medical insurance contracts

1) Group medical policies

These are short-term medical insurance contracts underwritten on a group basis, the lives covered usually being employees of a common employer. These contracts protect the Company's customers (the employer) from losses resulting from medical treatment of employees as a result of ill-health or accident, covering both hospitalisation and out-patient expenses. The bulk of hospital claims are disbursed directly by the Company to healthcare providers. There are no maturity or surrender benefits for these policies.

2) Individual medical policies

These are policies for a period which range between one to three years. These contracts protect the insured from losses resulting from medical treatment as a result of ill-health or accident, covering both hospitalization and out-patient expenses. There is no maturity or surrender benefits for these policies.

ic) General insurance contracts

In general insurance contracts, the Company mainly issues short-term insurance contracts in connection with motor and non-motor (which includes risks such as property, engineering, liability and marine risks).

1) Motor insurance

Motor insurance polices compensate insured for damage suffered to their vehicles or liability to third parties arising through motor accidents. Contract holders could also receive compensation for the fire or theft of their vehicles. Motor vehicles include both own damage and third-party liability which are further classified as private and commercial vehicles.

2) Property insurance

Property insurance compensates insured for damage suffered to properties or for the value of property lost. Policies cover risks such as fire and allied perils, property all risks, householders comprehensive risks, etc.

Notes to the financial statements (Cont.)

for the year ended 31 December 2024

3) Engineering insurance

Engineering insurance compensates insured for damages to plant & machinery, projects, electronic equipment, heavy machinery/ vehicles, etc. due to accident.

4) Liability insurance

Liability insurance compensates insured for liability arising through public liability, professional indemnity, employers liability, extended warranty, etc.

5) Marine insurance

Marine insurance compensates insured for damage and liability arising through loss or damage to marine craft/ cargoes due to accidents at sea.

id) Allowance in claims liability

Some insurance contracts permit the Company to collect excess, depreciation, or sell a (usually damaged) vehicle or a property required 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).

ie) Reinsurance contracts held

In order to protect itself against adverse experience, the Company has entered into contracts with reinsurers under which it is compensated for losses on one or more contracts issued by the Company.

ii) Recognition and measurement

a) Insurance contracts issued

The Company recognise a group of insurance contracts that it issues at the earliest of:

- The beginning of the coverage period (inception date);
- The date the first premium is due (date first premium is received in absence of a contractual due date); or
- When a group of contracts becomes onerous.

b) Reinsurance contracts held

The Company recognise reinsurance contracts held as follows:

(i) group of non-proportionate reinsurance contracts held, at earlier of:

- at the start of the period of coverage; or
- In case of reinsurance arrangements held for underlying onerous contracts, the date of recognising the underlying onerous contract.

(ii) in the case of proportionate reinsurance, at the later of:

- the beginning of the coverage period; or
- the date the first underlying gross insurance contract is recognised.

iii) Measurement model

Under IFRS 17, the Company's non-life and short-term life insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the Premium Allocation Approach (PAA), except for long-term life business (being run on General Measurement Model - GMM). The IFRS 17 standard requires contracts with contractual term greater than 1 year to be run on the GMM. However, the Standard also allows for such contracts to be run on PAA if those contracts pass the PAA eligibility test. Insurance contracts with contractual term of greater than 1 year were tested for PAA eligibility before finalizing the measurement model. The PAA simplifies the measurement of insurance contracts in comparison with the GMM in IFRS 17.

4 Material accounting policy information (continued)

(a) Insurance and reinsurance contracts (continued)

iii) Measurement model (continued)

The liability for remaining coverage reflects premiums received less deferred insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided under the PAA. Under the GMM, the liability for remaining coverage is calculated as the present value of future cash flows that are expected to arise, an explicit risk adjustment for non-financial risk and a Contractual Service Margin (CSM).

The Company does not adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk under the PAA approach. However, under the GMM, the liability for remaining coverage is adjusted to reflect the time value of money and the effect of financial risk.

For PAA contracts, measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component . If at any time before and during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company recognizes a loss in profit or loss and increase the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flow that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. For GMM contracts, the groups of contracts are measured based on the Company's estimates of the present value of future cash flows that are expected to arise as the Company fulfils the contracts, an explicit risk adjustment for non-financial risk and a CSM (Contractual Service Margin).

Measurement of the liability for incurred claims is determined on a discounted expected value basis and includes an explicit risk adjustment for non- financial risk. The liability includes the Company's obligation to pay other incurred insurance expenses. The Company recognizes the liability for incurred claims of a group of contracts at the amount of the fulfilment cash flows relating to incurred claims. The fulfilment cash flows are discounted (at current rates) whether or not they are expected to be paid in one year or less from the date the claims are incurred.

Measurement of the asset for remaining coverage is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts. The Company applies the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts.

- The Company issues long term-life insurance contracts which are being measured using GMM.
- The Company does not issue any contracts with direct participating features.

Summary of Measurement Approaches related to direct contract are as follows:

PAA	GMM
- Fire	- Long Term Life Protection
- Marine Hull	
- Marine Cargo	
- Motor	
- Health	
- General Accident	
- Liability and Financial Lines	
- Engineering	
- Group Life (short-term)	

4 Material accounting policy information (continued)

(a) Insurance and reinsurance contracts (continued)

Summary of Measurement Approaches for reinsurance contract held are as follows:

PAA	GMM
- Fire	- Individual Life and PA
- Motor	
- Health	
- General Accident	
- Liability	
- Engineering	
- Group Life	
- Medical	
- Motor high value	
- Catastrophe	
- Fire and Engineering Risk and Catastrophe	
- Personal Accident	
- Marine Cargo and Hull	

iv) Best Estimate Liability (BEL)

The main cash flows included within the BEL are premiums, claims, commission, directly attributable expenses and an allocation of overheads.

LfRC BEL includes cash flow estimates relating to future service, whereas LFIC BEL includes cash flow estimates relating to past service and current service

Claims and claims handling expense cash flows are the core components of the LFIC.

iv(a) Liability for Remaining Coverage (LFRC) under GMM

1) LFRC - Statement of financial position

(i) on initial recognition, the carrying amount of the liability is:

- Estimate of present value of future cashflows;
- Add: Risk adjustment for non-financial risk;
- Add: Contractual service margin

Under GMM, a group of insurance contracts is measured as the sum of fulfilment cash flows and CSM. After initial recognition of a group of insurance contracts, the carrying amount of the group at each reporting date is the sum of the LFRC and the LIC. The LFRC comprises of fulfilment cash flows related to future service allocated to the group at that date and the CSM of the group at that date.

(ii) Under GMM, the carrying amount of liability for remaining coverage excluding the CSM, is re-measured at each subsequent reporting date. That is, it comprises the present value of the best estimate of the cash flows required to settle the obligation together with an adjustment for non-financial risk.

An entity should recognise income and expenses for the following changes in the carrying amount of the LFRC:

· Insurance revenue - for the reduction in the LFRC because of services provided in the period;

· Insurance service expenses - for losses on groups of onerous contracts, and reversals of such losses; and

· Insurance finance income or expenses - for the effect of the time value of money and the effect of financial risk.

4 Material accounting policy information (continued)

(a) Insurance and reinsurance contracts (continued)

iv) Best Estimate Liability (BEL) (continued)

iv(a) Liability for Remaining Coverage (LFRC) under GMM (continued)

2) Measurement of Contractual Service Margin (CSM)

(i) Initial measurement

The CSM is a component of the asset or liability for the group of insurance contracts that represents the unearned profit the Company will recognise as it provides insurance contract services in the future. On initial recognition of a group of insurance contracts, the CSM is measured at the equal and opposite amount of the net inflow that arises from the sum of following:

- The fulfilment cash flows;
- Any cash flows arising from the contracts in the Company at that date; and
- The derecognition of any asset recognised for insurance acquisition cash flows and any other asset or liability previously recognised for BEL cash flows related to the group of contracts.

(ii) Subsequent measurement

The carrying amount of the CSM of a group of insurance contracts under GMM at the end of each reporting period, comprises the carrying amount at the start of the reporting period adjusted for:

- Effect of new contracts added to the group
- Interest accretion on the CSM during the period measured at the discount rates at initial recognition;
- Changes in the fulfilment cashflows relating to future service, except to the extent.

1) Such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss; or

2) Such decreases in the fulfilment cash flows are allocated to the loss component of the LFRC.

- The effect of any currency exchange differences arising on the CSM;
- The amount recognised as insurance revenue because of the transfer of insurance contract services in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

2a) Effect of new contracts added

The CSM increases if new profitable contracts are added to the group during the reporting period.

2b) Interest accretion on CSM

For contracts measured under GMM, interest is accreted on the carrying amount of the CSM during a reporting period using discount rates locked in on initial recognition of a group of contracts.

2c) Changes in fulfilment cash flows

The CSM is adjusted for changes during the reporting period in fulfilment cash flows relating to future services which may arise through:

- Experience adjustments (i.e., actual vs. expected amounts) arising from premiums received in the period that relate to future services, and related cash flows such as insurance acquisition cash flows and premium-based taxes, measured at the discount rates applying at the date of initial recognition;

4 Material accounting policy information (continued)

(a) Insurance and reinsurance contracts (continued)

iv) Best Estimate Liability (BEL) (continued)

iv(a) Liability for Remaining Coverage (LFRC) under GMM (continued)

- Changes in estimates of the present value of the future cash flows in the liability for remaining coverage (except for those that relate to the effect of the time value of money and the effect of changes in financial isk) measured at the discount rates applying at the date of initial recognition;
- Changes in the risk adjustment for non-financial risk that relate to future service.

The CSM is not adjusted for the following changes in fulfilment cash flows because they do not relate to future service:

- The effect of the time value of money and changes in the time value of money, and the effect of financial risk and changes in financial risk (These effects comprise the effect, if any, on estimated future cash flows, the effect, if disaggregated, on the risk adjustment for non-financial risk and the effect of a change in discount rate);
- Changes in estimates of fulfilment cash flows in the liability for incurred claims as they relate to current or past services;
- Experience adjustments (i.e., actual vs. expected amounts), except those described above that relate to future services. Generally, experience adjustments relate to past or current service and therefore do not adjust the CSM. However, as an exception, experience adjustments arising from premiums received in the period that relate to future service adjust the CSM.

The terms of some insurance contracts measured under GMM, give an entity discretion over the cash flows to be paid to policyholders. A change in the discretionary cash flows is regarded as relating to future service, and accordingly adjusts the CSM.

3) Currency difference

The CSM of contracts written in a different currency to the insurer's functional currency will be attached by changes in currency exchange rates. Since the Company's GMM contracts are written in the Company's functional currency RO, the impact on the CSM for the Company is nil.

4) Allocation of CSM to profit or loss

The Company recognised CSM over the coverage period in a pattern that reflects the provision of insurance contract services as required by the contract. The CSM for a group of insurance contracts remaining (before any allocation) at the end of the reporting period is allocated over the coverage provided in the current period and expected remaining future coverage, based on coverage units in the group. The number of coverage units in the group is the quantity of insurance contract services provided by the contracts in the group, determined by considering for each contract the quantity of the benefits provided under a contract and its expected coverage period.

The determination of coverage units involves judgement and estimates to best achieve the principle of reflecting the services provided in each period which:

- Reflects the likelihood of an insured event occurring to the extent that it affects the expected coverage period of contracts in the group but not the amount expected to be claimed in a period.
- Reflects the variability across periods in the level of cover provided by the contracts in the group, with the level of cover being the contractual maximum level of cover in each period.

Notes to the financial statements (Cont.)

for the year ended 31 December 2024

4 Material accounting policy information (continued)

(a) Insurance and reinsurance contracts (continued)

iv) Best Estimate Liability (BEL) (continued)

iv(a) Liability for Remaining Coverage (LFRC) under GMM (continued)

5) Reinsurance contracts

The reinsurance contracts held under the CSM is released to profit or loss as insurance contract services are received from the reinsurer in the period. The coverage units are defined based in sum assured of the underlying insurance and reinsurance contracts.

6) Onerous contracts - loss component

When adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous and the Company recognises the excess in insurance service expenses, and it records the excess as a loss component of the LFRC.

When a loss component exists, the Company allocates the following between the loss component and the remaining component of the LFRC for the respective group of contracts, based on the CSM allocation approach described below:

a) Expected incurred claims and other directly attributable expenses for the period;

b) Changes in the RA for the risk expired; and

c) Finance income or expenses from insurance contracts issued.

The amounts of loss component allocation in point a and b above reduce the respective components of insurance revenue and are reflected in insurance service expenses.

Decreases in the future cash flows in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the future cash flows in subsequent periods increase the loss component.

7) Reinsurance contracts held - loss recovery component

A loss-recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised when a loss component is set-up for a group of onerous underlying insurance contracts. This amount is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Company expects to recover from the reinsurance contracts held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

The loss-recovery component determines the amounts that are presented as a reduction of incurred claims recovery from reinsurance contracts held and are consequently excluded from the reinsurance expenses determination.

iv(b) Liability for Remaining Coverage (LFRC) under PAA

1) LFRC - Statement of financial position

(i) On initial recognition, the carrying amount of the liability is:

- Premiums, if any, received at initial recognition;
- Less: any insurance acquisition cash flows at that date;
- Less: any amount arising from the derecognition at that date of any assets of insurance acquisition cash flows.

4 Material accounting policy information (continued)

(a) Insurance and reinsurance contracts (continued)

iv) Best Estimate Liability (BEL) (continued)

iv(b) Liability for Remaining Coverage (LFRC) under PAA (continued)

(ii) On subsequent measurement, the carrying amount of the liability is:

- Carrying amount of the liability is the carrying amount at the start of the reporting period;
- Plus: Premium received;
- Less: Revenue for the period; (i.e. GWP less Unearned Premium)
- Less: Cost of Acquisition (COA) paid; and
- Add: Amortisation of COA (i.e. COA expense less DAC)

2) LFRC - Statement of profit or loss

(i) on initial recognition:

- GWP less unearned premium reserve (UPR) equals insurance revenue;
- Total acquisition costs less DAC equals amortised DAC.

(ii) on subsequent measurement:

- GWP less change in UPR equals insurance revenue;
- Total acquisition costs less change in DAC equals amortized DAC.

Written premiums, unearned premiums and acquisition cost cash flows are determined at the portfolio level and calculated as follows:

- Premium received in the period represents the premiums paid by the policyholders during the period;
- Gross written Premium recognised in the period in which the Company is legally bound through a contract to provide insurance cover;
- Gross UPR representing the premium income receivable under the contract deferred until the revenue is earned throughout the contract;
- Total Acquisition Cash Flows being the direct and indirect costs of obtaining and processing new insurance business; and
- Deferred Acquisition Costs (DAC) amortized over the coverage period.

The above methodology for calculating LFRC is complaint under IFRS 17. Further, based on the current assessment, the Company has decided not to discount the LFRC for PAA portfolios based on the fact that the affect of financing component is not material for long tail contracts.

The Company issues corporate policies on credit. Under IFRS 17, insurance revenue includes expected premium allocation under PAA and determination of expected value of cash flows. Accordingly, the Company accounts for the credit risk factor of receivables and related changes under insurance revenue.

Estimation of the future cash flows includes determination of the expected value, or probability-weighted mean of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort. The difference between the premiums recorded and the premiums received plus expected premium cashflows is considered as the expected credit loss or impairment impact on insurance contracts. Such impairment charges are considered part of insurance revenue rather than recorded as expenses.

4 Material accounting policy information (continued)

(a) Insurance and reinsurance contracts (continued)

iv) Best Estimate Liability (BEL) (continued)

iv(b) Liability for Remaining Coverage (LFRC) under PAA (continued)

3) Systematic allocation of revenue (premium) under PAA

The Company allocates the revenue under PAA based on Straight line method.

iv(c) Liability for incurred claims

The Company calculates the LFIC as follows:

- Best Estimate (BEL) of the fulfilment cash flows;
- Risk adjustment for non-financial risks.

Discounting on LFIC:

The Company has applied discounting to LIC as there are a set of claims that are settled beyond 12 months from the date they are incurred. The Company has also applied discounting to the fulfilment cash flows related to future coverage used in the determination of the onerous loss for the onerous group of contracts.

iv(d) Risk adjustments

The risk adjustment is required when calculating:

- The Liability for Incurred Claims (LFIC) under both the PAA and the GMM;
- The Liability for Remaining Coverage (LFRC) under GMM; and
- The loss component for onerous groups under PAA.

The risk adjustment allows for stresses to the best estimate cash flows due to non-financial risk associated with all insurance contracts recognized under IFRS 17 (both inwards business and outwards reinsurance)

iv(e) Disaggregation of Risk Adjustment

Insurance Finance Income / Expense (IFIE) comprises the change in the carrying amount of the group of insurance contracts arising from:

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

In compliance with the Company' decision to apply discounting on LFIC, the Company has chosen to disaggregate RA into insurance service result and IFIE in the Statement of profit and loss.

iv(f) Expenses

The majority of costs incurred by the Company are directly attributable to fulfilling insurance contracts and are either identified at an individual contract level, or allocated to a group of insurance contracts in a systematic and rational manner using reasonable and supportable information.

The Company classifies its expenses in three main categories of expenses as required under IFRS 17:

- Insurance acquisition costs: These include costs of selling, underwriting and starting a group of insurance contracts and should be directly attributable to the portfolio of insurance contracts to which the groups belong. The deferred part of these costs relating to contracts issued forms part of the Liability for remaining coverage (LFRC) and the amortization for each reporting period is included within Insurance service expenses.

4 Material accounting policy information (continued)

(a) Insurance and reinsurance contracts (continued)

iv) Best Estimate Liability (BEL) (continued)

3) Systematic allocation of revenue (premium) under PAA (continued)

- Incurred claims and claim handling expenses: costs of investigating claims and processing claims payments as well as salvage and subrogation. The presumption is that these costs can easily be identified and allocated to portfolios and groups of insurance contracts that they are directly attributable to. These costs are included within the calculation of the Liability for Incurred Claims (LFIC) and included within Insurance service expenses.
- Administrative costs: These include general administrative expenses directly attributable to the insurance servicing activity such as costs of billing premiums, handling policy changes and all fixed and variable overheads (e.g. accounting, HR, IT, building depreciation, rentals). These costs will be allocated to portfolios and groups of contracts using methods that are systematic, rational and consistently applied to all costs that have similar characteristics. Under the PAA model, these costs are recognised as incurred on an accruals basis, and expensed directly to the Statement of profit or loss as a component of insurance service expenses.
- Specifically excluded costs : IFRS 17 sets out specific cash flows that should be excluded from the insurance contract measurement. These costs include items such as:

- Abnormal amounts of wasted labour or other resources;
- Costs that are not directly attributable to the portfolio of insurance contract; and
- Investment expense.

The Company excludes all such costs from insurance contract measurement as required under IFRS 17.

iv(g) Policy fees

Insurance and investment contract policyholders are charged for policy administration services and other contract fees. Insurance policy fees are considered as part of Insurance revenue and recognised as income over the period of service which is generally the period of the policy.

iv(h) Reinsurance

The Company cedes insurance risk in the normal course of business for a portion of risk it is insuring. 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. An asset or liability is recorded in the financial position representing premiums due to or payments due from reinsurers and the share of losses recoverable from reinsurers. Amounts receivable from reinsurance is estimated in a manner consistent with the claim liability associated with the insured parties. Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expire or when the contract is transferred to another party.

iv(i) Discount rate

Discounting is a part of the LFRC estimates for GMM portfolios of the Company. For it's PAA portfolios, the Company has not discounted the LFRC as the time between providing each part of the coverage and the related premium due date is expected, at initial recognition, to be less than a year. For some contracts that have a coverage period of more than a year (e.g. Individual Medical), the premiums are paid in advance and therefore discounting might be applicable however, the impact has been assessed and on the grounds of materiality, discounting is not applied.

4 Material accounting policy information (continued)

(a) Insurance and reinsurance contracts (continued)

iv) Best Estimate Liability (BEL) (continued)

3) Systematic allocation of revenue (premium) under PAA (continued)

The Company has applied discounting to LFIC for both GMM and PAA portfolios as there are a set of claims is settled beyond 12 months from the date they are incurred. The Company has also applied discounting to the fulfilment cash flows related to future coverage used in the determination of the onerous loss for the onerous group of contracts.

The Company uses the Bottom-Up approach to determine the required discount rates on yield curve basis.

iv(j) Length of cohorts

The Company has selected the cohort duration of one year.

iv(k) Premium Allocation Approach (PAA)

The Company applies the PAA approach wherever the eligibility criteria of para 53(a) and (b) of IFRS 17 has been fulfilled for its portfolios. However, in case of any changes in the term and conditions of the contracts or introduction of new contract with coverage period of more than one year, the Company's will re-perform the PAA eligibility test.

(b) Fulfilment cash flows

Fulfilment cash flows comprise estimates of future cash flows, an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates f future cash flows, and a risk adjustment for non-financial risk.

(c) Liability for Remaining Coverage (LFRC)

The fulfilment cashflows related to future service are required when recognised for all GMM portfolios and in case of insurance and reinsurance portfolios under PAA in case of an onerous group, whereby the Liability for Remaining Coverage under the GMM was established in order to derive the onerous loss.

The expected future cash flows relating to future service for GMM portfolios were estimated as follows:

The expected present value of future benefits and attributable expenses less the expected present value of future premiums

The expected future cash flows relating to future service for PAA portfolios were estimated as follows:

All cash flows were projected and reported on a monthly basis within the calculation engine, discounted to present terms. The present value of expected inflows was subtracted from the present value of expected outflows and the total present value of expected cashflows was derived.

Expected future premium payments: which was based on the premium inputs with a receipt pattern derived for the future premiums. The premium receipt pattern was derived based on historical data.

All cash flows were projected and reported on a quarterly basis within the calculation engine, discounted to present terms. The present value of expected inflows was subtracted from the present value of expected outflows and the total present value of expected cashflows was derived.

The sum of the present value of expected cash flows and the Risk Adjustment (RA) related to future service comprised the fulfilment cashflows for LFRC

4 Material accounting policy information (continued)

(d) Liability for Incurred Claims (LFIC)

The Fulfilment Cashflows for LFIC comprise the following:

- Best estimate of Unpaid or Outstanding claims, Incurred but Not Reported (IBNR) and Incurred but Not Enough Reported (IBNER).
- Expenses already incurred but not yet paid in relation to claims and the cost of handling incurred claims at that date.
- RA for past and present coverage .
- Adjustment for Discounting

The estimates and judgements used for arriving at the Outstanding claims, IBNR, IBNER and ULAE. The Non-invasive changes are anticipated to claims reserving under IFRS 17 therefore the current methodology is considered as fit for purpose to assess ultimate loss development and IBNR / IBNER provisions. In future if changes are required, it is anticipated that these will be minimal.

The expenses attributable to claims maintenance and Risk Adjustment to the LFIC as well as application of Discounting which was developed and applied to LFIC within the calculation engine.

(e) Risk adjustment

The purpose of the Risk Adjustment for non-financial risk is to measure the effect of uncertainty in the cashflows that arise from insurance contracts, other than uncertainty arising from financial risk. The total RA is composed of the RA for LFIC plus the RA for LFRC of the Company's GMM portfolios and for the calculation of LFRC of onerous groups of the PAA portfolios.

The Risk adjustment for GMM & PAA portfolios were estimated as follows:

The methodology used for RA is based on a mix of results of Company's own experience variability and the value risk ("VaR") approach in line with Solvency II. The Appointed Actuary calibrated the parameters of the distribution based on the experience and credibility of the historical data. The level of percentile is decided by the Company as 70 th percentile (31 December 2023 - 70%) based on the data and past experience. The diversification benefit for GMM portfolios has been allowed for in the estimation of RA driven by expected corelation matrix as prescribed by Solvency II. While the diversification benefit for PAA portfolios has been allowed for in the estimation of RA driven by the mix of business and the expected correlations between them.

The Company has chosen not to disaggregate insurance finance income or expenses into amounts presented in profit or loss and in other comprehensive income.

PAA 2024

Changes in assumption		Insurance contract liabilities	Insurance contract assets	Net contract liabilities
	%	RO	RO	RO
Discount Rate	1%	528,883	(347,018)	181,865
Discount Rate	-1%	(541,894)	356,205	(185,689)
Risk Adjustment	3%	(1,776,503)	728,005	(1,048,498)
Risk Adjustment	-3%	1,426,552	(925,241)	501,311

4 Material accounting policy information (continued)

(e) Risk adjustment (continued)

GMM 2024

Changes in assumption	%	Insurance contract liabilities RO	Insurance contract assets RO	Net contract liabilities RO
Risk Adjustment	-3%	-	-	-
Risk Adjustment	3%	(193,299)	137,443	(55,857)
Discount Rate	-1%	(756,385)	(14,757)	(771,142)
Discount Rate	1%	671,075	13,183	684,258
Mortality	-10%	468,463	(287,659)	180,804
Mortality	10%	(571,047)	375,606	(195,441)
Expenses	-5%	111,831	-	111,831
Expenses	5%	(111,907)	-	(111,907)

PAA 2023

Changes in assumption	%	Insurance contract liabilities RO	Insurance contract assets RO	Net contract liabilities RO
Discount Rate	1%	90,540	(47,824)	42,716
Discount Rate	-1%	(90,540)	54,859	(35,681)
Risk Adjustment	3%	(216,824)	124,427	(92,398)
Risk Adjustment	-3%	197,291	(112,989)	84,301

GMM 2023

Changes in assumption	%	Insurance contract liabilities RO	Insurance contract assets RO	Net contract liabilities RO
Risk Adjustment	-3%	90,540	(47,824)	42,716
Risk Adjustment	3%	(90,540)	54,859	(35,681)
Discount Rate	-1%	(216,824)	124,427	(92,398)
Discount Rate	1%	197,291	(112,989)	84,301
Mortality	-10%	86,109	(56,715)	29,395
Mortality	10%	(85,465)	56,885	(28,580)
Expenses	-5%	34,044	(20,531)	13,513
Expenses	5%	(33,141)	20,531	(12,610)

Notes to the financial statements (Cont.)

for the year ended 31 December 2024

4 Material accounting policy information (continued)

(f) Discount rates

The Discount rates for GMM & PAA portfolios were estimated as follows:

This was derived using the Bottom-Up approach from the EIOPA USD curve used adjusted for both of its GMM and PAA portfolios, the Company has used the following discount rates:

Financial Reporting	1 Year	5 Year	10 Year	15 Year
31 December 2024	4.18%	4.06%	4.07%	4.12%
31 December 2023	4.76%	3.50%	3.45%	3.32%

The calculation engine adopted has the capability to adjust LFRC and LFIC for the time value of money, if required, and accommodates the required yield curves. For its PAA portfolios, the Company has used yield curve rates in the range of 4.18% to 4.06% (31 December 2023: 4.76% to 3.32%) to discount cash flows.

(g) Foreign currency

i) Functional and presentation currency

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

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at either the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation, at the year-end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the statement of profit or loss as part of the fair value gains or losses. Translation differences on non-monetary financial assets, such as equities classified as financial assets at fair value through other comprehensive income, are included in other comprehensive income.

(h) Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and any identified impairment loss, except for freehold land which is not depreciated. The cost of property and equipment is their purchase price together with any incidental expenses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the statement of profit or loss and other comprehensive income during the year in which they are incurred.

Depreciation is charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of items of property and equipment. The estimated useful economic lives are as follows:

Description	% per annum
Buildings on freehold land	4
Office furniture and equipment	25
Motor vehicles	25

4 Material accounting policy information (continued)

Freehold land is not depreciated as it is deemed to have an infinite future life.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount it is written-down immediately to its recoverable amount.

Gains and losses on disposal of property and equipment, determined by reference to their carrying amounts, are recognised within 'other income' and are taken into account in determining net profit.

Capital work-in-progress is stated at cost. When commissioned, capital work-in-progress is transferred to the appropriate property and equipment category and depreciated in accordance with the Company's policy. Interest costs on bank borrowings to finance specific property and equipment are capitalised during the period that is required to bring the asset to a condition when it is ready for use.

(i) Investment properties

Investment properties are properties which are held either to earn rental income, or for capital appreciation or both. Investment properties are stated at their fair values. External independent valuers, having appropriate recognised professional qualifications and experience, value the investment property at every reporting date. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and willing seller in an arm's length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion. Any gains or losses arising from changes in fair value of the investment properties are recognised in the statement of profit or loss and other comprehensive income.

When selling an investment property, fair value is determined, and any resulting gain or loss is recorded in the income statement. For purchases, the property is recognized at cost, including directly attributable transaction costs. Compliance with IAS 40 ensures transparent and accurate financial reporting of investment property transactions.

(j) Investment in associates (equity accounted investees)

Associates are those entities over which the Company exercises significant influence, but does not control or jointly control, over the financial and operating policies. Investment in associates are accounted for using the equity method, which are recognised initially at cost including transaction costs. Subsequent to initial recognition, the financial statements include the Company's share of the profit or loss and other comprehensive income of the associates, until the date on which significant influence ceases.

The Company's share of its associates' post-acquisition profits or losses is recognised in the statement of profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates.

Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Company.

4 Material accounting policy information (continued)

The most recent available financial statements of the associates are used by the Company. When the reporting dates of the Company and the associate are different, the associate prepares the financial statements as of the same date as the financial statements of the Company unless it is impracticable to do so.

When the financial statements of an associate are prepared as of a different reporting date from that of the Company, adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Company's financial statements. In any case, the difference between the reporting date of the associate and that of the Company is not more than three months.

(k) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indications exist then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or cash generating unit is the greater of its value-in-use and its fair value less costs to sell. In assessing the value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specified to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Financial instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

[A] Financial assets

The Company determines the classification of its financial assets at initial recognition. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

(i) Classification

The financial assets are classified in the following measurement categories:

a) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and

b) those to be measured at amortised cost.

For assets measured at fair value, gains and losses are recorded in the profit or loss. For investments in equity instruments, the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit or loss and other comprehensive income as incurred.

4 Material accounting policy information (continued)

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).

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies debt instruments at amortised cost based on the below:

a) the asset is held within a business model with the objective of collecting the contractual cash flows; and

b) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the Effective Interest Rate (EIR).

Equity instruments

If the Company elects to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments shall continue to be recognised in the statement of profit or loss and other comprehensive income as other income when the Company's right to receive payments is established. There are no impairment requirements for equity investments measured at fair value through other comprehensive income. Changes in the fair value of financial assets at fair value through profit or loss is recognised in other gains/(losses) in the statement of profit or loss and other comprehensive income.

(iii) De-recognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(iv) Impairment of financial assets

The Company applies the Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the financial assets and credit risk exposure that are debt instruments and are measured at amortised cost e.g., loans, deposits and trade receivables.

4 Material accounting policy information (continued)

ECL is the probability-weighted estimate of credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial asset. A cash shortfall is the difference between the cash flows that are due in accordance with the contract and the cash flows that the Company expects to receive. The ECL considers the amount and timing of payments and hence a credit loss arises even if the Company expects to receive the payment in full but later than when contractually due. The ECL method requires assessing credit risk, default and timing of collection since initial recognition. This requires recognising allowance for ECL in the statement of profit or loss and other comprehensive income even for receivables that are newly originated or acquired.

Impairment of financial assets is measured as either 12 months ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. '12 months ECL' represent the ECL resulting from default events that are possible within 12 months after the reporting date. 'Lifetime ECL' represent the ECL that result from all possible default events over the expected life of the financial asset. Trade receivables are of a short duration, normally less than 12 months and hence the loss allowance measured as lifetime ECL does not differ from that measured as 12 months ECL. The Company uses the practical expedient in IFRS 9 for measuring ECL for trade receivables using a provisioning matrix based on aging of the trade receivables.

The Company uses historical loss experience and derived loss rates based on the past twelve months and adjusts the historical loss rates to reflect the information about current conditions and reasonable and supportable forecasts of future economic conditions. The loss rates differ based on the aging of the amounts that are past due and are generally higher for those with the higher aging.

(v) Income recognition

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets, interest income is recognised using the EIR, which is the rate that discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original EIR of the instrument, and continues unwinding the discount as interest income. Interest income on impaired financial asset is recognised using the original EIR.

Dividends

Dividend income is recognised when the right to receive dividend is established, unless collectability is in doubt.

Rental income

Revenue from rental income of investment properties are reported within 'Investment income'.

[B] Financial liabilities

The Company determines the classification of its financial liabilities at initial recognition. The classification depends on the business model for managing the financial liabilities and the contractual terms of the cash flows.

(i) Classification

The financial liabilities are classified in the following measurement categories:

a) those to be measured as financial liabilities at fair value through profit or loss; and

b) those to be measured at amortised cost.

4 Material accounting policy information (continued)

All financial liabilities are recognised initially at fair value. Financial liabilities accounted at amortised cost like borrowings are accounted at the fair value determined based on the EIR after considering the directly attributable transaction costs.

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, and subsequently measured at fair value.

The EIR method calculates the amortised cost of a debt instrument by allocating interest charged over the relevant EIR period. The EIR is the rate that exactly discounts estimated future cash outflows (including all fees and points paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. This category generally applies to borrowings, trade payables, etc.

The Company's financial liabilities include trade and other payables and due to related party. The Company measures financial liabilities at amortised cost.

(ii) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

(m) Insurance service expense

The Company predominantly incurs costs directly related to fulfilling insurance contracts, identified either at an individual contract level or allocated to groups of contracts using reasonable and supportable information. Following the IFRS 17 classification, expenses are categorized into three main groups: insurance acquisition costs, incurred claims and claim handling expenses, and administrative costs. Insurance acquisition costs, covering selling and underwriting, are deferred as part of the Liability for Remaining Coverage (LFRC) and amortized within Insurance Service Expenses. Incurred claims and claim handling expenses, including investigation and processing costs, are integrated into the Liability for Incurred Claims (LFIC) and contribute to Insurance Service Expenses. Administrative costs, encompassing general administrative expenses related to insurance servicing, are allocated using systematic methods and recognized as incurred on an accruals basis under the Premium Allocation Approach (PAA), expensed directly in the Statement of Profit or Loss as part of insurance service expenses.

(n) Offsetting

Financial assets and financial liabilities are 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.

(o) Cash and cash equivalents

For the statement of cash flows, cash and cash equivalents consist of cash on hand, bank balances and short-term fixed deposits with original maturities of three months or less from the date of placement.

Notes to the financial statements (Cont.)

for the year ended 31 December 2024

4 Material accounting policy information (continued)

(p) Reinsurance contracts held

The company accounts for reinsurance contracts held in two scenarios:

(i) For non-proportionate reinsurance contracts, recognition occurs at the earlier of the coverage period's start or, for arrangements linked to onerous contracts, when recognizing the underlying onerous contract.

(ii) In the case of proportionate reinsurance, recognition is at the later of the coverage period's beginning or the date of the first recognition of the underlying gross insurance contract.

(q) Reinsurance contracts Assets

At each reporting date, the Company assesses whether there is any indication that a reinsurance contract asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of a reinsurance contract asset exceeds its recoverable amount, the asset is considered impaired and is written-down to its recoverable amount.

(r) Other expenses

The abnormal amounts of wasted labor, costs not directly attributable to the insurance portfolio, and investment expenses, are omitted from insurance contract measurement. The Company adheres to these exclusions in accordance with IFRS 17 requirements, ensuring a comprehensive and accurate representation of costs associated with insurance contracts.

(s) Insurance / reinsurance finance income / (expense)

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein.

(t) Contingency reserve

In accordance with Article 20 (2) (c) amended by Royal Decree No. 35/95 of the Oman Insurance Companies Law 1979, and the letter CMA 4952/2005 dated 22 November 2005, 10% of the net outstanding claims at the statement of financial position date for general insurance and 1% of the premiums for the year for life business are transferred from retained earnings to a contingency reserve. The Company may discontinue this transfer when the reserve equals to the issued and fully paid-up share capital of the Company.

(u) Other payables

Other payables are initially measured at fair value and subsequently carried at amortised cost using the effective interest method.

Liabilities are recognised for amounts to be paid for goods or services received, whether or not billed to the Company.

(v) Employee benefit liabilities and leave entitlements

The provision for employee benefit liabilities is based upon the liability accrued in accordance with the terms of employment of the Company's employees at the reporting date with regard to the requirements of the Oman Labour Law, 2023 and the Social Security Law, 1991.

Government of Oman Social Insurance Scheme (the Scheme)

The Company contributes to the Scheme for all Omani employees. The Scheme, which is a defined contributions retirement plan, is administered by the Government of Oman. The Company and Omani employees are required to make monthly contributions to the Scheme at 12.5% and 8%, respectively, of gross salaries.

4 Material accounting policy information (continued)

Non-Omani employee terminal benefits

The provision for end-of-service benefits for non-Omani employees is made in accordance with the requirements of the Oman Labour Law of 2003. Employees are entitled to end-of-service benefits calculated at the rate of 30 days basic salary for each year of continuous service. This is an unfunded defined benefits retirement plan. Accrued non-Omani end-of-service benefits are payable on termination of employment.

(w) Revenue recognition

General insurance contracts, short-term life insurance contracts and long-term group life insurance contracts

The Company classifies insurance revenue recognition into the Premium Allocation Approach (PAA) and the General Measurement Model (GMM) for all insurance contracts. The recognition of revenue under these approaches is as follows:

PAA

Under PAA, insurance revenue for the period is the amount of expected premium receipts (excluding any investment component), allocated to the period based (a) on the passage of time or (b) if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then on the basis of the expected timing of incurred insurance service expenses.

GMM

For GMM contracts, on initial recognition, the company measures a group of insurance contracts as the total of (a) the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and (b) the CSM.

The risk adjustment for non-financial risk for a group of insurance contracts, determined separately from the other estimates, is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

The CSM of a group of insurance contracts represents the unearned profit that the Group will recognise as it provides services under those contracts. On initial recognition of a group of insurance contracts, if the total of

(a) the fulfilment cash flows,

(b) any cash flows arising at that date and

(c) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows under (c)) is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

For subsequent measurement, the carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods; and (b) any remaining CSM at that date. The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk.

The CSM of each group of contracts is calculated at each reporting date as follows:

- The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:
- the CSM of any new contracts that are added to the group in the year;

4 Material accounting policy information (continued)

- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- changes in fulfilment cash flows that relate to future services, except to the extent that:

i) any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised as a loss in profit or loss and creates a loss component; or

ii) any decreases in the fulfilment cash flows are allocated to the loss component, reversing losses previously recognised in profit or loss;

- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue because of the services provided in the year.

Insurance revenue consists of the amounts relating to the changes in the liability for remaining coverage:

(i) amounts related to expected benefits and expenses

(ii) the change in the risk adjustment for non-financial risk,

(iii) the amount of the contractual service margin recognised in profit or loss because of the transfer of insurance contract services in the period,

(iv) experience adjustments for premium receipts and acquisition expenses other than those that relate to future service

(v) the allocation of the portion of the premiums that relate to the recovery of insurance acquisition cash flows.

Policy fees and transfer fees

Insurance policyholders are charged for policy administration services, transfer fees and other contract fees. Insurance policy fees and transfer fees are considered as part of Insurance revenue and recognised as income over the period of service which is generally the period of the policy.

(x) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax-rates enacted or substantially enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax-rates enacted or substantially enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(x) Directors' remuneration

The Directors' remuneration is governed as set out by the Commercial Companies Law of the Sultanate of Oman and the Rules and Guidelines on Disclosure prescribed by the Capital Market Authority.

Notes to the financial statements (Cont.)

for the year ended 31 December 2024

4 Material accounting policy information (continued)

The Annual General Meeting approves the remuneration and the sitting fees for the Board of Directors provided that such fees shall not exceed the limits prescribed by the Regulations of CMA. The sitting fees for each Director shall not exceed RO 10,000 in one year.

(z) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

(aa) Fair values and fair value hierarchy

For investments traded in organised financial markets, fair value is determined by reference to stock exchange quoted market bid prices at the close of business on the statement of financial position date, adjusted for transaction costs necessary to realise the asset.

For unquoted investments, a reasonable estimate of the fair value is determined by reference to the market value of a similar investment or is based on the expected discounted cash flows.

The fair value of interest-bearing items is estimated based on discounted cash flows using interest-rates for items with similar terms and risk characteristics.

Fair value hierarchy

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument. Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category included all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instrument that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

There have been no transfers from one level to the other.

(ab) Operating segment

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, whose operating results are reviewed regularly by the senior management to make decisions about resources allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Notes to the financial statements (Cont.)

for the year ended 31 December 2024

4 Material accounting policy information (continued)

Segment capital expenditure is the total cost incurred during the period to acquire property and equipment, and intangible assets other than goodwill.

Level of Aggregation: Portfolio

On the basis of the current view of contract classification, the chosen portfolio for IFRS 17 are as follows:

Direct and any Inward business written will be aggregated as follows:

- Fire;
- Marine Cargo;
- Marine Hull;
- Engineering;
- General Accident;
- Liability and Financial lines;
- Motor;
- Medical;
- Group life short-term; and
- Long term life portfolio.

Outward reinsurance will be aggregated as follows:

- For treaty, each program will be modelled individually; and
- For facultative arrangement, it will be group by line of business.

The grouping meets the portfolio requirement of “similar risk” due to the following:

- Lines of business are grouped based on the risks covered under contracts.
- The lines of business split allows for a differentiation across major categories risks which are expected to differ significantly in the amount, timing and run-off of claim obligation.
- Contracts written within each line of business will cover similar perils and thus risks.

Furthermore, the portfolio requirement of “managed together” is met as underwriting, actuarial, senior management and Board measure and monitor performance of the book primarily on a line of business basis. While additional detail is explored when required, performance attribution and strategy is focused on this level.

Level of Aggregation: Profitability group

The Company will use the minimum level of profitability grouping as prescribed by the Standard. No further sub-divisions within these categories will be performed. Priority is given to the assessment of profitability on a Line of Business level, however, based on available facts and circumstances the company upon advice with its underwriting function will segregate certain contracts by way of different profitability groups.

The current approach is that for each policy written within the portfolio, its initial profitability assessment is done by the underwriting function using the following criteria:

a. Not onerous and have no significant likelihood of becoming onerous - Policy with combined ratio for lesser than 97.5%

b. Onerous - Policy with combined ratio for higher than 100%.

4 Material accounting policy information (continued)

c. The remaining contracts - Policy with combined ratio between 89% (inclusive) and 100% (inclusive).

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Company aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of (i) contracts for which there is a net gain at initial recognition, if any; (ii) contracts for which at initial recognition there is no significant possibility of a net gain arising subsequently; and (iii) remaining contracts in the portfolio, if any.

(ac) Contract boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group, determined as follows:

For insurance contract

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay premiums or has a substantive obligation to provide services (including insurance coverage and any investment services).

A substantive obligation to provide services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those risks.
- The Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

For reinsurance contract

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay amount to the reinsurer or has a substantive right to receive.

A substantive right to receive ends when:

- The Company has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks.
- The Company has a substantive right to terminate the coverage.

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Company's substantive rights and obligations and, therefore, may change over time.

(ad) Earnings per share

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

4 Material accounting policy information (continued)

(ae) Leases - the Company as a lessee

The Company assesses whether a contract is or contains a lease, at the inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

5 Significant management judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The critical and significant judgements are given below:

(i) Going concern

The management of the Company reviews the financial position on a periodical basis and assesses the requirement of any additional funding, including unutilised credit facilities with banks, to meet the working capital requirements and estimated funds required to meet the liabilities as and when they become due.

(ii) Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

(iii) Taxation

Uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and nature of the existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to the assumptions, could necessitate future adjustments to taxable income and expenses already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of finalisation of tax assessments of the Company. The amount of such provisions is based on various factors, such as experience of previous tax assessments and differing interpretations of tax regulations by the taxable entity and the responsible Tax Authority.

(iv) Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

5 Significant management judgments (continued)

Estimation uncertainty

Information about estimates and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

(v) Useful lives of property and equipment

The Company's property and equipment are depreciated on a straight-line basis over their economic useful lives. Economic useful lives of property and equipment are reviewed by management periodically. The review is based on the current condition of the assets and the estimated period during which they will continue economic benefit to the Company.

(vi) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The management uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The Company has used unadjusted net asset value of the investees as a significant portfolio of the underlying assets and liabilities of the investees are either fair valued or are in cash and cash equivalents where the fair value approximate the carrying value.

(vii) Impairment reviews

IFRS Accounting Standards requires management to undertake an annual test for impairment of indefinite lived assets and, for finite lived assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment testing is an area involving management judgment, requiring inter alia an assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

a) growth in earnings before interest, tax, depreciation and amortisation (EBITDA), calculated as adjusted operating profit before depreciation and amortisation;

b) timing and quantum of future capital expenditure;

c) long-term growth rates; and

d) selection of discount rates to reflect the risks involved.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Company's impairment evaluation and hence results.

(viii) Fair value measurements

A number of assets and liabilities included in the Company's financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Company's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. The classification of an item into the level 1, level 2 and level 3 hierarchy is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

5 Significant management judgments (continued)

(ix) Fair value of investments - Quoted/unquoted

The Company determines fair values of investments that are not quoted in active markets by using valuation techniques such as discounted cash flows and recent transaction prices. Fair value estimates are made at a specific point in time, based on market conditions and information about the investee companies. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. There is no certainty about future events (such as continued operating profits and d financial strengths). It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the investments. In case where discounted cash flow models have been used to estimate fair values, the future cash flows have been estimated by the management based on information from and discussions with representatives of the management of the investee companies, and based on the latest available audited financial statements and un-audited management accounts.

6 Property and equipment

The movement in property and equipment is as set out below:

	Freehold land	Buildings on freehold land	Office furniture and equipment	Motor vehicles	Total
2024					
Cost:					
At 1 January 2024	**548,000**	**1,577,000**	**4,090,493**	**98,875**	**6,314,368**
Additions during the year	**-**	**-**	**308,288**	**26,752**	**335,040**
At 31 December 2024	**548,000**	**1,577,000**	**4,398,781**	**125,627**	**6,649,408**
Accumulated depreciation:					
At 1 January 2024	**-**	**385,240**	**3,863,397**	**98,875**	**4,347,512**
Charge for the year	**-**	**63,080**	**131,728**	**6,531**	**201,339**
At 31 December 2024	**-**	**448,320**	**3,995,125**	**105,406**	**4,548,851**
Net book value:					
At 31 December 2024	**548,000**	**1,128,680**	**403,656**	**20,221**	**2,100,557**
2023					
Cost:					
At 1 January 2023	548,000	1,577,000	3,972,806	98,875	6,196,681
Additions during the year	-	-	117,687	-	117,687
At 31 December 2023	548,000	1,577,000	4,090,493	98,875	6,314,368
Accumulated depreciation:					
At 1 January 2023	-	322,160	3,769,028	98,875	4,190,063
Charge for the year	-	63,080	94,369	-	157,449
At 31 December 2023	-	385,240	3,863,397	98,875	4,347,512
Net book value:					
At 31 December 2023	548,000	1,191,760	227,096	-	1,966,856

6.1 Freehold land and buildings on freehold land are held under lien with the FSA (Note 11).

7 Investment properties

	2024	2023
As at 1 January	**6,100,000**	6,150,000
Improvements during the year	**134,932**	161,490
Changes in fair value during the year through profit or loss	**-**	(211,490)
As at 31 December	**6,234,932**	6,100,000

Investment properties comprise of four real-estate investments which are located in Muscat, Sultanate of Oman. During the year 2021, one of the properties was reclassified from investment property under IAS 40 'Investment Properties' to own-use according to IAS 16 'Property, Plant and Equipment'.

The carrying amount of the investment properties is the aggregate fair value as determined by an independent property valuer. Fair value was determined as being the most probable price the property can fetch in a competitive open market. The Company obtained a valuation of its investment properties from an independent property valuer as on 1 October 2024, which indicated that the fair values of the investment properties were decreased by Nil (2023: RO 211,490), which has been charged to the statement of comprehensive income.

Real estate properties are held under lien with the FSA (Note 11).

7.1 Revaluation reserve

	2024	2023
Opening and closing revaluation reserve	**561,450**	561,450

The revaluation reserve is non-distributable.

8 Investments

	2024	2023
Investments at fair value through other comprehensive income (a)	**8,087,414**	6,838,637
Investments in associates:		
Dhofar Food & Investment Company SAOG (b)	**8,736,884**	9,605,983
Investments at fair value through profit or loss:		
Investment in money market funds (c)	**10,777,971**	2,198,090
Quoted equity shares (d)	**1,393,256**	1,297,392
	12,171,227	3,495,482
Investments at amortised cost (e)	**13,457,862**	13,751,543
Total investments	**42,453,387**	33,691,645

Notes to the financial statements (Cont.)

for the year ended 31 December 2024

8 Investments (continued)

a) Investment at fair value through other comprehensive income

	2024	2023
As at 1 January	**6,838,637**	5,260,390
Additions during the year	**894,264**	-
Changes in fair values (f)	**354,513**	1,578,247
As at 31 December	**8,087,414**	6,838,637

	2024	2023
Quoted equity investments:		
Local quoted equity investments:		
Service sector	**772,736**	-
Investment sector	**4,680,346**	4,258,197
	5,453,082	4,258,197
Foreign quoted equity investments:		
Insurance sector	**58,242**	57,882
Unquoted investments:		
- Dhofar University SAOC, Oman	**1,436,655**	1,420,674
- Omani Unified Bureau of Orange Card SAOC, Oman	**297,002**	283,073
- Salalah Ports and Airport Logistics Services SAOC, Oman	**89,200**	80,200
- Arab War Risk Insurance Syndicate, Bahrain	**753,233**	738,611
	2,576,090	2,522,558
Total investment at fair value through other comprehensive income	**8,087,414**	6,838,637

At 31 December 2024, investments at fair value through other comprehensive income amounting to RO 5,453,082 (2023: RO 4,316,078) are measured using Level 1 and RO 2,576,090 (2023: RO 2,522,558) are measured using Level 3 of fair value hierarchy.

b) Investment in associates

	2024	2023
Investment in associates	**8,736,884**	9,605,983

The Company has the following investment in associates:

Name of the associate	**Number of shares**	**Percentage of issued share capital**	**2024**	2023
Dhofar Food and Investment SAOG (DFNI)	**64,903,846**	**32.83%**	**8,736,884**	9,605,983
Trust Syria Insurance Company SASC	**2,493,217**	**34.00%**	**-**	-
			8,736,884	9,605,983

Notes to the financial statements (Cont.)

for the year ended 31 December 2024

8 Investments (continued)

b) Investment in associates (continued)

	2024	2023
As at 1 January	**9,605,983**	4,313,249
Acquisition during the year (DFNI)	**-**	5,192,308
Disposal during the year (OVOD)	**-**	(5,192,308)
Gain on sale of OVOD	**-**	742,803
Share of loss during the year (DFNI)	**(993,537)**	692,268
Bargain gain on investment in associate	**-**	3,892,663
Change in fair value reserve	**124,438**	(35,000)
	8,736,884	9,605,983

The share of loss for the year ended 31 December 2024 is based on the unaudited management accounts of the associate.

During the year ended 31 December 2023, Dhofar Foods and Investment Company SAOG (DFNI) purchased shares of Omani Gulf Food Company (OVOD) from the Company at an agreed price of RO 5,192,308. In consideration, shares of Dhofar Foods and Investment Company SAOG was issued to the Company at a price of 80 baiza per share, on a private placement basis and the Company became a shareholder in DFI with a shareholding of 32.833% . Based on the purchase price allocation exercise, for the acquisition of the shares in Dhofar Foods and Investment Company SAOG, the company has booked the bargain gain of RO 3,892,663.

During the year ended 31 December 2024, the Company has recorded share of loss of associate amounting to RO 45,310 and share of other comprehensive loss amounting to RO 210,790 pertaining to the previous year. The management believes these amounts are not material to the financials statements and have decided not to restate the previously reported share of loss and other comprehensive loss. The Company has written to FSA vide letter dated 10 July 2024 (Submitted on 11 July 2024) seeking extension of 1 year to correct this situation.

Due to the economic conditions in Syria, the Company had accounted for an impairment loss of the entire amount of RO 2,493,217 invested in TSI in the financial year ended 31 December 2015.

Summarised financial information of the associates as at, and for the year ended, 31 December 2024 and 31 December 2023 is as follows:

	2024	2023
Total assets	**79,283,000**	73,568,000
Total liabilities	**37,521,000**	44,734,000
Revenue for the year	**87,367,000**	57,052,000
Net loss for the year	**(2,888,000)**	(274,000)

b.1) As at 31 December 2024, the percentage of investment in DFNI as a percentage of DFNI's Share capital is 32.83%, which exceeds the limit prescribed by Regulation for Investing Assets of Insurance Companies issued by the FSA. As per the Regulation, investments in public joint stock companies shall not exceed 20% of its total capital.

8 Investments (continued)

c) Investment in money market funds

	2024	2023
As at 1 January	**2,198,090**	201,477
Additions during the year	**12,540,000**	4,882,136
Disposals during the year	**(4,099,106)**	(2,931,117)
Changes in fair value for the year	**138,987**	45,594
As at 31 December	**10,777,971**	2,198,090

The Company has invested in money market funds (MMF) offered by Bank Muscat, Bank Dhofar and Ahli Islamic Bank. It is a liquid fund with no maturity and fixed interest rate. Fair value model has been used for MMF to incorporate the mark-to-market with changes in fair value taken to profit or loss account. Investments in money market funds amounting to RO 5,025,091 (2023: RO 2,198,090) are held under lien with the FSA (Note 11).

d) Quoted equity shares

	2024	2023
As at 1 January	**1,297,392**	1,089,764
Purchases during the year	**203,763**	610,971
Disposals during the year	**(4,400)**	(451,545)
Changes in fair values for the year	**(103,499)**	48,202
As at 31 December	**1,393,256**	1,297,392

Quoted trading investments:	**2024**		2023	
	Market value	**Cost**	Market value	Cost
Foreign				
Service sector	**38,918**	**38,603**	-	-
Investment sector	**40,045**	**38,672**	-	-
Local				
Banking sector	**174,964**	**175,851**	133,375	142,150
Service sector	**996,781**	**1,447,979**	542,031	1,011,123
Investment sector	**41,813**	**114,201**	20,035	112,612
Others	**100,735**	**41,296**	601,951	421,224
	1,393,256	**1,856,602**	1,297,392	1,687,109

8 Investments (continued)

e) Investments at amortised cost

	2024	2023
As at 1 January	**13,751,543**	11,296,125
Purchases during the year	**9,476,171**	4,224,171
Disposals during the year	**(9,714,920)**	(1,577,650)
Amortisation charge for the year on bonds (Note 30)	**(48,865)**	(74,358)
less: ECL allowance	**(6,067)**	(116,745)
As at 31 December	**13,457,862**	13,751,543

Investments at amortised cost comprise the following:

		2024		2023	
		Amortised cost	**Cost**	Amortised cost	Cost
(i)	Sultanate of Oman Government Development Bonds	**-**	**-**	4,019,236	4,067,300
(ii)	Bank Dhofar Perpetual Bonds	**1,000,000**	**1,000,000**	1,000,000	1,000,000
(iii)	Taageer Finance Bonds	**500,000**	**500,000**	1,000,000	1,000,000
(iv)	Oman Government International Bonds	**2,279,218**	**2,291,950**	2,466,059	2,541,003
(v)	Oman Government USD Bonds	**1,894,302**	**1,921,105**	2,980,260	3,009,315
(vi)	Other International USD Bonds	**7,790,409**	**7,875,864**	2,402,733	1,913,286
	Provision for ECL	**(6,067)**	**-**	(116,745)	-
		13,457,862	**13,588,919**	13,751,543	13,530,904

(i) Development bonds issued by the Sultanate of Oman are denominated in RO. The bonds carry a coupon rate of 5.25% per annum.

(ii) Bonds issued by Bank Dhofar are perpetual bonds denominated in RO. The bonds carry a coupon rate of 7% per annum.

(iii) Bonds issued by Taageer Finance are denominated in RO. The bonds carry a coupon rate of 7% per annum.

(iv) International bonds issued by the Sultanate of Oman are denominated in USD. The bonds carry a coupon rate ranging between 5.625% and 6.75% per annum.

(v) USD bonds issued by the Sultanate of Oman are denominated in USD. The bonds carry a coupon rate ranging between 6% and 7.625% per annum.

(vi) Other International bonds are denominated in USD. The bonds carry a coupon rate ranging between 4.75% and 8.125% per annum.

(vii) Investments in investments through amortised cost amounting to RO 8,221,341 (2023: RO 11,430,476) are held under lien with the FSA (Note 11).

8 Investments (continued)

f) Investment fair value reserve

	2024	2023
At 1 January	**963,275**	(694,037)
Changes in fair value of investment at other comprehensive income (Note 8a)	**354,513**	1,578,247
Deferred tax liability adjustment on investment fair value reserve	**122,280**	79,065
At 31 December (a) and Note 19	**1,440,068**	963,275

g) Details of significant investments:

Details of the Company's investments in which its holdings either exceed 10% of the market value of its investment portfolio or where the Company's holding represents 10% or more of the issuer's share capital are set out below:

Investments:

As at 31 December 2024:	% of overall portfolio	Number of shares	Fair value	Cost
Dhofar Foods and Investments SAOG	**32.83%**	**64,903,846**	**8,736,884**	**5,192,308**
Trust Syria Insurance Company SASC	**34.00%**	**2,493,217**	**-**	**2,493,217**
Oman Unified Bureau for the Orange Card SAOC (OUBC)	**14.28%**	**500,000**	**297,002**	**71,429**

Investments:

As at 31 December 2023:	% of overall portfolio	Number of shares	Fair value	Cost
Dhofar Foods and Investments SAOG	32.83%	64,903,846	9,605,983	5,192,308
Trust Syria Insurance Company SASC	34.00%	2,493,217	-	2,493,217
Oman Unified Bureau for the Orange Card SAOC	14.28%	500,000	283,073	71,429

h) Sensitivity analysis – Equity price risk

Most of the Company's listed equity investments are listed on the Muscat Stock Exchange (MSX) and the Bahrain Stock Exchange.

For listed investments, classified as investment at other comprehensive income, a 5% increase/(decrease) in MSM 30 index would have increased/(decreased) the shareholders' equity by RO 272,564 (2023: RO 215,804).

For investments classified as investment at profit or loss, a 5% increase/(decrease) in the MSM 30 index would have increased/(decreased) the net profit by RO 69,663 (2023: RO 64,870).

9 Bank deposits

	2024	2023
Bank deposits with a maturity of greater than three months from the date of placement.	**33,842,674**	27,692,674
Less: ECL allowance	**(76,916)**	(66,917)
	33,765,758	27,625,757

The bank deposits earn interest rates ranging between 4% to 6.9% per annum (2023: between 4.25% and 6.2% per annum).

Bank deposits amounting to RO 31,347,385 (2023: RO 27,027,025) are under lien with the FSA (Note 11).

10 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	2024	2023
Cash and cash equivalents	**9,011,347**	15,060,998
Short-term fixed deposits	**-**	709,280
Provision for expected credit loss on short-term deposits	**-**	(5,215)
	9,011,347	15,765,063

The current account balances with banks are non-interest bearing.

*The Company has regular dealings with banks and all the bank accounts are active. Moreover, there are no indicators of any significant increase in credit risk and the probability of default is very low.

11 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 FSA, certain specific bank deposits amounting to RO 31,347,385 (2023: RO 27,027,025), investment in shares and money market funds amounting to RO 21,904,153 (2023: RO 9,277,823), investments at amortised cost amounting to RO 8,221,341 (2023: RO 11,430,476), investment property amounting to RO 6,234,932 (2023: RO 6,100,000) and land and building amounting to RO 1,676,680 (2023: RO 1,739,760). These are included in the statement of financial position at a total value of RO 69,384,491 (2023: RO 55,625,084). Under the terms of the legislation, the Company can sell these assets only with the prior approval of the FSA.

12 Other receivables and prepayments

	2024	2023
Other receivables	**694,294**	873,551
Amounts due from EX-CEO	**1,011,437**	1,011,437
	1,705,731	1,884,988

Notes to the financial statements (Cont.)

for the year ended 31 December 2024

13 Share capital

	2024	2023
Authorised 300,000,000 ordinary shares (2023: 300,000,000 ordinary shares)	**30,000,000**	30,000,000
Issued and fully paid-up 112,752,579 ordinary shares (2023: 109,164,866 shares)		
(2022: 100,000,000 ordinary shares of RO 0.100 each;		
2022: 4,762,046 ordinary shares for RO 1,000,000;		
2023: 4,402,820 ordinary shares for RO 1,000,000 and		
2024:3,587,713 ordinary shares for RO 1,000,000) (Note 18)	**13,000,000**	12,000,000

Significant shareholdings:

Shareholders of the Company who own 10% or more of the Company's shares, whether in their name, or through a nominee account, and the number of additional shares they hold are as follows:

	2024		2023	
	Shareholding percentage	**Number of shares**	Shareholding percentage	Number of shares
Dhofar International Development and Investment Company SAOG, Oman	**38.670%**	**43,604,270**	38.140%	41,631,746
H.E.Abdul Alim Mustahil Rakhyoot, Oman	**13.800%**	**15,062,797**	13.800%	15,062,797

Note: During the year the Company has converted optional convertible bonds into ordinary shares for RO 1 by issuing 3,587,713 additional 1,000,000 shares (2023: RO 1,000,000 by issuing additional 4,402,820 shares) (Note 18).

14 Legal reserve

In accordance with the provisions of the CCL and CCR of the Sultanate of Oman, an amount equivalent to 10% of the Company's net profit before appropriations is required to be transferred to a non-distributable reserve until such time as a minimum of one-third of the share capital is set aside. During the year ended 31 December 2024, the Company has transferred an amount of RO 418,013 to the legal reserve (2023: RO 617,026 Restated).

15 Special reserve

In accordance with Article 133 of the CCL of the Sultanate of Oman, the surplus of share issue fees over the pre-formation expenses was transferred to a non-distributable special reserve. However during the year 2018, based on the capital restructuring of the Company, the special reserve of RO 50,000 had been utilised to offset against the accumulated losses of the Company.

Notes to the financial statements (Cont.)

for the year ended 31 December 2024

16 Contingency reserve

In accordance with the Article (10) of the legislations regulating the insurance sector, the amount to be transferred to the contingency reserve should be equal to the sum of 10% of the net outstanding claims at the statement of financial position date for general insurance amounting to RO 1,310,673 (2023: RO 1,428,476) and 1% of the premiums for the year for life business amounting to RO 197,167 (2023: RO 123,993), until such time as a minimum of 100% of the share capital is set aside. During the year ended 31 December 2024, contingency reserve of RO 1,000,000 (2023: RO 1,000,000) has been transferred from retained earning to match the maximum limit equivalent to its share capital.

17 Dividends paid and proposed

During the year, the Board of Directors has proposed a cash dividend in respect of the year 2024 which is RO 15 baiza per share (2023: RO 15 baiza per share) totalling to RO 1,691,289 (2023: RO 1,637,473). This is subject to the approval of the Shareholders in the Annual General Meeting.

18 Optional convertible bonds

In the Extra-Ordinary General Meeting of the shareholders held on 18 January 2018 in accordance with Article 116 of the Commercial Companies Law and Regulations of the Sultanate of Oman, the shareholders had initially approved the rights issue of 5,000,000 mandatory convertible bonds of RO 1 each amounting to RO 5 million. The bonds bear an interest coupon of 7.5% per annum.

In accordance with the terms of the bond, twenty percent of the bonds amounting to RO 1 million were to be compulsorily converted to shares at the end of twenty four months (i.e. 3 July 2020) at a price equivalent to a 20% discount to the average prevailing market price of the shares during the quarter of the year preceding the conversion of the bonds, with the balance 80% being converted to shares at the end of 60 months (i.e. 3 July 2023) at a price equivalent to a 20% discount to the average prevailing market price of the shares during the quarter of the year preceding the conversion of the bonds.

However, in an Extra-Ordinary General Meeting held on 2 November 2020, the shareholders approved the amendment of the terms and conditions of the mandatory convertible bonds issued by the Company from mandatory convertible bonds to bonds with conversion or redemption options. Further, the interest coupon reduced to 6% per annum. Optional convertible bonds will be either converted into equity shares or redeemed amounting to RO 1,000,000 based on solvency condition as per the approved terms and conditions which is "In the event the solvency ratio of the Company remains at or below 135%, the relevant portion of optional convertible bonds shall be converted into equity shares". Redemption/conversion is to take place on every 1 June starting from the year 2021 to 2025. During the year ended 31 December 2021 and 31 December 2022, twenty percent of the bonds amounting to RO 1 million have been redeemed respectively. However during the year ended 31 December 2024 and 31 December 2023, another twenty percent of the bonds amounting to RO 1 million each, have been converted to share capital (Note 13).

	2024	2023
Optional convertible bonds	**1,000,000**	2,000,000
Less: Current portion of optional convertible bonds	**(1,000,000)**	(1,000,000)
Non-current portion of optional convertible bonds	**-**	1,000,000

Notes to the financial statements (Cont.)

for the year ended 31 December 2024

19 Income tax

(a) Statement of comprehensive income

	2024	2023
Current tax		
Current year	**804,970**	867,484
Prior year	**(107,522)**	-
Deferred tax		
Current year	**72,755**	334,470
Prior year	**36,640**	(26,679)
	109,395	307,791
Tax expense for the year	**806,843**	1,175,275
Current liabilities		
Income tax payable	**804,970**	870,052
Non-current liabilities		
Deferred tax liability	**735,203**	748,087

Deferred tax liability

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

	2023	Recognised in statement of profit or loss	Recognised in statement of OCI	2024
Effect of tax depreciation on property	(906,944)	(26,234)	-	**(933,178)**
Investment FVTPL (Foreign investment)	-	-	-	**-**
Equity accounted investment in TSI	136,540	-	-	**136,540**
Receivables write-off of TSI	22,698	-	-	**22,698**
Revaluation reserve on equity investment accounted associate (DFNI)	(662,053)	-	130,364	**(531,689)**
Investment fair value reserve	(81,390)	-	(8,084)	**(89,474)**
Provision for insurance receivables	698,328	(77,808)	-	**620,520**
Provision for bank deposit	10,038	1,500	-	**11,538**
Bond amortisation cost	34,695	(7,763)	-	**26,932**
Provision for investment in Bond	-	910	-	**910**
Net deferred tax liability	(748,088)	(109,395)	122,280	**(735,203)**

19 Income tax

(a) Statement of comprehensive income (continued)

	2022 (Restated)	Recognised in statement of profit or loss	Recognised in statement of OCI	2023
Effect of tax depreciation on property	(924,254)	17,310	-	(906,944)
Investment FVTPL (Foreign investment)	5,031	(5,031) -	-	-
Equity accounted investment in TSI	136,540	-	-	136,540
Receivables write-off of TSI	22,698	-	-	22,698
Revaluation reserve on equity investment accounted associate (OVOD)	(82,972)	-	82,972	-
Revaluation reserve on equity investment accounted associate (DFNI)	-	(662,053)	-	(662,053)
Investment fair value reserve	(77,483)	-	(3,907)	(81,390)
Provision for insurance receivables	420,287	278,041	-	698,328
Provision for bank deposit	-	10,038	-	10,038
Bond amortisation cost	7,471	27,224	-	34,695
Adjustment for under provided def tax	(26,679)	26,679	-	-
Net deferred tax liability	(519,361)	(307,792)	79,065	(748,088)

Reconciliation of income tax expenses

The Company is subject to income tax at the rate of 15% of the taxable income in accordance with the income tax law of the Sultanate of Oman (2023: 15%).

The following is the reconciliation of income taxes calculated at the applicable tax rates with the income tax expenses:

	2024	2023
Profit before income tax	**4,986,972**	7,330,533
Income tax	**748,046**	1,099,580
Non-deductible expenses	**167,340**	60,501
Tax on sale of OVOD	**-**	82,972
Tax exempt revenue	**(37,661)**	(41,099)
Current tax	**877,725**	1,201,954
Prior year	**(107,522)**	-
Deferred tax	**36,640**	(26,679)
Tax expense for the year	**806,843**	1,175,275

19 Income tax (continued)

(b) Current status of tax assessments

The Company's income tax assessments for the years 2022 have not been finalised by the Tax Authority. The management believes that additional taxes, if any, that may become payable on finalisation of the assessments in respect of these open years would not be material to the Company's financial position as at 31 December 2024.

20 Other payables

	2024	2023
Fee payable	**1,159,373**	968,795
Interest payable on convertible bonds	**35,000**	75,124
VAT payable	**181,212**	242,581
Others	**999,066**	1,014,722
	2,374,651	2,301,222

21 Employee benefit liabilities

	2024	2023
At 1 January	**502,824**	398,155
Provision for the year, net	**26,070**	164,737
Payment during the year	**(33,418)**	(60,068)
At 31 December	**495,476**	502,824

During the previous year, there was a change in the Oman Labor Law based on Royal Decree 53/2023 which came into force on 31 July 2023, leading to additional provision of RO 92,773. However, on 23 October 2024, a clarification was issued by Ministry of Labor on the calculation of gratuity which lead to reversal of provision of RO 78,048.

The number of employees employed by the Company as at 31 December 2024 were 377 (2023: 329 employees).

22 Net assets per share

The calculation of the net assets per share is based on net assets as at 31 December 2024 attributable to ordinary shareholders of RO 39,633,037 (2023: RO 35,117,708 [Restated]) and the closing number of shares outstanding during the year of 112,752,579 ordinary shares (2023: 109,164,866 ordinary shares) being the number of shares outstanding as at 31 December 2024.

	31 December 2024	31 December 2023 (Restated)
Net assets as at the year end (RO)	**39,261,595**	35,117,708
Closing number of shares outstanding during the year	**112,752,579**	109,164,866
Net assets per share (RO)	**0.348**	0.322

Notes to the financial statements (Cont.)

for the year ended 31 December 2024

23 Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts

Premium Allocation Model (PAA)	Excl. LC	ACQ	LfRC LC	LfIC for contracts measured under PAA	LfIC for contracts measured under PAA PVCF	RA	2024 Total
Opening insurance contract assets	-	-	-	-	-	-	-
Opening insurance contract liabilities	(24,048,141)	-	(1,115,203)	-	(57,431,407)	(3,662,139)	(86,256,890)
	(24,048,141)	-	(1,115,203)	-	(57,431,407)	(3,662,139)	(86,256,890)
Insurance revenue (note 25)	82,000,299	-	-	-	-	-	82,000,299
Insurance service expenses (note 26)							
- Incurred benefits and expenses	-	-	-	-	(66,130,178)	(1,560,827)	(67,691,005)
- Changes that relate to past service - adjustments to LfIC (Note 31)	-	-	-	-	26,221,795	3,778,429	30,000,224
- Losses on onerous contracts and reversal of those losses	-	-	(33,877)	-	-	-	(33,877)
- Amortization of insurance acquisition cash flows	(6,186,019)	-	-	-	-	-	(6,186,019)
- Impairment of acquisition cost asset	-	-	-	-	-	-	-
Insurance finance expenses through profit and loss (note 28)	-	-	-	-	(1,025,963)	-	(1,025,963)
Insurance finance expenses through OCI	-	-	-	-	-	-	-
Net foreign exchange income or expense	-	-	-	-	-	-	-
Investment components	-	-	-	-	-	-	-
Total changes in statement of profit and loss	75,814,280	-	(33,877)	-	(40,934,346)	2,217,602	37,063,659
Premiums received	(76,169,149)	-	-	-	-	-	(76,169,149)
Claims paid	-	-	-	-	35,918,295	-	35,918,295
Directly attributable expenses paid	-	-	-	-	3,973,959	-	3,973,959
Acquisition cost paid	6,953,059	-	-	-	-	-	6,953,059
Total cash flows	(69,216,090)	-	-	-	39,892,254	-	(29,323,836)
Closing insurance contract assets	-	-	-	-	-	-	-
Closing insurance contract liabilities (a)	(17,449,951)	-	(1,149,080)	-	(58,473,499)	(1,444,537)	(78,517,067)
	(17,449,951)	-	(1,149,080)	-	(58,473,499)	(1,444,537)	(78,517,067)

23 Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts (continued)

General Measurement Model (GMM)	Excl. LC	ACQ	LfRC LC	LfIC for contracts measured under GM	LfIC for contracts measured under GMM PVCF	LfIC for contracts measured under GMM RA	Total
Opening insurance contract assets	-	-	-	-	-	-	-
Opening insurance contract liabilities	(3,805,883)	-	(1,283,467)	(181,123)	-	-	(5,270,473)
	(3,805,883)	-	(1,283,467)	(181,123)	-	-	(5,270,473)
Insurance revenue (note 25)	2,210,428	-	-	-	-	-	2,210,428
Insurance service expenses (note 26)							-
- Incurred benefits and expenses	-	-	-	(447,744)	-	-	(447,744)
- Changes that relate to past service - adjustments to LfIC	-	-	-	(62,074)	-	-	(62,074)
- Losses on onerous contracts and reversal of those losses	-	-	(779,719)	-	-	-	(779,719)
- Amortization of insurance acquisition cash flows	(6,402)	-	-	-	-	-	(6,402)
- Impairment of acquisition cost asset	-	-	-	-	-	-	-
Insurance finance expenses through profit and loss (note 28)	(65,080)	-	(730)	(26)	-	-	(65,836)
Total changes in statement of profit and loss	2,138,946	-	(780,449)	(509,844)	-	-	848,653
Premiums received	(8,679,467)	-	-	-	-	-	(8,679,467)
Claims paid	-	-	-	212,826	-	-	212,826
Directly attributable expenses paid	-	-	-	230,679	-	-	230,679
Acquisition cost paid	-	-	-	-	-	-	-
Total cash flows	(8,679,467)	-	-	443,505	-	-	(8,235,962)
Closing insurance contract assets	-	-	-	-	-	-	-
Closing insurance contract liabilities (b)	(10,346,404)	-	(2,063,916)	(247,462)	-	-	(12,657,782)
	(10,346,404)	-	(2,063,916)	(247,462)	-	-	(12,657,782)
Gross closing insurance contract liabilities (a+b)							(91,174,849)
Reclassification of Employee benefit liabilities (note 21)							495,476
Net closing insurance contract liabilities							(90,679,373)

23 Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts (continued)

2023 (Restated)

Premium Allocation Model (PAA)	Excl. LC	ACQ	LfRC LC	LfIC for contracts measured under GM	LfIC for contracts measured under PAA PVCF	RA	Total
Opening insurance contract assets	-	-	-	-	-	-	-
Opening insurance contract liabilities	(20,714,199)	-	(1,534,112)	-	(56,535,277)	(3,434,281)	(82,217,869)
	(20,714,199)	-	(1,534,112)	-	(56,535,277)	(3,434,281)	(82,217,869)
Insurance revenue (note 25)	69,893,675	-	-	-	-	-	69,893,675
Insurance service expenses (note 26)							
- Incurred benefits and expenses	-	-	-	-	(62,732,227)	(3,946,916)	(66,679,143)
- Changes that relate to past service - adjustments to LfIC	-	-	-	-	25,959,197	3,719,058	29,678,255
- Losses on onerous contracts and reversal of those losses	-	-	418,909	-	-	-	418,909
- Amortization of insurance acquisition cash flows	(5,037,632)	-	-	-	-	-	(5,037,632)
- Impairment of acquisition cost asset	-	-	-	-	-	-	-
Insurance finance expenses through profit and loss (note 28)	-	-	-	-	(1,524,933)	-	(1,524,933)
Total changes in statement of profit and loss	64,856,043	-	418,909	-	(38,297,963)	(227,858)	26,749,131
Premiums received	(73,374,611)	-	-	-	-	-	(73,374,611)
Claims paid	-	-	-	-	33,689,673	-	33,689,673
Directly attributable expenses paid	-	-	-	-	3,712,160	-	3,712,160
Acquisition cost paid	5,184,626	-	-	-	-	-	5,184,626
Total cash flows	(68,189,985)	-	-	-	37,401,833	-	(30,788,152)
Closing insurance contract assets	-	-	-	-	-	-	-
Closing insurance contract liabilities (a)	(24,048,141)	-	(1,115,203)	-	(57,431,407)	(3,662,139)	(86,256,890)
	(24,048,141)	-	(1,115,203)	-	(57,431,407)	(3,662,139)	(86,256,890)

23 Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts (continued)

General Measurement Model (GMM)	Excl. LC	ACQ	LfRC LC	LfIC for contracts measured under GM	LfIC for contracts measured under GMM PVCF	RA	Total
Opening insurance contract assets	-	-	-	-	-	-	-
Opening insurance contract liabilities	(2,789,864)	-	(834,243)	(14,217)	-	-	(3,638,324)
	(2,789,864)	-	(834,243)	(14,217)	-	-	(3,638,324)
Insurance revenue (note 25)	480,642	-	-	-	-	-	480,642
Insurance service expenses (note 26)							
- Incurred benefits and expenses	-	-	-	(138,665)	-	-	(138,665)
- Changes that relate to past service - adjustments to LfIC (Note 31)	-	-	-	(181,881)	-	-	(181,881)
- Losses on onerous contracts and reversal of those losses	-	-	(432,065)	-	-	-	(432,065)
- Amortization of insurance acquisition cash flows	(9,806)	-	-	-	-	-	(9,806)
- Impairment of acquisition cost asset	-	-	-	-	-	-	-
Insurance finance expenses through profit and loss (note 28)	(376,767)	-	(17,159)	698	-	-	(393,228)
Insurance finance expenses through OCI	-	-	-	-	-	-	-
Net foreign exchange income or expense	-	-	-	-	-	-	-
Investment components	-	-	-	-	-	-	-
Total changes in statement of profit and loss	94,069	-	(449,224)	(319,848)	-	-	(675,003)
Premiums received	(1,110,088)	-	-	-	-	-	(1,110,088)
Claims paid	-	-	-	67,049	-	-	67,049
Directly attributable expenses paid	-	-	-	85,893	-	-	85,893
Acquisition cost paid	-	-	-	-	-	-	-
Total cash flows	(1,110,088)	-	-	152,942	-	-	(957,146)
Closing insurance contract assets	-	-	-	-	-	-	-
Closing insurance contract liabilities (b)	(3,805,883)	-	(1,283,467)	(181,123)	-	-	(5,270,473)
	(3,805,883)	-	(1,283,467)	(181,123)	-	-	(5,270,473)
Gross closing insurance contract liabilities (a + b)							(91,527,363)
Reclassification of Employee benefit liabilities (note 21)							502,824
Net closing insurance contract liabilities							(91,024,539)

23 Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts (continued)

23.1 Additional note for GMM

				2024
	PVCF	RA	CSM	Total
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	(4,431,064)	(133,792)	(705,617)	(5,270,473)
	(4,431,064)	(133,792)	(705,617)	(5,270,473)
Changes related to current service				
- CSM recognized in profit and loss	-	-	343,754	343,754
- Risk adjustment recognized in profit and loss	-	133,792	-	133,792
- Experience adjustments	1,563,911	-	-	1,563,911
Changes related to future services				
- Contracts initially recognized in the period	2,097,319	-	(2,147,023)	(49,704)
- Changes in estimates that adjust CSM	(783,908)	-	783,908	-
- Changes in estimates that result in onerous contracts or reversal of losses	(1,015,190)	-	-	(1,015,190)
Changes that relate to past service				
Changes that relate to past service - adjustments to LfIC	(62,074)	-	-	(62,074)
Insurance finance expenses through profit and loss	53,938	-	(119,774)	(65,836)
Insurance finance expenses through OCI	-	-	-	-
Net foreign exchange income or expense	-	-	-	-
Total changes in statement of profit and loss	1,853,996	133,792	(1,139,135)	848,653
Premiums received	(8,679,467)	-	-	(8,679,467)
Claims paid	212,826	-	-	212,826
Directly attributable expenses paid	230,679	-	-	230,679
Acquisition cost paid	-	-	-	-
Total cash flows	(8,235,962)	-	-	(8,235,962)
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	(10,813,030)	-	(1,844,752)	(12,657,782)
	(10,813,030)	-	(1,844,752)	(12,657,782)

23 Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts (continued)

23.1 Additional note for GMM

				2023
	PVCF	RA	CSM	Total
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	(3,208,270)	(248,830)	(181,224)	(3,638,324)
	(3,208,270)	(248,830)	(181,224)	(3,638,324)
Changes related to current service				
- CSM recognized in profit and loss	-	-	114,508	114,508
- Risk adjustment recognized in profit and loss	-	136,818	-	136,818
- Experience adjustments	319,280	-	-	319,280
Changes related to future services				
- Contracts initially recognized in the period	433,294	(72,212)	(591,398)	(230,316)
- Changes in estimates that adjust CSM	(2,979)	20,342	(17,363)	-
- Changes in estimates that result in onerous contracts or reversal of losses	(470,274)	30,090	-	(440,184)
Changes that relate to past service				
Changes that relate to past service - adjustments to LfIC	(181,881)	-	-	(181,881)
Insurance finance expenses through profit and loss	(363,088)	-	(30,140)	(393,228)
Insurance finance expenses through OCI	-	-	-	-
Net foreign exchange income or expense	-	-	-	-
Insurance finance expenses through profit and loss (note 28)				
Total changes in statement of profit and loss	(265,648)	115,038	(524,393)	(675,003)
Premiums received	(1,110,088)	-	-	(1,110,088)
Claims paid	67,049	-	-	67,049
Directly attributable expenses paid	85,893	-	-	85,893
Acquisition cost paid	-	-	-	-
Total cash flows	(957,146)	-	-	(957,146)
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	(4,431,064)	(133,792)	(705,617)	(5,270,473)
	(4,431,064)	(133,792)	(705,617)	(5,270,473)

Notes to the financial statements (Cont.)

for the year ended 31 December 2024

24 Reconciliation of the liability for remaining coverage and the liability for incurred claims for reinsurance contracts

						2024
Premium Allocation Model (PAA)	LfRC		LfIC for contracts measured under PAA	LfIC for contracts measured under PAA		Total
	Excl. LC	ACQ		PVCF	RA	
Opening reinsurance contract assets	4,625,686	267,322	-	35,813,055	2,522,675	43,228,738
Opening reinsurance contract liabilities	(1,164,128)	-	-	(15,408)	158,262	(1,021,274)
	3,461,558	267,322	-	35,797,647	2,680,937	42,207,464
Net income or expense from reinsurance contracts held						
- Allocation of reinsurer premium (note 27)	(45,285,330)	-	-	-	-	(45,285,330)
- Amounts recoverable for claims and other expenses (note 27)	-	-	-	12,885,037	380,178	13,265,215
- Changes that relate to past service - adjustments to LfIC (note 27)	-		-	(522,217)	(2,073,820)	(2,596,037)
- Changes in fulfilment cash flows that do not adjust underlying (note 27)	-	(42,360)	-	-	-	(42,360)
- Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-	-
- Expenses directly attributable to reinsurance (note 27)	-	-	-	(203,257)	-	(203,257)
Reinsurance finance income through profit and loss (note 29)	-	-	-	786,423	-	786,423
Total changes in statement of profit and loss	(45,285,330)	(42,360)	-	12,945,986	(1,693,642)	(34,075,346)
Premiums paid to reinsurer net of commission	44,186,675	-	-	-	-	44,186,675
Directly attributable expenses paid	-	-	-	203,257	-	203,257
Recoveries from reinsurance	-	-	-	(16,231,428)	-	(16,231,428)
Total cash flows	44,186,675	-	-	(16,028,171)	-	28,158,504
Closing reinsurance contract assets (a)	4,115,430	224,962	-	33,104,374	953,023	38,397,789
Closing reinsurance contract liabilities (b)	(1,752,529)	-	-	(388,909)	34,271	(2,107,167)
	2,362,901	224,962	-	32,715,465	987,294	36,290,622

Notes to the financial statements (Cont.)

for the year ended 31 December 2024

24 Reconciliation of the liability for remaining coverage and the liability for incurred claims for reinsurance contracts (continued)

General Measurement Model (GMM)	LfRC Excl. LC	ACQ	LfIC for contracts measured under GMM	LfIC for contracts measured under GMM PVCF	RA	Total
Opening reinsurance contract assets	2,294,527	901,345	126,788	-	-	3,322,660
Opening reinsurance contract liabilities	-	-	-	-	-	-
	2,294,527	901,345	126,788	-	-	3,322,660
Net income or expense from reinsurance contracts held						
- Allocation of reinsurer premium (note 27)	(1,224,506)	-	-	-	-	(1,224,506)
- Amounts recoverable for claims and other expenses (note 27)	-	-	138,816	-	-	138,816
- Changes that relate to past service - adjustments to LfIC (note 27)	-	-	61,140	-	-	61,140
- Changes in fulfilment cash flows that do not adjust underlying (note 27)	-	267,212	-	-	-	267,212
- Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-	-
- Expenses directly attributable to reinsurance (note 27)	-	-	(11,934)	-	-	(11,934)
Reinsurance finance income through profit and loss (note 29)	271,369	-	(85)	-	-	271,284
Total changes in statement of profit and loss	(953,137)	267,212	187,937	-	-	(497,988)
Premiums paid to reinsurer net of commission	1,091,146	-	-	-	-	1,091,146
Directly attributable expenses paid	-	-	11,934	-	-	11,934
Recoveries from reinsurance	-	-	(138,818)	-	-	(138,818)
Total cash flows	1,091,146	-	(126,884)	-	-	964,262
Closing reinsurance contract assets (c)	2,432,536	1,168,557	187,841	-	-	3,788,934
Closing reinsurance contract liabilities (d)	-	-	-	-	-	-
	2,432,536	1,168,557	187,841	-	-	3,788,934
Total closing reinsurance contract assets (a+c)						42,186,723
Total closing reinsurance contract liabilities (b+d)						(2,107,167)

24 Reconciliation of the liability for remaining coverage and the liability for incurred claims for reinsurance contracts (continued)

						2023
Premium Allocation Model (PAA)	LfRC		LfIC for contracts measured under GM	LfIC for contracts measured under PAA		Total
	Excl. LC	ACQ		PVCF	RA	
Opening reinsurance contract assets	6,086,108	184,093	-	38,873,579	2,652,015	47,795,795
Opening reinsurance contract liabilities	129,649	-	-	(169,821)	(10,691)	(50,863)
	6,215,757	184,093	-	38,703,758	2,641,324	47,744,932
Net income or expense from reinsurance contracts held						
- Allocation of reinsurer premium (note 27)	(41,311,413)	-	-	-	-	(41,311,413)
- Amounts recoverable for claims and other expenses (note 27)	-	-	-	14,564,280	(7,920,813)	6,643,467
- Changes that relate to past service - adjustments to LfIC (note 27)	-		-	157,433	7,960,426	8,117,859
- Changes in fulfilment cash flows that do not adjust underlying (note 27)	-	83,229	-	-	-	83,229
- Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-	-
- Expenses directly attributable to reinsurance (note 27)	-	-	-	(205,169)	-	(205,169)
Reinsurance finance income through profit and loss (note 29)	-	-	-	1,094,709	-	1,094,709
Total changes in statement of profit and loss	(41,311,413)	83,229	-	15,611,253	39,613	(25,577,318)
Premiums paid to reinsurer net of commission	38,557,214	-	-	-	-	38,557,214
Directly attributable expenses paid	-	-	-	205,169	-	205,169
Recoveries from reinsurance	-	-	-	(18,722,535)	-	(18,722,535)
Total cash flows	38,557,214	-	-	(18,517,366)	-	20,039,848
Closing reinsurance contract assets (a)	4,625,686	267,322	-	35,813,055	2,522,675	43,228,738
Closing reinsurance contract liabilities (b)	(1,164,128)	-	-	(15,408)	158,262	(1,021,274)
	3,461,558	267,322	-	35,797,647	2,680,937	42,207,464

Notes to the financial statements (Cont.)

for the year ended 31 December 2024

24 Reconciliation of the liability for remaining coverage and the liability for incurred claims for reinsurance contracts (continued)

General Measurement Model (GMM)	LfRC Excl. LC	ACQ	LfIC for contracts measured under GM	LfIC for contracts measured under GMM PVCF	RA	Total
Opening reinsurance contract assets	-	-	-	-	-	-
Opening reinsurance contract liabilities	(437,944)	727,190	(308,817)	-	-	(19,571)
	(437,944)	727,190	(308,817)	-	-	(19,571)
Net income or expense from reinsurance contracts held						
- Allocation of reinsurer premium (note 27)	(435,748)	-	-	-	-	(435,748)
- Amounts recoverable for claims and other expenses (note 27)	-	-	238,139	-	-	238,139
- Changes that relate to past service - adjustments to LfIC (note 27)	-	-	127,317	-	-	127,317
- Changes in fulfilment cash flows that do not adjust underlying (note 27)	-	174,155	-	-	-	174,155
- Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-	-
- Expenses directly attributable to reinsurance (note 27)	-	-	(4,360)	-	-	(4,360)
Reinsurance finance income through profit and loss (note 29)	219,743	-	(1,806)	-	-	217,937
Total changes in statement of profit and loss	(216,005)	174,155	359,290	-	-	317,440
Premiums paid to reinsurer net of commission	2,948,476	-	-	-	-	2,948,476
Directly attributable expenses paid	-	-	4,360	-	-	4,360
Recoveries from reinsurance	-	-	71,955	-	-	71,955
Total cash flows	2,948,476	-	76,315	-	-	3,024,791
Closing reinsurance contract assets (c)	2,294,527	901,345	126,788	-	-	3,322,660
Closing reinsurance contract liabilities (d)	-	-	-	-	-	-
	2,294,527	901,345	126,788	-	-	3,322,660
Closing reinsurance contract assets (a + c)						46,551,398
Closing reinsurance contract liabilities (b + d)						(1,021,274)

24 Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts

24.1 Additional note for GMM

	PVCF	RA	CSM	2024 Total
Opening insurance contract assets	2,561,379	50,854	710,427	3,322,660
Opening insurance contract liabilities	-	-	-	-
	2,561,379	50,854	710,427	3,322,660
Changes related to current service				
- CSM recognized in profit and loss	-	-	(186,357)	(186,357)
- Risk adjustment recognized in profit and loss	-	(50,854)	-	(50,854)
- Experience adjustments	(860,413)	-	-	(860,413)
Changes related to future services				
- Contracts initially recognized in the period	(97,863)	-	97,863	-
- Changes in estimates that adjust CSM	(2,984,945)	-	2,984,945	-
- Changes in the FCF that do not adjust the CSM	-	-	267,212	267,212
Changes that relate to past service				
Changes that relate to past service - adjustments to LfIC	61,140	-	-	61,140
Effect of changes in the risk of reinsurers non-performance	-	-	-	
Insurance finance expenses through profit and loss	237,452	-	33,832	271,284
Total changes in statement of profit and loss	(3,644,629)	(50,854)	3,197,495	(497,988)
Premiums paid to reinsurer net of commission	1,091,146	-	-	1,091,146
Directly attributable expenses paid	11,934	-	-	11,934
Recoveries from reinsurance	(138,818)	-	-	(138,818)
Total cash flows	964,262	-	-	964,262
Closing reinsurance contract assets	(118,988)	-	3,907,922	3,788,934
Closing reinsurance contract liabilities	-	-	-	-
	(118,988)	-	3,907,922	3,788,934

24 Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts

24.1 Additional note for GMM

	PVCF	RA	CSM	2023 Total
Opening reinsurance contract assets	(628,988)	229,730	379,687	(19,571)
Opening reinsurance contract liabilities	-	-	-	-
	(628,988)	229,730	379,687	(19,571)
Changes related to current service				
- CSM recognized in profit and loss	-	-	(2,077)	(2,077)
- Risk adjustment recognized in profit and loss	-	(194,690)	-	(194,690)
- Experience adjustments	(5,202)	-	-	(5,202)
Changes related to future services				
- Contracts initially recognized in the period	(672,997)	25,625	647,372	-
- Changes in estimates that adjust CSM	533,747	(9,811)	(523,936)	-
- Changes in the FCF that do not adjust the CSM	-	-	174,155	174,155
Changes that relate to past service				
Changes that relate to past service - adjustments to LfIC	127,317	-	-	127,317
Effect of changes in the risk of reinsurers non-performance	-	-	-	
Insurance finance expenses through profit and loss	182,711	-	35,226	217,937
Total changes in statement of profit and loss	165,576	(178,876)	330,740	317,440
Premiums paid to reinsurer net of commission	2,948,476	-	-	2,948,476
Directly attributable expenses paid	4,360	-	-	4,360
Recoveries from reinsurance	71,955	-	-	71,955
Total cash flows	3,024,791	-	-	3,024,791
Closing reinsurance contract assets	2,561,379	50,854	710,427	3,322,660
Closing reinsurance contract liabilities	-	-	-	-
	2,561,379	50,854	710,427	3,322,660

25 Insurance revenue

	2024 PAA	GMM	Total
Amounts relating to changes in LfRC			
- Expected benefits incurred	-	1,233,083	1,233,083
- Expected expenses incurred	-	717,543	717,543
- Change in the risk adjustment	-	94,553	94,553
- CSM recognized	-	343,754	343,754
Recovery of acquisition cash flows	-	6,402	6,402
Experience adjustments	-	(184,907)	(184,907)
Contracts not measured under PAA	-	2,210,428	2,210,428
Contracts measured under PAA	82,000,299	-	82,000,299
Total insurance revenue (note 23)	82,000,299	2,210,428	84,210,727

	2023 PAA	GMM	Total
Amounts relating to changes in LfRC			
- Expected benefits incurred	-	321,197	321,197
- Expected expenses incurred	-	57,943	57,943
- Change in the risk adjustment	-	101,289	101,289
- CSM recognized	-	114,508	114,508
Recovery of acquisition cash flows	-	9,806	9,806
Experience adjustments	-	(124,101)	(124,101)
Contracts not measured under PAA	-	480,642	480,642
Contracts measured under PAA	69,893,675	-	69,893,675
Total insurance revenue (note 23)	69,893,675	480,642	70,374,317

26 Insurance service expenses

	2024 PAA	GMM	Total
Incurred benefits	63,762,110	217,062	63,979,172
Incurred directly attributable expenses	3,928,895	230,682	4,159,577
Losses on onerous contracts and reversal of those losses	33,877	779,719	813,596
Changes that relate to past service - adjustments to LfIC	(30,000,224)	62,074	(29,938,150)
Insurance acquisition costs	6,186,019	6,402	6,192,421
Total service expense (note 23)	43,910,677	1,295,939	45,206,616

26 Insurance service expenses (continued)

	2023 PAA	GMM	Total
Incurred benefits	62,637,411	52,772	62,690,183
Incurred directly attributable expenses	4,041,732	85,893	4,127,625
Losses on onerous contracts and reversal of those losses	(418,909)	432,065	13,156
Changes that relate to past service - adjustments to LfIC	(29,678,255)	181,881	(29,496,374)
Insurance acquisition costs	5,037,632	9,806	5,047,438
Total service expense (note 23)	41,619,611	762,417	42,382,028

27 Net income or expense from reinsurance contracts held

	2024 PAA	**GMM**	**Total**
Expected expenses for contracts not measured under PAA			
- Expected recovery of claims and other expenses	**-**	**897,222**	**897,222**
- Change in the risk adjustment	**-**	**50,855**	**50,855**
- CSM recognized	**-**	**186,357**	**186,357**
- Experience adjustments	**-**	**90,072**	**90,072**
Expected expenses for contracts measured under PAA	**45,285,330**	**-**	**45,285,330**
Allocation of reinsurer premium	**45,285,330**	**1,224,506**	**46,509,836**
Amounts recovered for claims and other expenses	**13,265,215**	**138,816**	**13,404,031**
Incurred directly attributable expenses	**(203,257)**	**(11,934)**	**(215,191)**
Changes that relate to past service - recoverable claims and other expenses	**(2,596,037)**	**61,140**	**(2,534,897)**
Changes in fulfilment cash flows that do not adjust underlying	**(42,360)**	**267,212**	**224,852**
Amounts recoverable from reinsurer and incurred expenses (note 24)	**10,423,561**	**455,234**	**10,878,795**
Net expense from reinsurance contracts held	**34,861,769**	**769,272**	**35,631,040**

	2023 PAA	GMM	Total
Expected expenses for contracts not measured under PAA			
- Expected recovery of claims and other expenses	-	312,948	312,948
- Change in the risk adjustment	-	194,690	194,690
- CSM recognized	-	2,077	2,077
- Experience adjustments	-	(73,967)	(73,967)
Expected expenses for contracts measured under PAA	41,311,413	-	41,311,413
Allocation of reinsurer premium	41,311,413	435,748	41,747,161
Amounts recovered for claims and other expenses	6,643,467	238,139	6,881,606
Incurred directly attributable expenses	(205,169)	(4,360)	(209,529)
Changes that relate to past service - recoverable claims and other expenses	8,117,859	127,317	8,245,176
Changes in fulfilment cash flows that do not adjust underlying	83,229	174,155	257,384
Effect of changes in the risk of reinsurers non-performance	-	-	-
Amounts recoverable from reinsurer and incurred expenses (note 24)	14,639,386	535,251	15,174,637
Net expense from reinsurance contracts held	26,672,027	(99,503)	26,572,524

28 Insurance finance expenses

	2024 PAA	GMM	Total
Interest accreted to insurance contracts	**1,647,156**	**413,252**	**2,060,408**
Change in financial assumptions through P&L	**(621,193)**	**(415,441)**	**(1,036,634)**
Change in financial assumptions through OCI	**-**	**-**	**-**
Effect of unlocking CSM at locked-in rates and FCF at current rates	**-**	**68,026**	**68,026**
Total insurance finance expenses (note 23)	**1,025,963**	**65,837**	**1,091,800**

	2023 PAA	GMM	Total
Interest accreted to insurance contracts	1,754,626	239,157	1,993,783
Change in financial assumptions through P&L	(229,693)	(49,865)	(279,558)
Change in financial assumptions through OCI	-	-	-
Effect of unlocking CSM at locked-in rates and FCF at current rates	-	203,936	203,936
Net insurance finance income or expense (note 23)	1,524,933	393,228	1,918,161

29 Reinsurance finance income

	2024 PAA	GMM	Total
Interest accreted to reinsurance contracts	**1,156,524**	**141,158**	**1,297,682**
Change in financial assumptions through P&L	**(370,101)**	**9,488**	**(360,613)**
Effect of unlocking CSM at locked-in rates and FCF at current rates	**-**	**120,638**	**120,638**
Total reinsurance finance expenses (note 24)	**786,423**	**271,284**	**1,057,707**

	2023 PAA	GMM	Total
Interest accreted to reinsurance contracts	1,244,651	134,122	1,378,773
Change in financial assumptions through P&L	(149,942)	(26,055)	(175,997)
Effect of unlocking CSM at locked-in rates and FCF at current rates	-	109,870	109,870
Total reinsurance finance expenses (note 24)	1,094,709	217,937	1,312,646

30 Investment income

	2024	2023
Interest income on bank deposits	**1,812,830**	1,372,873
Interest earned on investment at amortised cost	**965,696**	790,148
Profit/ (loss) on sale on investment at amortised cost	**123,374**	(300)
Rental income from investment properties	**266,358**	244,513
Dividend income from investments	**224,455**	113,415
Commission income (Orange Card)	**232,895**	216,435
Share of (loss) / profit from investment in associates (note 8b)	**(993,537)**	692,268
Bargain gain on investment in associate	**-**	3,892,663
Profit on sale of shares of associate	**-**	742,803
Profit on sale of other shares	**-**	16,598
Unrealised (loss)/ gains from investment through profit or loss (note 8c)	**(103,788)**	45,594
Realised gains on sale of investment through profit or loss (note 8c)	**49,004**	20,281
Amortisation of bonds (note 8e)	**(48,865)**	(74,358)
Unrealised gains from investment through profit or loss (note 8d)	**138,987**	48,202
Change in fair value of investment properties (note 7)	**-**	(211,490)
	2,667,409	7,909,645

31 Other expenses

	2024	2023
Non-attributable expenses	**1,016,913**	1,178,041
(Reversal) / provision for expected credit loss allowance	**(102,997)**	72,797
	913,916	1,250,838

32 Basic and diluted earnings per share

a) Basic earnings per share

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

	2024	2023 (Restated)
Net profit after tax for the year (RO)	**4,180,129**	6,170,259
Weighted average number of shares outstanding during the year (number)	**111,258,518**	107,331,363
Basic earnings per share (RO)	**0.04**	0.06

32 Basic and diluted earnings per share (continued)

b) Diluted earnings per share

Diluted EPS is calculated by adjusting the earnings and number of shares for the effects of dilutive options and other dilutive potential ordinary shares:

	2024	2023 (Restated)
Net profit after tax for the year	**4,180,129**	6,170,259
Interest on convertible debt	**85,000**	144,658
Tax effect	**12,750**	21,699
	4,277,879	6,336,616
Adjusted number of shares outstanding (number)	**121,258,518**	127,331,363
Diluted earnings per share (RO)	**0.04**	0.050
Adjusted number of shares		
Weighted average number of shares outstanding during the year	**111,258,518**	107,331,363
Assumed conversion of convertible bonds @ 0.100 baiza per share	**10,000,000**	20,000,000
Total adjusted number of shares	**121,258,518**	127,331,363

33 Related party transactions

Related parties represent major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's Board of Directors and subsequently ratified by the shareholders in the Annual General Meeting. The transactions are entered into at mutually agreed terms and conditions.

(a) Statement of profit or loss and other comprehensive income

	Year ended 31 December 2023	Year ended 31 December 2022
Premiums written		
	2024	2023
Bank Dhofar SAOG	**3,827,387**	5,017,770
Dhofar Foods and Investments SAOG	**314,054**	342,814
Shanfari and Partners Company LLC	**164,736**	120,764
Omani Gulf Food Company LLC	**240,046**	132,083
Sharikat Fanniya Omaniya	**59,938**	98,032
Dhofar International Development and Investment Company SAOG	**63,817**	60,362
Other related parties	**103,567**	105,003
	4,773,545	5,876,828

33 Related party transactions (continued)

Claims paid	**2024**	2023
Bank Dhofar SAOG	**587,284**	604,512
Dhofar Foods and Investments SAOG	**75,366**	38,029
Shanfari and Partners Company LLC	**4,127**	41,199
Dhofar International Development and Investment Company SAOG	**33,012**	3,872
Omani Gulf Food Company LLC	**230,844**	60,291
Sharikat Fanniya Omaniya	**22,657**	20
Other related parties	**41,583**	89,273
	994,873	837,196
Acquisition cost for related parties	**32,192**	1,552,994
Rental income from investment properties	**110,208**	110,208
Rent paid	**36,000**	36,000
Directors' remuneration and sitting fees	**194,500**	247,400
Directors' meeting attendance expenses	**23,048**	89

Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2024, the Company has not established any provision for impaired amounts owed by related parties as the payment history has been good (2023: same terms and conditions). This assessment is undertaken at each financial year through examining the financial position of the related party and the market in which the related party operates.

(b) Balances with related parties, included under the following headings, are as follows:

Balances due from related parties or holders of 10% or more of the Company's shares, or their family members, less provisions and write-offs, is analysed as follows:

	2024	2023
Other receivables and prepayments		
Insurance contact receivable from related parties	**1,106,742**	1,821,800
Outstanding claims payable (included in outstanding claims reserve) to other related parties	**380,901**	426,042

c) Compensation to key managerial personnel of the Company

	2024	2023
Short-term benefits	**475,613**	449,517
Employee benefit liabilities	**21,796**	20,399
	497,409	469,916

34 Operating segments

The Company has two reportable 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 technology and marketing strategies. For each of the strategic units, the Company's senior management reviews internal management reports on at least a quarterly basis.

The Company has the following operating segments by measurement:

PAA insurance contracts: PAA insurance contracts includes insurance and re-insurance of motor; fire and general accident; marine cargo and hull; and group life.

GMM insurance contracts: Individual life business relates to insuring of the life of an individual.

31 December 2024	**PAA**	**GMM**	**Total**
Insurance revenue (net of reinsurance)	**47,138,530**	**1,441,156**	**48,579,686**
Insurance costs (net of reinsurance)	**(43,910,676)**	**(1,295,939)**	**(45,206,615)**
Segment results	**3,227,854**	**145,217**	**3,373,071**
Segment expenses			
Insurance finance expenses	**(1,025,963)**	**(65,837)**	**(1,091,800)**
Reinsurance finance income	**786,423**	**271,284**	**1,057,707**
Total segment finance expenses	**(239,540)**	**205,447**	**(34,093)**
Segment profit before taxation	**2,988,314**	**350,664**	**3,338,978**
Add: Investment income			**2,667,409**
Add: Other income			**101,218**
Less: Other expenses			**(1,120,633)**
Net profit for the year			**4,986,972**
Segment assets	**78,833,027**	**8,692,119**	**87,525,146**
Unallocated assets			**49,933,289**
Total assets	**-**	**-**	**137,458,435**
Segment liabilities	**83,762,403**	**9,829,107**	**93,591,510**

31 December 2023	PAA	GMM	Total (Restated)
Insurance revenue (net of reinsurance)	43,221,648	580,145	43,801,793
Insurance costs (net of reinsurance)	(41,634,611)	(762,417)	(42,397,028)
Segment results	1,587,037	(182,272)	1,404,764
Segment expenses			
Insurance finance expenses	(1,524,933)	(393,228)	(1,918,161)
Reinsurance finance income	1,094,709	217,937	1,312,646
Total segment finance expenses	(430,224)	(175,291)	(605,515)
Segment profit before taxation	1,156,813	(357,563)	799,249
Add: Investment income			7,909,645
Add: Other income			48,941
Less: Other expenses			(1,427,302)
Net profit for the year			7,330,533
Segment assets	63,223,347	16,836,171	80,059,518
Unallocated assets			53,526,189
Total assets			133,585,707
Segment liabilities	71,333,869	21,581,996	92,915,865

The company operates exclusively within the geographical boundaries of Sultanate of Oman and does not engage in any business activities outside of this jurisdiction.

Notes to the financial statements (Cont.)

for the year ended 31 December 2024

35 Financial instruments by categories

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

31 December 2024	At fair value through profit and loss	Amortised cost	At fair value through other comprehensive income	Total
Assets				
Quoted equity investments:	**1,393,256**	**-**	**5,511,324**	**6,904,580**
Unquoted investments:	**-**	**-**	**2,576,090**	**2,576,090**
Investment in money market funds	**10,777,971**	**-**	**-**	**10,777,971**
Quoted Debt instruments		**-**	**-**	**-**
USD Bonds	**-**	**13,457,862**	**-**	**13,457,862**
Other receivables	**-**	**694,294**	**-**	**694,294**
Bank deposits and cash	**-**	**42,777,105**	**-**	**42,777,105**
	12,171,227	**56,929,261**	**8,087,414**	**77,187,902**

	Financial liabilities	Total
Liabilities		
Other payables	**2,374,651**	**2,374,651**
Optional convertible bonds	**1,000,000**	**1,000,000**
	3,374,651	**3,374,651**

31 December 2023	At fair value through profit and loss	Amortised cost	At fair value through other comprehensive income	Total
Assets				
Quoted equity investments:	1,297,392	-	4,316,079	5,613,471
Unquoted investments:	-	-	2,522,558	2,522,558
Investment in money market funds	2,198,090	-	-	2,198,090
Quoted Debt instruments	-	-	-	-
USD Bonds	-	13,751,543	-	13,751,543
Other receivables	-	873,551	-	873,551
Bank deposits and cash	-	43,390,820	-	43,390,820
	3,495,482	58,015,914	6,838,637	68,350,033

Liabilities	Financial liabilities	Total
Other Payables	2,193,439	2,193,439
Optional convertible bonds	2,000,000	2,000,000
	4,193,439	4,193,439

36 Risk management

Governance framework

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

The Company has established a risk management function with clear terms of reference from the Board of Directors, its committees and the associated executive management committees. This is in addition to a clear organisational structure with documented delegated authorities and responsibilities from the Board of Directors to executive management committees and senior managers.

Regulatory framework

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

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

Underwriting risk management

Underwriting risk consists of insurance risk, persistency risk and expense risk.

Insurance risk is the risk of the loss event occurrence, or the timing and amount of the loss being different from expectation. The Company's main income generating activity is the issuance of insurance contracts and therefore insurance risk is a principal risk.

The Company is exposed to different elements of insurance risks:

For life insurance policies:

- Mortality risk: the risk of losses arising from death of life insurance policyholders being earlier than expected
- Morbidity risk: the risk of losses from medical claims occurring higher than expected
- Longevity risks: the risk of losses arising from longer life of policyholders than expected

For Motor and property policies:

- Catastrophe risk: the risk of incurring significant losses as a result of catastrophic events

For all policies:

- Premium risk: the risk that premiums charged to policyholders are less than claims cost on business written
- Reserve risk: the risk that the claims reserves are insufficient to cover all claims

Insurance risk

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

36 Risk management (continued)

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

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

The Company principally issues general insurance contracts which constitutes mainly motor, marine and aviation and fire and general risks.

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

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

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

The Company only deals with reinsurers approved by the management, which are generally international re-insurance companies that are rated by international rating agencies.

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

Reinsurance risk

In order to minimise financial exposure arising from large claims, the Company, in the normal course of business, enters into contracts with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the reinsurance is effected 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. The Company only deals with reinsurers approved by the Board of Directors.

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 Company monitors reinsurance risk by individual reinsurers. The Company do not believe that there are significant concentrations of insurance or reinsurance risks.

36 Risk management (continued)

Financial risk

The Company's principal financial instruments are receivables arising from insurance and reinsurance contracts, listed and unlisted investments, cash and cash equivalents and interest bearing deposits.

The Company does not enter into derivative transactions.

The main risks arising from the Company's financial instruments are interest rate risk, foreign currency risk, credit risk, market price risk and liquidity risk.

The Board of Directors review and agree policies for managing each of these risks, which are summarised below.

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Significantly all of the foreign currency transactions of the Company are either in US Dollars or in currencies linked to the US Dollar. As the RO is pegged against the US Dollar, management therefore does not consider any significant risk arising from transactions in foreign currencies.

The Company's exposure to foreign currency risk is as follows (Amount mentioned in RO below):

	2024		2023	
	US Dollars	**Other currencies**	US Dollars	Other currencies
Insurance and reinsurance receivables	**10,594,432**	**-**	6,509,941	-
Cash and cash equivalent	**202,972**	**40,814**	686,880	32,194
Reserves withheld from reinsurers	**14,485,163**	**-**	8,431,649	-
Due to reinsurers	**18,317,963**	**-**	7,968,801	-
Interest rate risk	**43,600,530**	**40,814**	23,597,271	32,194

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

Profile

At the reporting date, the interest-rate profile of the Company's interest-bearing financial instruments was as follows:

	Carrying amounts	
Fixed rate instruments	**2024**	2023
Financial assets	**13,457,862**	14,460,823
Financial liabilities	**(3,360,833)**	(3,413,855)
	10,097,029	11,046,968

36 Risk management (continued)

Sensitivity

The Company's bank deposits are denominated in foreign currencies, mainly US Dollars, as at 31 December 2024. As the US Dollar is pegged to the RO, the management does not believe that the Company is exposed to any material foreign exchange risk. Further, the bank balances are held with reputed financial institutions.

The following table details the impact of changes in key assumptions on the Company's profit or loss, equity and CSM before and after risk mitigation from reinsurance contracts held. This analysis is based on a change in one risk variable with all other variables held constant. Sensitivity analysis assumes that changes to variables can be made independently, which is very unlikely to occur in practice. There were no changes made from the previous period in the methods and assumptions used in preparing the sensitivity analysis.

2024			**Impact on CSM**			**Impact on P&L**			**Impact on Equity**	
GMM Business	**Changes in assumption**	**Gross**	**RI**	**Net**	**Gross**	**RI**	**Net**	**Gross**	**RI**	**Net**
	%	**RO**	**RO**	**RO**	**RO**	**RO**	**RO**	**RO**	**RO**	**RO**
Risk Adjustment	%-2.5	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Risk Adjustment	%2.5	**15.790**	**48.418**	**64.209**	**(193.299)**	**137.443**	**(55.857)**	**(193.299)**	**137.443**	**(55.857)**
Discount Rate	%-1.0	**-**	**-**	**-**	**(756.385)**	**(14.757)**	**(771.142)**	**(756.385)**	**(14.757)**	**(771.142)**
Discount Rate	%1.0	**-**	**-**	**-**	**671.075**	**13.183**	**684.258**	**671.075**	**13.183**	**684.258**
Mortality	%-10.0	**(158.836)**	**(504.064)**	**(622.900)**	**468.463**	**(287.659)**	**180.804**	**468.463**	**(287.659)**	**180.804**
Mortality	%10.0	**157.682**	**159.201**	**316.883**	**(571.047)**	**375.606**	**(195.441)**	**(571.047)**	**375.606**	**(195.441)**
Expenses	%-5.0	**(10.641)**	**-**	**(10.641)**	**111.831**	**-**	**111.831**	**111.831**	**-**	**111.831**
Expenses	%5.0	**10.565**	**-**	**10.565**	**(111.907)**	**-**	**(111.907)**	**(111.907)**	**-**	**(111.907)**

2023			Impact on CSM			Impact on P&L			Impact on Equity	
GMM Business	Changes in assumption	Gross	RI	Net	Gross	RI	Net	Gross	RI	Net
	%	RO	RO	RO	RO	RO	RO	RO	RO	RO
Risk Adjustment	%-2.5	12,467	3,030	15,498	90,540	(47,824)	42,716	90,540	(47,824)	42,716
Risk Adjustment	%2.5	(12,467)	(6,054)	(18,521)	(90,540)	54,859	(35,681)	(90,540)	54,859	(35,681)
Discount Rate	%-1.0	644	(680)	(36)	(216,824)	124,427	(92,398)	(216,824)	124,427	(92,397)
Discount Rate	%1.0	(585)	618	33	197,291	(112,989)	84,301	197,291	(112,989)	84,302
Mortality	%-10.0	(73,767)	71,672	(2,095)	86,109	(56,715)	29,395	86,109	(56,715)	29,394
Mortality	%10.0	74,488	(71,276)	3,212	(85,465)	56,885	(28,580)	(85,465)	56,885	(28,580)
Expenses	%-5.0	(22,424)	(20,531)	(42,955)	34,044	(20,531)	13,513	34,044	(20,531)	13,513
Expenses	%5.0	23,326	20,531	43,857	(33,141)	20,531	(12,610)	(33,141)	20,531	(12,610)

Fair value sensitivity analysis for fixed rate instruments

The Company accounts for fixed rate financial assets and liabilities at fair value. Therefore, a change in interest rates at the reporting date would not affect profit or loss. The interest rates are contractually agreed and remain constant throughout the maturity period.

36 Risk management (continued)

Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities in the market.

The Company is exposed to market risk with respect to its investments. The Company limits market risk by maintaining a diversified portfolio and by continuously monitoring the market. In addition, the Company monitors actively the key factors that affect stock market movements.

2.80% of the Company's investments, including investment properties, at the statement of financial position date are outside of the Sultanate of Oman (31 December 2023: 2.63%).

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss. Relevant financial instruments of the Company include bank balances, bank deposits and insurance premiums receivable. The Company monitors receivables on a regular basis and ensures bank balances and bank deposits are placed with reputable financial institutions.

Premiums receivable comprise a large number of customers mainly within the Sultanate of Oman.

The maximum credit exposure to credit risk for premiums and re-insurance receivable at the reporting date by geographic region are as follows:

	2024	2023
Sultanate of Oman	**15,251,978**	9,770,885
Europe	**3,069,309**	2,759,572
Middle East	**845,563**	2,449,106
Other Asian countries	**174,578**	296,557
	19,341,428	15,276,120

The maximum exposure to credit risk of the above for premiums and reinsurance premiums receivable at the reporting date by type is as follows:

	2024	2023
Corporate clients	**13,652,947**	8,212,690
Individuals	**1,112,752**	747,911
Reinsurers	**4,575,729**	6,315,520
	19,341,428	15,276,121

The credit quality of financial assets is determined by the customers' history of meeting commitments, market intelligence related information and management's experience. External ratings generally are not available in the environment in which the Company is operating.

Credit quality of financial assets

In accordance with the credit policy of the Company, customers, brokers, agents and reinsurers are extended a credit period in the normal course of business of up to 60 days, which in some cases, due to the market conditions and historical business relationship with the customers may be extended by a further period of 30 days as the demands of business may require. The credit quality of financial assets is determined by the counterparties' history of meeting commitments, market intelligence related information and management's trade experience. External ratings generally are not available in the environment in which the Company is operating.

Notes to the financial statements (Cont.)

for the year ended 31 December 2024

36 Risk management (continued)

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity requirements are monitored regularly and management ensures that sufficient funds are available, including unutilised credit facilities with banks, to meet any commitments as they arise.

Maturity profile

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

Financial Instrument

2024	Interest/mark-up bearing			Interest/mark-up bearing			
	Maturity within one year	Maturity after one year	Sub total	Maturity within one year	Maturity after one year	Sub total	Total
	RO	RO	RO	RO	RO	RO	RO
Financial assets							
Cash and cash equivalents	9.011.347	-	9.011.347	-	-	-	9.011.347
bank deposits	5.650.000	28.192.674	33.842.674	-	-	-	33.842.674
Investment in money market fund	10.777.971	-	10.777.971	-	-	-	10.777.971
Investments at amortised cost	693.592	12.770.337	13.463.929	-	-	-	13.463.929
Other receivables	-	-	-	694.294	-	694.294	694.294
Total financial assets	26.132.910	40.963.011	67.095.921	694.294	-	694.294	67.790.215
Financial Liabilities							
Optional convertiable bonds	1.000.000		1.000.000	-	-	-	1.000.000
Other payables	1.388.469	-	1.388.469	-	-	-	1.388.469
Total financial liabilities	2.388.469	-	2.388.469	-	-	-	2.388.469

36 Risk management (continued)

2023	Interest/mark-up bearing			Interest/mark-up bearing			
	Maturity within one year	Maturity after one year	Sub total	Maturity within one year	Maturity after one year	Sub total	Total
	RO	RO	RO	RO	RO	RO	RO
Financial assets							
Cash and cash equivalents	15,060,998	-	15,060,998	709,280	-	709,280	15,770,278
bank deposits	27,692,674	-	27,692,674	-	-	-	27,692,674
Investment in money market fund	2,198,090	-	2,198,090	-	-	-	2,198,090
Investments at amortised cost	4,221,397	9,530,146	13,751,543	-	-	-	13,751,543
Other receivables	-	-	-	873,551	-	873,551	873,551
Total financial assets	49,173,159	9,530,146	58,703,305	1,582,831	-	1,582,831	60,286,136
Financial Liabilities							
Optional convertible bonds	1,000,000	1,000,000	2,000,000	-	-	-	2,000,000
Other payables	1,188,589	-	1,188,589	-	-	-	1,188,589
Total financial liabilities	2,188,589	1,000,000	3,188,589	-	-	-	3,188,589

Non - Financial instrument

Particulars	**31 December 2024**		31 December 2023	
	Within one year	**Total**	Within one year	Total
Insurance funds	**91,982,057**	**91,982,057**	84,199,975	84,199,975
Reserves withheld from reinsurers	**8,548,351**	**8,548,351**	8,346,860	8,346,860
Due to reinsurers	**2,615,962**	**2,615,962**	7,999,421	7,999,421
Net principal liabilities	**103,146,370**	**103,146,370**	100,546,256	100,546,256

36 Risk management (continued)

Claims

The table below summarizes actual claims compared with previous estimates of the undiscounted amount of the claims. The Company presents information on the gross and net claims development for claims incurred 10 years before the reporting period. The Company reconciles the LIC presented in the table with the aggregate carrying amount of the groups of insurance contracts.

2024

Gross claim development undiscounted ultimate gross claims										Accident year
	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
	RO	**RO**	**RO**	**RO**	**RO**	**RO**	**RO**	**RO**	**RO**	**RO**
At end of claim year	**18.692.274**	**30.678.082**	**30.577.152**	**106.221.958**	**19.362.412**	**28.149.451**	**38.590.165**	**27.862.265**	**39.254.183**	**41.409.411**
One year later	**37.942.991**	**38.995.097**	**35.819.145**	**98.681.459**	**24.374.942**	**29.941.643**	**43.876.827**	**34.120.396**	**35.365.359**	**-**
Two year later	**38.638.342**	**36.733.955**	**31.517.289**	**83.435.219**	**22.619.962**	**26.808.113**	**41.941.706**	**34.126.209**	**-**	**-**
Three year later	**38.596.538**	**38.720.175**	**31.296.413**	**84.088.661**	**22.306.043**	**26.284.700**	**42.519.184**	**-**	**-**	**-**
Four year later	**38.784.707**	**38.673.848**	**31.110.604**	**84.015.269**	**22.418.637**	**26.337.683**	**-**	**-**	**-**	**-**
Five year later	**38.350.579**	**38.788.422**	**31.032.487**	**83.443.432**	**22.173.323**	**-**	**-**	**-**	**-**	**-**
Six year later	**38.312.500**	**38.749.047**	**31.058.637**	**83.294.171**	**-**	**-**	**-**	**-**	**-**	**-**
Seven year later	**38.303.148**	**38.703.181**	**31.028.247**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Eight year later	**38.291.874**	**38.500.681**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Nine year later	**37.994.133**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

2023

Gross claim development undiscounted ultimate gross claims										Accident year
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	RO	RO	RO	RO	RO	RO	RO	RO	RO	RO
At end of claim year	35,233,832	18,692,274	30,678,082	30,577,152	106,221,958	19,362,412	28,149,451	38,590,165	27,862,265	39,254,183
One year later	70,688,214	37,942,991	38,995,097	35,819,145	98,681,459	24,374,942	29,941,643	43,876,827	34,120,396	-
Two year later	77,202,109	38,638,342	36,733,955	31,517,289	83,435,219	22,619,962	26,808,113	41,941,706	-	-
Three year later	78,540,520	38,596,538	38,720,175	31,296,413	84,088,661	22,306,043	26,284,700	-	-	-
Four year later	78,393,449	38,784,707	38,673,848	31,110,604	84,015,269	22,418,637	-	-	-	-
Five year later	75,687,398	38,350,579	38,788,422	31,032,487	83,443,432	-	-	-	-	-
Six year later	75,723,081	38,312,500	38,749,047	31,058,637	-	-	-	-	-	-
Seven year later	91,349,163	38,303,148	38,703,181	-	-	-	-	-	-	-
Eight year later	91,380,845	38,291,874	-	-	-	-	-	-	-	-
Nine year later	91,368,586	-	-	-	-	-	-	-	-	-

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors both the demographic spread of the shareholders, as well as the return on capital, which the Company defines as total equity and the level of dividends to ordinary shareholders.

Notes to the financial statements (Cont.)

for the year ended 31 December 2024

36 Risk management (continued)

There were no changes in the Company's approach to capital management during the year.

The Company is subject to capital requirements imposed by local regulatory authorities.

	31 December 2024	31 December 2023
Optional Convertible bonds	**1,000,000**	2,000,000
Other payables	**2,374,651**	2,301,222
Insurance contract liabilities	**90,679,373**	91,024,539
Reinsurance contract liabilities	**2,107,167**	1,021,274
Cash and cash equivalents	**(9,011,347)**	(15,765,063)
Reinsurance contract assets	**(42,186,723)**	(46,551,398)
Net debt	**44,963,121**	34,030,574

	31 December 2024	31 December 2023
Share capital	**13,000,000**	12,000,000
Retained earnings	**8,699,669**	7,575,026
Legal reserve	**2,435,970**	2,017,957
Contingency reserve	**13,000,000**	12,000,000
Investment fair value reserve	**1,440,068**	963,275
Revaluation reserve in equity investees	**124,438**	-
Revaluation reserve	**-**	-
Total shareholder's equity	**38,700,145**	34,554,235
Total capital and net debt	**83,663,266**	68,584,809
Gearing ratio	**54%**	50%

37 Fair value

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

The fair values of the Company's financial assets and liabilities, with the exception of certain unquoted investments, are not materially different from their carrying values as at the statement of financial position date.

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments:

Investment in equity securities

The fair value of financial assets at fair value through profit or loss is determined by reference to their quoted bid price at the reporting date.

Financial liabilities

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Receivables

The fair value of receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

38 Comparative figures

Certain comparative information/corresponding figures have been either regrouped or reclassified, wherever necessary, in order to conform with the presentation adopted in the current year's financial statements, the effect of which is not material, and which does not result in any changes in net profits or shareholders' equity, except for the matters as stated in Note 41.

39 Legal court cases and contingent liabilities

(a) Legal court cases

As at 31 December 2024, the Company has the following outstanding contingent assets arising from legal cases filed against its ex-employees for misappropriation of funds and misusing their authority for personal gains. However, these employees have filed counter claims against the Company which can lead to contingent liabilities in future.

	31 December 2024	31 December 2023
Contingent assets		
The Company had filed a civil case against the ex-Chief Executive Officer, to repay RO 1,124,986 plus 6.5% interest and court expenses. The Company lost the case in the Appeals Court but appealed the decision which was accepted by the Supreme Court, who transferred the case to Muscat Appeals Court. The Appeals Court has issued judgment in favour of the Company to enforce ex-Chief Executive Officer to pay the amount. The ex-Chief Executive Officer filed an objection before the Supreme Court, which got rejected on 22 June 2022. The Company has submitted an application to the enforcement judge to go ahead with the enforcement proceedings.	**925,486**	925,486
Eviction case was filed against the ex-Chief Executive officer for the villa occupied by him that was given to him by the Company. The Primary Court has rendered a judgment condemning the ex-Chief Executive officer to vacate the villa and pay RO 3,000 per month from 1 September 2016. The ex-Chief Executive Officer has filed an appeal against vacating the villa. The Appeals Court has issued judgment in favour of the Company. On 1 April 2021, the Court sent a letter to Muscat Clearing and Depository ("MCD") to provide details of the amount of shares owned by the ex-Chief Executive Officer but so far MCD has not responded.	**142,534**	142,534
A judgment was issued by Muscat Primary Court for an eviction case filed against the ex-General Manager for villa rent and utility consumption which was earlier paid by the Company. There are no assets in the name of the ex-General Manager. The Company is considering enforcing the judgment in Syria. The enforcement file is still open at the court.	**34,940**	34,940
Total (a)	**1,102,960**	1,102,960

(b) Contingent liabilities

	2024	31 December 2023
Letters of lien against fixed deposits (note 9)	**31,347,385**	27,027,025

(c) Legal claims

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

40 Subsequent events

There were no events occurring subsequent to 31 December 2024 and before the date of the report that are expected to have a significant impact on these financial statements.

41 Initial adoption of IFRS 9 and IFRS 17

During the year ended 31 December 2023, the Company had initially applied IFRS 17 Insurance Contracts (IFRS 17), which replaced IFRS 4 Insurance Contracts (IFRS 4), including any consequential amendments to other standards, from 1 January 2023. These standards brought significant changes to the accounting for insurance and reinsurance contracts. As a result, the Company had restated certain comparative amounts for the year 2022 to give effect to the application of these standards.

Note 4 (c) of the Company's financial statements for the year ended 31 December 2023 contains the detailed disclosure relating to the impact of adoption of IFRS 9 and IFRS 17.

42 Restatement of insurance contract liabilities

The corresponding figures as at, and for the period ended 31 December 2023, and as at 1 January 2023, presented for comparative purposes, have been restated to reflect a refinement in the measurement of insurance contract liabilities. This adjustment arises from the adoption of an enhanced approach to the accounting for unallocated loss adjustment expenses reserve (ULAE), aligning with the Company's evolving methodology under IFRS 17, which was not considered at the time of first time adoption of IFRS 17 in the year 2023.

In accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', the management has accounted for the ULAE by restating the opening balance of insurance contract liabilities and retained earnings for the year ended 31 December 2023 and the insurance service expenses reported for the year ended 31 December 2023.

As at 1 January 2023	As Previously reported	Restatement adjustments	As restated
Statement of financial position			
Insurance contract liabilities	83,932,763	1,525,275	85,458,038
Retained earnings	5,683,980	(1,525,275)	4,158,705
As at and for the period ended 31 December 2023			
Statement of financial position			
Insurance contract liabilities	89,514,265	1,510,274	91,024,539
Retained earnings	9,086,800	(1,511,774)	7,575,026
Legal reserve	2,016,457	1,500	2,017,957
Statement of profit or loss and other comprehensive income			
Insurance service expense	42,397,029	(15,001)	42,382,028
Net profit before tax for the year	7,330,533	15,001	7,345,534