المدينة تكافل
Al Madina Takaful
Everything in harmony في تناغمٍ تام

ANNUAL REPORT **2022**

His Majesty Sultan Haitham bin Tariq

CONTENTS

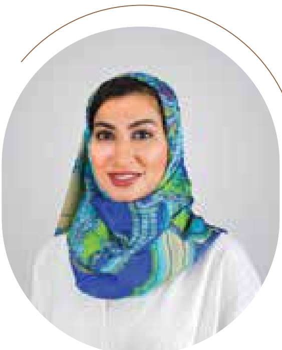
BOARD OF DIRECTORS

H.E Dr. Mohammed Ali Al Barwani
Chairman

Eng. Abdulrahman Awadh Barham
Deputy Chairman

H.E. Shaikh Abdulrahman Mohamed Jabor M. Al Thani
Director

Mr. Saleh Nasser Al Riyami
Director & Chairman of Audit Committee



Ms. Safana M. A. Al Barwani
Director

Mr. Said Saleh Al Jabri
Director

Dr. Yousuf Salim Al Hinai
Director

Dr. Khalid Al Amri
Board advisor

SHARI'AH SUPERVISORY COMMITTEE

Sheikh Dr. Mohammad Daud Bakar
Chairman of Shari'ah
Supervisory Committee

Sheikh Abdul Sattar Al Kattan
Vice Chairman of Shari'ah
Supervisory Committee

Sheikh Dr. Amin Fateh
Executive Member & Secretary
of Shari'ah Supervisory Committee

Dr. Wail Saif Al Harrasi
Member of Shari'ah
Supervisory Committee

THE MANAGEMENT TEAM

Mr. Usama Al Barwani
Chief Executive Officer

Mr. Shakaib Mahmood
Deputy Chief Executive Officer

THE MANAGEMENT TEAM

Mr. Hamed Al Siyabi
Head of Internal Audit
& Shari'ah Audit

Ms. Wafaa Al Riyami
Head of Compliance

Mr. Muamen Ali Ibrahim
Head of Legal-Corporate Affairs

Mr. Ipe Issac
Head of Underwriting

Mr. Aneesh Varghese
Acting Head of Business Operation

Mr. Suresh Kumar
Head of Claims

Mr. Hitesh Popat
Acting Finance Controller

Mr. Manjunath KS
Acting Manager Investment

CHAIRMAN'S REPORT

Dear Shareholders,

Assalamu alaikum wa rahamatullahi wa Barakatuh!

(May the Peace, Mercy and Blessing of Allah be with you!)

On behalf of the Board of Directors, and Management team of Al Madina Insurance Co ("Al Madina" or "the Company"), I am pleased to present to you the results achieved by your Company for the financial year ended on 31 December 2022.

FY2022 was marked by constant uncertainties and was one of the most challenging years for the Insurance industry in Oman, whereby the economic activities of the country, started recovering to pre- pandemic levels, as a result of which the loss ratios in certain lines of business also rose to pre-pandemic levels. We also witnessed hardening of the reinsurance market due to natural catastrophies in the Sultanate of Oman and high inflation rates in Europe and other Global markets accompanied by some capacity withdrawals from the region and consolidation of insurance companies in Oman and the GCC countries. Despite these factors, Al Madina continued to maintain its market share, by disciplined and targeted, underwriting practices to price risks correctly, ensuring that core underwriting profitability is maintained.

Al Madina demonstrated robust results and achieved another successful year of underwriting performance during FY2022, despite continued challenges faced by the insurance industry and growing concerns around global recession. Your Company retained its position of being the 3rd largest Insurance Company in Oman, with Gross written contributions (GWC) of RO 44.7 million (FY 2021:RO 44.1 million), a growth of RO 0.6 million as compared to the last financial year.

Al Madina has a well-balanced Insurance portfolio with all lines of business contributing positively to the underwriting surplus. Your Company also exceeded its insurance operations budget and is among very few companies operating in Sultanate of Oman, which are reporting profits from underwriting and operations this year. The FY2022 financial results delivered by your Company reflect it's intent to deliver consistent surplus from Insurance operations so that the Policyholder's interest is safeguarded while we continue to reward our shareholders. In the year 2022, the shareholders provided Hiba, amounting to RO 2.3 million to support the policyholder's fund General and Family Takaful (FY 2021: RO 3.1 million). This was done to reduce the deficit in the policyholders account and in compliance with the recommendation of the Regulators. The Company has systematically reduced the deficit in Policyholder's account from RO 3.9 million at the beginning of FY2016 to a deficit of only RO 146 thousand at the year ended, 31 December 2022.

The overall Profit before tax, of the company stood at RO 1.64 million for FY2022, as compared to RO 1.59 million last financial year. This was despite the increased claims and other adverse circumstances faced by the Company during the financial year 2022.

Operating Environment

The listed Insurance companies in Oman saw a growth of 30% in their topline during FY 2022, with premium volumes increasing from RO 404 million in FY 2021 to RO 523 million in FY2022. However, the Insurance sector, saw significant decrease in profitability, due to higher claim reporting in Motor and Medical segment as normalcy returned alongside the competitive pricing pressures in the market.

However, in this tough economic environment, along with the pricing challenges prevailing in the insurance market, your Company was able to deliver an exceptional performance and recorded a 6% growth in Net earned contributions from RO 14.3 million in FY2021 to RO 15.2 million in FY2022. This was achieved through the application of strict underwriting discipline and a focused sales strategy for the successful conversion of new business opportunities.

Results from Operations

Your Company continues to deliver stable growth while strengthening adequacy & sufficiency of its reserves. The underwriting surplus from Takaful operations before investment income, mudarib share and Wakala fees but after adjustment of commission expenses, has increased to RO 4.95 million in FY2022 as compared to RO 4.88 million in FY2021. This was achieved through the application of prudent underwriting, effective risk selection and efficient claims administration backed by high-quality global reinsurance arrangements.

Al Madina is continuously improving its core competencies and maintains a healthy and well-balanced portfolio across all lines of business, which has resulted in a remarkable 15% increase in the operating surplus as compared to the previous financial year, despite the increase in Incurred claims by 17%.

Your Company is constantly striving to enhance its customer experience by ongoing process efficiency, quick turnaround, professional expertise, top of the line claims servicing and adopting the best international practices in the field of insurance operations.

Investment Income

The investment environment remained very uncertain and unpredictable due to multiple headwinds, escalation of geopolitical tensions, inflationary concerns, and the looming possibility of global recession. In this volatile macroeconomic environment, your Company demonstrated a resilient investment performance and registered a total investment income (shareholders and policyholders) of RO 1.37 million, in FY2022 as compared to RO 1.35 million during FY2021.

The investment portfolio of your Company is prudently managed and well diversified across various asset classes. Al Madina has enhanced its portfolio's ability to generate sustainable risk adjusted returns from its investments in correlation with the prevalent theme of market volatility and uncertainties.

Shareholders' profit

Al Madina registered yet another year of successful financial performance from the perspective of shareholder's profit. Your Company reported a 11% increase in profit attributable to the shareholders amounting to RO 1.06 million, in FY2022 as compared to the previous year profit of RO 0.95 million.

Risk Management

Your Company constantly evaluates its risks associated with the insurance business as well as its investments and adopts necessary measures to manage these risks.

Dividend policy

Your Company adopts a well-balanced dividend policy for the distribution of profit and remains committed to delivering value to your investments. Your Company has a track record of consistent dividend payments over the last six years, this reflects our continuing financial strength even in the most subdued market conditions.

Company's Outlook & Vision

As we embark into the post-pandemic era, we are extremely optimistic about the year 2023, as the Insurance industry in Oman is poised for a period of stable growth and the overall outlook appears to be positive, as markets have witnessed some stability in the oil prices. Our emphasis will be on stability and sustainable growth, while keeping the focus on some key drivers such as customer service, launching of new products, technological innovations and regulatory changes. Much will also depend on how the global reinsurance market responds to the rapid frequency of natural catastrophic events in Oman, subsequently impacting reinsurance pricing in addition to the availability of reinsurance capacities and issues of risk concentrations. Apart from these, public spending, foreign investment, market credit issue and cashflow will also be crucial factors for the growth of the Insurance industry.

Our position in the market, combined with strong underwriting fundamentals will enable us to continue our endeavor to provide sustained growth and profitability to all stakeholders in FY2023. We expect to maintain our market position in line with our projection for FY2023, by strengthening the distribution channels and supply chains. Furthermore, mandatory health insurance is expected to be rolled out in 2023 and it is expected to give a thrust to the Health Insurance market. Al Madina has fulfilled the licensing requirement and awaits further instructions of Capital Market Authority.

The Company continues to maintain its steady track record of always being driven by and supportive of, national objectives, such as in job creation and Omanization.

Al Madina will continue to invest in technology - driven innovation, IT upgrades, process automation and increased digitalization of insurance processes. The Company, with its well-planned growth strategy is well positioned to achieve stable growth and Operational Profit in FY2023 through disciplined underwriting, process efficiency, focused sales planning, and superior customer service.

The Company will continue to look at growing opportunities within the Islamic finance space to generate stable yield on its investment book and to achieve the targeted investment returns for shareholders and policyholders.

Acknowledgements

It gives me immense pleasure to express appreciation on behalf of the Board. We extend our thanks to our customers, business partners, shareholders, Sharia Supervisory committee and staff members, for their support and contributions during the financial year ended, 31st December 2022. We also thank and appreciate the Capital Market Authority for their constant support and their initiatives oriented towards the Insurance market, with a special emphasis on the development of Takaful Insurance in the country.

On behalf of the Board, I take this opportunity to express our most sincere gratitude to His Majesty Sultan Haitham Bin Tariq Al Said, for his dynamic and progressive leadership. We are confident that under the leadership of His Majesty, the Sultanate will continue to march toward further progress, development, and prosperity.

May God Bless you all.

For/ Dr. Mohammed Ali Al Barwani

Chairman of Board of Directors

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Introduction

Year 2022 was one of the most challenging years for the insurance sector, where markets slowly returned to pre-pandemic levels, due to higher claims trend particularly in Motor and Medical classes of Business. However, the performance of the Company was far better than its projections. The Company recorded a growth in Gross Written Contributions (GWC) of RO 44.7 million (FY-2021-RO 44.1 million), a growth of RO 0.6 million despite the market challenges.

We saw extreme hardening of reinsurance market especially in Property and Engineering lines of businesses, and many global reinsurers have withdrawn their capacity from Oman market in view of continued natural catastrophic events. This also has impacted the reinsurance pricing and treaty renewals. On the other hand, we also witnessed consolidation of insurance companies in Oman and the GCC region.

Al Madina registered another successful year of underwriting performance and made a remarkable growth of 15% in its operating profit. Further, we also retained our position of being the 3rd largest Insurance Company (Combined both Takaful and Conventional) and continue to remain the Top takaful insurance provider in Oman.

Al Madina's, investment in digitization of its processes prepared itself to operate seamlessly and efficiently enhance its customer service. The 2022 financial results delivered by the Company reflect our intent to deliver consistent surplus from Insurance operations so that the Policyholder's interest is safeguarded while we continue to reward our shareholders.

In the year 2022, the shareholders provided Hiba amounting to RO 2.3 million to support the policyholder's fund General and Family Takaful (FY 2021-RO 3.1 million). This was primarily done to reduce the deficit in the policyholders account and in compliance with the recommendations of the regulator. The Company also steadily reduced the deficit in policyholders account from RO 3.9 million from the year 2016 to a deficit of only RO 146 thousand as of 31 December 2022.

The Company made considerable progress on the new IFRS-17 standard as per the regulatory requirements and paused due to issuance of new AAOIFI equivalent IFRS-17 standard. Further, Risk based solvency has also been introduced by CMA wherein strength of the Insurance Companies' capital adequacy will be tested.

Financial Performance

		Participants fund		Consolidated	
(In OMR '000)	Shareholders fund	General Takaful	Family Takaful	2022	2021
Gross Written Contributions	-	41,618	3,090	44,708	44,124
Net Retained Contributions	-	14,696	701	15,397	14,835
Net Earned Contributions	-	14,525	690	15,215	14,341
Net Claims Incurred	-	(8,352)	(302)	(8,654)	(7,419)
Provision for impairment of receivables	-	(105)	(15)	(120)	(459)
Surplus from Takaful Operations before investment income, mudarib share and Wakala fees	-	6,353	372	6,725	5,995
Investment income-net	831	472	64	1,367	1,351
Wakala Fees	8,942	(8,324)	(618)	-	-
Mudarib share	295	(260)	(35)	-	-
Hiba given from Shareholder to policyholders	(2,300)	1,950	350	-	-
General, administrative and commission expenses	(6,455)	-	-	(6,455)	(5,760)
Shareholders Profit before tax and policy holders' surplus	1,313	191	133	1,637	1,586
Taxation	(252)	-	-	(252)	(193)
Total Profit after tax and surplus for the year	1,061	191	133	1,385	1,393
Earnings per share (in OMR)	0.006	-	-	0.006	0.005
Book value per share attributable to shareholders (in OMR)	0.125	-	-	0.125	0.130

Business

The Company has shown growth in all the key performance parameters such as Gross Written Contribution, Net Written Contribution, Underwriting Surplus and operating surplus etc. We registered a growth of 15% in operating surplus compared to previous financial year despite increase in Incurred claim by 17% due to higher claim reporting, particularly in Motor and Medical class of businesses.

In 2022, retaining existing portfolio without compromising the profitability and reinsurance security standards were the major challenges coupled with the credit crunch in the market. The Company faced challenges during treaty renewal due to hardening of reinsurance market and change of reinsurance appetite for Oman Market. However, we managed to renew our treaty program with least impact in view of our underwriting standards despite the hardening condition of the reinsurance market.

Al Madina has one of the most balanced Insurance portfolios with all lines of business contributing positively to the Underwriting surplus. The Company continues to be a major energy insurer in Oman. It also continues to be a major player in infrastructure risks & health insurance programs. This was achieved by your company by becoming the preferred partner for both international reinsurance market and local market. This reflects Company's Technical expertise and sound Underwriting.

Al Madina continued its mission of Superior Customer service with many technology- driven innovation and consumer centric strategies. Al Madina has also widened its presence through opening new agencies across Oman.

Al Madina is focused to grow its Market share in profitable business segment with the maximum retention in Premium. Al Madina has strengthened its direct sales team through recruitment of young and talented Omanis duly supported by company's mobile apps, interactive website, and secured payment gateways.

Claims

Post pandemic and full-fledge recovery of the economic activities in the market, the motor claims witnessed highest intimations during the last 5 years. The Medical line of business witnessed an upsurge in IP and OP claims over the last year. This was managed efficiently and steered in the right direction by enhancing the process effectiveness by digitalization of the complete claim cycle – from intimation to settlement & finally actual disbursement of the claims.

The client-centric approach reinforced the company's mission and values ensuring enhanced customer satisfaction with complaint's lodged being only 0.8% of the total claims intimations in the motor segment bench marking ourselves in the industry. A claim settlement ratio of 100% was achieved on the Cyclone Shaheen related claims by rigorous follow up with the clients and business sources. The Company ensured that all its Shaheen claims were processed on timely basis and with its strong liquidity position fulfilled its commitment to policyholders by way of speedy settlement of their claims.

The notable initiative was the Online Salvage Tendering module, which was well perceived and adopted by the Salvage buyers. Acknowledgements of our efforts from multitude of Customers and organizations has encouraged us to go further in 2022. On a focused manner the department was able to succeed in higher conversion of fast-track claims leading to enhanced customer satisfaction. The Company's Claims Reserves & Pricing Adequacy is validated by external actuary, and it has been found to be adequate.

The Company took steps to further enhance its supply chain network with respect to Motor and medical claims. Further tie ups and negotiations for discounts were accomplished with hospitals, TPA and dealers. This brought in tight controls on third party administrators, suppliers and shortened the claim processing duration. Combined effort on claim automation and various IT initiatives brought visible efficiency and contributed positively to the Company's operational performance.

Investment

The year 2022 was also incredibly challenging for the financial markets and the investment climate remained very volatile and unpredictable due to growing concerns regarding global recession and the steep trend of inflation rates.

Despite the overall pressures on the economy, the Company was able to grow the investment income (shareholders and policyholders) FY-2022 to RO 1.37 million as compared to RO 1.35 million as of Dec 2021. This has been possible due to prudent investment strategy adopted by the Company over the last couple of years. The investment portfolio of the Company continues to be well diversified with varied sources of return across various asset classes comprising of Wakala deposits, sukuks, real estate and equities.

The Company further intends to focus on defensive asset allocation strategy with increase in exposure to fixed income yielding sukuks and Wakala deposits. Within equities, we would adopt a bottom-up approach with emphasis on shari'ah compliant equity stocks with strong cash flows and unleveraged balance sheet and high dividend yields.

On the other hand, the rental income remained subdued due to soft property market. However, Al Madina has enhanced its portfolio's ability to generate sustainable income from its investments to achieve the targeted investment returns for its shareholders and policyholders.

HR & Manpower

Human Resources & administration team at AMI conducted various online in-house training programs for employees and workshops as per training plan submitted to CMA as per requirements for insurance companies. The HRA team in coordination with departments implemented a plan to ensure that business as usual status remains unchanged and without impacting customer service. The department continued to focus on devising and implementing programs to enhance the knowledge levels, process understanding and usage of technology.

The Omanization Percentage for the year 2022 stood at 78.26%. The Company is committed to build Capacity of talented and trained Omani professionals particularly in technical areas. It has started a Mentoring program combined with exhaustive Training at international levels to prepare future Omani Managers for the Company

IT

The Company pushed for Digitization of Insurance sales and services. The company's Digital strategy focuses on using technology to improve business performance by means of making relevant changes to existing products & processes, enabling automation, improving customer experience etc.

The company has set in place several IT Projects to improve business and bring more efficiency. This includes enhancing the website, online portal and in house systems for quicker issuance of policy by integrating with ROP systems. We have successfully launched our salvage tendering module, bringing efficiency and transparency to the salvage disposal process. Other projects like what's app channel for claim registration, customer satisfaction survey is in the process of launching which will improve efficiency in the Company's operations.

We have migrated our servers to the advanced hardware platform for improved system availability and data integrity.

Since, Information is an important business asset, the company always gave an important level of importance to protect the company's sensitive data. We have updated our existing IT policies and procedures documents in line with CMA guidelines and are scheduled to implement various mechanisms to protect our information assets. This includes Data classification, a tool to monitor Access management (PAM), data encryption etc. We have conducted the VAPT on our application, Firewall, endpoints, Wi-Fi, Internal / external networks and have taken steps to fix all the high-risk points based on the VA report.

The Company is also in process of evaluation and finalization with the assistance of the consultant for a suitable IT solution which will synchronize with the current IT software solution and meet the regulatory requirements of the new IFRS 17 standard.

Compliance department

Al Madina Insurance Company continued to focus on the Compliance with the regulatory requirements through supporting and developing the Company's compliance Department which conduct a consistent review of Company's operations in accordance with the rules and regulations set forth by the Regulator (CMA) and other Government entities.

Outlook

The year 2023 will continue to be more challenging than previous years although market have seen more stability in Oil Price. We expect market to return to pre-pandemic situation in 2023. Insurance industry in Oman is poised for a period of stable growth and the overall outlook appears positive but it will still depend on public spending and foreign investment. Market credit issue and cash flow will continue to be a challenging concern to most of the industries.

Our emphasis will be on stability and sustainable growth while keeping the focus on Customer service, launching of new products, technological innovations and regulatory changes will be key drivers.

We expect mandatory health Insurance to be rolled out in 2023 and is expected to give a thrust to the Health Insurance Market. Al Madina also sees opportunity for growth, as Oman leverages its geographical location to become a global tourist and hospitality hub. At the same time, diversification efforts are likely to bring opportunities in the areas of logistics, mining, and manufacturing.

Reinsurance market will be driven on technical pricing as rate correction are seen across all the lines of business wherever reinsurance capacity is required from Global Market. The adequacy in pricing will keep the momentum of profitable underwriting as the core objective and will assist future growth of insurance companies who have strong underwriting discipline. We expect the reinsurance market to remain hardened in 2023 due to frequent catastrophic losses across the globe. This will reflect in the pricing of Policies which would require support from global reinsurance market. However, locally retained policies will remain under pressure and prices are expected to come down further due to competition.

We expect to maintain our market position and focus more on increasing bottom line business and expect to show sustainable growth in profitability in 2023. Continued IT upgrades, Process automations and digitization of Insurance processes are expected to provide the necessary platform for a positive engagement with customers and grow on the back of a superior customer service.

The Company continues to monitor its investment book well while ensuring that all our investments are well diversified and remain shari'ah compliant to generate stable yield on its investment book and achieve the targeted investment returns for shareholders and policyholders.

Al Madina is optimistic that it will continue its success story in 2023 through its well-planned growth strategy, disciplined underwriting, efficient claims management, Process efficiency, cost optimization, is well positioned to achieve stable growth, Operational Profit, through focused sales planning and superior customer service.

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Agreed-Upon Procedures Report on Code of Corporate Governance of Al Madina Insurance Company SAOG

To the Board of Directors of Al Madina Insurance Company SAOG

Purpose of this Agreed-Upon Procedures Report

We were engaged by the Board of Directors of Al Madina Insurance Company SAOG (the "Company") to perform agreed upon procedures on the Company's compliance with the Code of Corporate Governance of Capital Market Authority ("CMA"), as prescribed in the CMA Circular No. E/10/2016 dated 1 December 2016 (together the "Governance Code"). Our report is solely for the purpose of assisting the Company in complying with the CMA requirements and may not be suitable for any other purpose.

Responsibilities of the Company

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

Management of the Company is responsible for accuracy and completeness of 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.

Practitioners' Responsibilities (continued)

Professional Ethics and Quality Control

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

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

Procedures and Findings

We have performed the procedures described below, which were agreed upon with the Company in the terms of our engagement letter dated 17 February 2022, on compliance with the requirements of the Governance Code:

S. No	Procedures	Findings
1	We compared the corporate governance report issued by the Board of Directors with Annexure 3 of the Governance Code to check if the Report includes as a minimum, all items suggested by CMA in the Annexure 3.	No exceptions found.

This report relates only to the items specified above and does not extend to the Company's financial statements taken as a whole.

KPMG

KPMG LLC
23 February 2023

KPMG
KPMG LLC
P O Box 641, PC 112
Shatti Al Qurum
Sultanate of Oman
CR.No: 1358131

REPORT ON CORPORATE GOVERNANCE

A. COMPANY'S PHILOSOPHY

Al Madina Insurance Company SAOG (the Company) has adopted the principles of Corporate Governance in accordance with the Code of Corporate Governance for Muscat Stock Exchange (MSX) companies and the principles of Corporate Governance for Insurance Companies, as pronounced by the Capital Market Authority (CMA) of the Sultanate of Oman.

The Company has the vision of being a leading takaful insurance company in Oman where leadership is measured in terms of profitability for its stakeholders, satisfaction for its customers and commitment for its employees. The Company aims to provide insurance service that conforms to culture, social ethos and needs of the community. The Company operates on guiding principles of transparency, integrity, innovation, teamwork and social responsibility.

The Board of Directors is committed to the highest standards of Corporate Governance. The Company deploys appropriate business strategy that is supplemented by sound internal controls. The performance of the Company and realization of its business objectives are based on transparency in its disclosures and compliance of code of corporate governance.

B. THE BOARD OF DIRECTORS

The Board has overall responsibility for the Company, including approving and overseeing the implementation of the Company's strategic objectives, governance framework and corporate culture. The Board is also responsible for providing oversight of Senior Management.

The Directors are elected for a period of three years. The election of the Board was conducted in 2021.

Details of Directors

Name	Position	Date of election	Independence of the director	Nomination
H.E. Dr Mohammed Ali Al Barwani	Chairman	25 March 2021	Non-Independent	Personal
Eng. Abdulrahman Awadh Barham	Dy. Chairman	25 March 2021	Independent	Personal
H.E. Sh. Abdulrahman Mohammed Jabor Al Thani	Director	25 March 2021	Independent	Personal
Mr. Saleh Nasser Al Riyami	Director	25 March 2021	Independent	Personal
Ms. Safana Mohammed Ali Al Barwani	Director	25 March 2021	Non -Independent	Personal
Mr. Said Saleh Al Jabri	Director	25 March 2021	Independent	personal
Dr. Yousuf Salim Al Hinai	Director	25 March 2021	Independent	Personal
Dr. Khalid Said Al Amri	Advisor	25 March 2021	Independent	Personal

B. THE BOARD OF DIRECTORS (continued)

The Board of Directors of the Company met five times during the year ended 31st December 2022-on 24th February, 26th April, 15th Jun, 26th July, and 24th October. Seven Directors attended the AGM that held on 24th March 2022.

The details of Directors' attendance during Board meetings are given below.

Name	24th February	26th April	15th June	26th July	24th October
H.E. Dr. Mohammed Ali Al Barwani	Yes	Yes	Yes	Yes	Yes
Eng. Abdulrahman Awadh Barham	Yes	Yes	No	Yes	Yes
H.E. Shaikh Abdulrahman Mohammed Jabor Al Thani	Yes	Yes	No	Yes	No
Mr. Saleh Nasser Al Riyami	Yes	Yes	Yes	Yes	Yes
Ms. Safana Mohammed Al Barwani	Yes	Yes	Yes	Yes	Yes
Mr. Said Saleh Al Jabri	Yes	Yes	Yes	Yes	Yes
Dr. Yousuf Salim Al Hinai	Yes	Yes	Yes	Yes	Yes
Dr. Khalid Said Al Amri	Yes	Yes	Yes	Yes	Yes

The details of Directors' setting fees are given below for the attended meetings during 2022:

Name	Position	Board Meetings attended	Sitting Fees RO
H.E. Dr. Mohammed Ali Al Barwani	Chairman	5	5,000
Eng. Abdulrahman Awadh Barham	Dy. Chairman	4	4,000
H.E Shaikh Abdulrahman Mohammed Jabor Al Thani	Director	3	3,000
Mr. Saleh Nasser Al Riyami	Director	5	5,000
Ms. Safana Mohammed Al Barwani	Director	5	5,000
Mr. Said Saleh Al Jabri	Director	5	5,000
Dr. Yousuf Salim Al Hinai	Director	5	5,000
Dr. Khalid Said Al Amri	Advisor	5	5,000

The AGM was held on 24th March 2022, and the details of Directors who attended the AGM meeting as follow:

Name	Attended
H.E. Dr. Mohammed Ali Al Barwani	Yes
Eng. Abdulrahman Awadh Barham	Yes
H.E Shaikh Abdulrahman Mohammed Jabor Al Thani	Yes
Mr. Saleh Nasser Al Riyami	Yes
Ms. Safana Mohammed Al Barwani	Yes
Mr. Said Saleh Al Jabri	Yes

B. THE BOARD OF DIRECTORS (continued)

Board Meeting	Date	Date Agenda was sent to the Board
1st Board Meeting	24-Feb-2022	14-Feb-2022
2nd Board Meeting	26-Apr-2022	18-Apr-2022
3rd Board Meeting (Urgent)	15-Jun-2022	14-Jun-2022
4th Board Meeting	26-July-2022	18-July-2022
5th Board Meeting	24-Oct-2022	17-Oct-2022

The minutes of the previous board meeting were presented in the next board meeting and approval has been obtained for the same from all the Board members.

During the AGM meeting that held during the year2022 , the shareholders approved the payment of remuneration to the members of the Board of Directors, estimated at RO 100,000 (one hundred thousand Omani Riyals).

Dr. Khalid Al Amri is Advisor to the Board and Audit Committee and has attended five (5) Board Meetings and five (5) Audit Committee Meetings. Sitting fees amounting to RO 9,000 has been paid to the Board's Advisor for attending the Board and Audit Committee meetings.

Responsibilities of Board of Directors

The Board's responsibilities are in compliance with all applicable laws of the Sultanate of Oman.

The Board of Directors responsibilities are as per the laws applicable in Sultanate of Oman, and determined in accordance with the Commercial Companies Law of 2019, and the executive regulations of the public joint stock companies issued in 2021 as per MD (27/2021) date 25th February 2021, the Insurance Companies Law (12/1979) as amended, and as per Article No. 5 of the Code of Corporate Governance for Insurance Companies issued by Circular No. (7/T/2005) dated 1st August 2005, and Takaful Insurance law that issued as per the Royal Decree No.(11/2016), in addition to all other relevant laws and regulations.

Profile of the members of the Board of directors

a) H.E. Dr. Mohammed Ali Al Barwani (Nationality: Omani)

H.E. Dr. Mohammed Al Barwani is founder and Chairman of MB Holding and has investments in various companies with interest in oil, gas, mining, engineering, financial services, and real estate. He currently holds the position of Chairman in Oman Air Board, and a Director in Nautilus Minerals (Toronto Stock Exchange), and UCL Resources (Australian Stock Exchange). Some of these companies are pioneers in conducting Islamic finance transactions in the country. This experience gives him a deep understanding of the subject and provides guidance to the Board and Management of the Company. He is also the Honorary Consul of the Republic of Poland to the Sultanate of Oman and has received various awards for achievement in business and public life.

b) Eng. Abdulrahman Awadh Barham (Nationality: Omani)

Eng. Abdulrahman Barham is the Vice Chairman of the Company's Board of Directors and has over 31 years of experience in handling and planning projects. He currently holds the position of CEO and investment committee member in Al Madina Real Estate and as an Advisory in Al Madina Investment. He has a profound understanding of the products relevant to finance real estate projects. He also holds the position of Director in Salalah Mills Company SAOG, Tilal Development Company SAOC, Shaden Development Company SAOC and Shaza Muscat Hotel Company SAOC.

B. THE BOARD OF DIRECTORS (continued)

Profile of the members of the Board of directors (Continued)

c) H.E. Sheikh AbdulRahman Mohammed Jabor Al Thani (Nationality: Qatari)

Sheikh AbdulRahman has over 41 years of experience in industrial investments and private sector. He currently holds the position of a Director in Al Madina Investment, Director in Oman & Qatar Company and Qatar Industrial Manufacturing. Also, He is involved closely with Islamic financial institutions in Qatar and is able to provide guidance based on his knowledge and expertise gained from these institutions.

d) Mr. Saleh Nasser Al Riyami (Nationality: Omani)

Mr. Saleh Al Riyami has more than 21 years of experience as an investment expert. He currently holds the position of Vice Chairman at Taageer Finance. Mr. Saleh has put in an effort to attract key Islamic Shari'ah scholars who are experts in Islamic financial services in the GCC region to provide consultation in the field of Islamic financial services in coordination with Omani consulting firms.

e) Ms. Safana Mohammed Ali Al Barwani (Nationality: Omani)

Ms. Safana has 16 years of experience in investment, insurance and real estate. She holds the position of Director in Mazoon Petro Gas, Risk Management Services and Interior Hotels. Ms. Safana is the Managing Director of MUSSTIR, the Omani real estate developer Company. She overseas development and management of all properties.

f) Mr. Said Saleh Al Jabri (Nationality: Omani)

Mr. Said Al Jabri has a proven leadership track record of driving excellence and offers management and strategic analysis.

Holding the post of the Director of Corporate Operations in MB Holding at a group level, he directs the progress of subsidiary companies against their established strategies. He also oversees the Human Resources, Legal, Medical and Communication functions at MB Holding.

Having spent long years in government and energy sectors, he brings in rich work experience. Mr. Said Al Jabri also serves as the chairman of Al Madina Investments SAOG and Protection Group International (UK). Additionally, he is a non-executive director in Turquoise Yachts and Ocean company and is part of multiple MB Group Companies' boards.

He holds a master's degree in business and adm inistration from the University of Wales Institute, Cardiff.

g) Dr. Yousuf Salim Al Hinai (Nationality: Omani)

Dr. Yousuf Al Hinai is an expert on risk management, he works as part of a core team that is developing the first National Risk Register for the Sultanate. Formed by the National Security Council (NSC - The Royal Office) the team has been tasked to develop the first risk register for Oman for the short and medium term. Dr. Yousuf is the only selected member from the civil sector.

Dr. Yousuf brings a distinguished mix of educational background, including a PhD in Information Systems from Australia, MSc in Disaster and Risk Management from the UK, MSc in Information Technology from the USA, and BSc in Business Studies/Information Systems from Sultan Qaboos University. From such educational journey, he brings a knowledge base combining risk and disaster management, digital transformation, and business expertise to help organisations achieve greater results.

h) Dr. Khalid Al Amri (Nationality: Omani)

Dr. Khalid Al Amri is the Advisor to the Board of Directors of the Company. Dr. Khalid has done his PhD in Financial Risk Management and Insurance (Major) and Finance (2nd Major) from the Temple University – Fox School of Business Philadelphia, USA. He is a MSc. in financial mathematics (Actuarial Science) from Boston University, USA and is currently a faculty member at the College of Economics and Political Science, Sultan Qaboos University.

C. AUDIT COMMITTEE

The Audit Committee comprising of three non-executive members is constituted by the Board, out of which two are independent members to guide the Finance, Audit and Compliance functions and to ensure adherence to best practices.

The Audit Committee met five times during the year ended 31st December 2022, on 22nd February 25th April, 13th June, 26th July, and 23rd October.

The details of Audit Committee meetings attended and sitting fees paid during 2022 are as follows:

Name	Position	Meetings attended	Sitting Fees RO
Mr. Saleh Nasser Al Riyami	Chairman	5	4,000
Ms. Safana Mohammed Al Barwani	Member	5	4,000
Dr. Yousuf Salim Al Hinai	Member	5	4,000
Dr. Khalid Said Al Amri	Advisor	5	4,000

Audit Committee Functions

The Audit Committee undertakes its responsibilities in accordance with section I of chapter VII of the Regulation for Public Joint Stock Companies that issued as per decision No. (27/2021) dated 25 February 2021 and article No. (6) of the Code of Corporate Governance for Insurance Companies issued in Circular No. (7/T/2005) dated 1st August 2005 and in accordance with Appendix No. (2).

Terms of reference of the audit committee

1. Considering the name of the statutory auditor in context of their independence (particularly with reference to any other non-audit services), fees and terms of engagement and recommending its name to the board for putting before AGM for appointment.
2. Reviewing audit plan and results of the audit and as to whether auditors have full access to all relevant documents.
3. Checking financial fraud particularly fictitious and fraudulent portions of the financial
4. statements. They should put in place an appropriate system to ensure adoption of appropriate accounting policies and principles leading to fairness in financial statements.
5. Oversight of internal audit functions in general and with reference to reviewing of scope of internal audit plan for the year. Reviewing the report of internal auditors pertaining to critical areas like underwriting, settlement of claims, provisions of technical reserves (liabilities of policy holders) reinsurance management, solvency margin, investments etc. Reviewing the efficiency of internal auditing and reviewing whether internal auditors have full access to all relevant documents.
6. Oversight of the adequacy of internal control systems as required by the Article 5(11) of the Code for Corporate Governance, through the regular reports of the internal and external auditors. They may appoint external consultants if the need arises.
7. Oversight and review of the annual financial statements, returns and solvency margin computation required to be submitted to the CMA and prepared in accordance with the Insurance Companies Law and its regulations. The audit committee shall review the regulatory returns before submission to the CMA.
8. Review of the annual and quarterly accounts before issue, review of qualifications in the draft financial statements and discussion of accounting principles. In particular, change in accounting policies, principles and accounting estimates in comparison to previous year, any adoption of new accounting policy and departure from AAOIFI Standards or International Financial Reporting Standards (IFRS), as applicable and non-compliance with disclosure requirements prescribed by the CMA should be critically reviewed.
9. Serving as channel of communication between external auditors, the board and the internal auditors and the board.
10. Reviewing risk management policies of the insurer as required by the article 5 (3) of the Code for Corporate Governance of Insurance Companies.
11. Reviewing proposed specific transactions with the related parties for making suitable recommendations to the board.

D. EXECUTIVE NOMINATION AND REMUNERATION COMMITTEE

The Executive Nomination and Remuneration Committee undertakes its responsibilities as per the Code of Corporate Governance for public listed companies.

The Committee held two meeting during the year 2022 on 21st of February and 26th December 2022. The details of Executive Nomination and Remuneration Committee named members and paid sitting fees during 2022 are as follows:

Name	Position	Meetings	Sitting Fees RO
H.E. Dr. Mohammed Ali Al Barwani	Chairman	2	1,600
H.E Sh. Abdulrahman Mohammed Jabor Al Thani	Member	2	1,600
Eng. Abdulrahman Awadh Barham	Member	-	-
Mr. Said Saleh Al Jabri	Member	2	1,600

The main roles of the Executive Nomination and Remuneration Committee are as follows:

- To provide guidance to the management on the implementation of the Company's strategies set by the Board and to review operational performance as well as investment objectives and to monitor the performance of the business on an on-going basis.
- To review financial targets, Investment strategy, Investment performance, budgets and forecasts before they are presented to the Board for sign-off and to ensure that the business is operating within the prescribed regulatory limits.
- To effectively manage Board and Board Committee appointments as required and to review the effectiveness of the Board on an annual basis. Further, the Committee are tasked with reviewing and approving any remuneration-based policy of the company including, and not limited to, senior management pay, company bonus schemes, company pay-rises, sales commission schemes, long term incentive plans and any changes to the HR policy.
- In performing its duties, the committee will maintain effective working relationships with the Board of Directors, the Company's management, the external and internal auditors.
- To perform their role effectively, each committee member will need to develop and maintain their skills and knowledge, including an understanding of the committee's responsibilities and of the company's business, operations and risks.

E. SHARI'AH SUPERVISORY COMMITTEE

The Company's business activities are subject to supervision of a Shari'ah Supervisory Committee (SSC) consisting of four members appointed by the shareholders of the Company. The SSC performs supervisory role inorder to determine whether the operations of the Company are conducted in accordance with the Islamic Shari'ah rules and principles.

The Shari'ah Supervisory Committee met four times during the year ended 31st December 2022 in 16th February, 7th March, 19th July and 19th October 2022.

The details of Shari'ah Supervisory Committee meetings attended and sitting fees paid during 2022 are as follows:

Name	Position	Meetings	Sitting Fees RO
Dr. Mohammed Daud Baker	Chairman	4	3,000
Sheikh Abdul Sattar Kattan	Vice Chairman	4	3,000
Dr. Amin Fateh	Executive Member	4	3,000
Dr. Wail Saif Al Harrasi	Member	4	3,000

Shari'ah Supervisory Committee provides assurance that the accounting policies are in line with AAOIFI standards. The SSC also reviews the policies and procedures of the Company, Investment policies, financial statements, Re-Takaful arrangements and all other activities are in conformity with Islamic Shari'ah rules and principles.

F. CORPORATE SOCIAL RESPONSIBILITY

During the year 2022, the Company spent a total amount of RO 19,900 towards CSR activities.

Out of which amount RO 4,000 (20% of total allocated budget for CSR activities) has been transferred to the Oman charitable organization as per CMA requirement.

G. PROCESS OF NOMINATION OF DIRECTORS

The Company follows the process of Nomination and Election of the Board of Directors as governed by the provision contained in the Article of Association and Commercial Companies Law and its Executive Regulation.

H. MANAGEMENT REMUNERATION MATTERS

The Company has appointed experienced and qualified professional managers as heads of departments. All employment is carried out based on specific job profile and description. The goals of Chief Executive Officer (CEO) are set by the Board and based on these goals every department's manager is given well set out goals that are clearly measurable. The CEO in conjunction with the Human Resource department conducts performance reviews half yearly and annually to ensure that targets are met. The remuneration package incentives are decided based on performance. Every employee holds a valid employment contract, signed by self and the Company.

The contracts have been prepared in accordance with the guidelines issued by Ministry of Labor in the Omani Labour Law.

The gross remuneration paid during the year to the top 4 officers of the Company including salary and allowances amounted to RO 487,758 (Short term benefits RO 465,023 and Employee end of services benefit RO 22,735). Company does not offer any stock options to any of its directors or employees.

Profile of the Executive Management of the Company

a) Usama Al Barwani, Chief Executive Officer

Mr. Usama has Executive Diploma in Strategic Management & Leadership – CMI, U.K.; A Postgraduate Diploma in Human Resource Management – CABA, Canada; Professional Diploma Certificate in TQM – Kaizen Institute, Japan; Diploma Certificate in Information & Systems Management and a Diploma in Education. He is also a Certified Islamic Specialist in Islamic Insurance – CIBAFI and a Certified Compliance Officer – AAFM.

He has 30 years of experience in H.R., Education, and Management. He has played a vital role in Shariah consulting services to transform the Company's activities into Takaful based insurance.

b) Shakaib Mahmood, Deputy Chief Executive Officer

Mr. Shakaib is a fellow member of the Institute of Chartered Accountants of India. He also holds a bachelor's degrees in law and a bachelor's degree in commerce. Shakaib has more than 30 years of experience of providing assurance and advisory services to the Insurance sector in Sultanate of Oman and working as a Dy.CEO. Prior to joining the Company in 2017, he was working as an Empowered Director, with one of the International big four Audit and Advisory firms in Oman since 1992, wherein his responsibilities included, Assurance & Advisory services to Banking and Insurance sector, along with Risk Management and Quality control of the Firm. He also acted as Head of Islamic Finance with the International Firm in Oman. He has extensive experience in training accountants and auditors. He has also provided his services as a Lecturer at Sultan Qaboos University for a couple of years, on behalf of his firm. Shakaib has also provided advisory services, to the Board of Directors and has acted as Non-Executive Independent Director on Board of a Regulated entity.

I. AREAS OF NON-COMPLIANCE

During the past three years (2020, 2021 & 2022) there was no penalty imposed by CMA & MSX on the Company due to Non-Compliance.

J. MEANS OF COMMUNICATION WITH SHAREHOLDERS

As per the legal requirements, a notice is sent to the shareholders for the Annual General Meeting together with the annual audited financial statements including details of related party transactions (which are entered into on an arm's length basis) along with the Chairman's Report and management Discussion and Analysis Report. The nature and value of related party transactions are disclosed by way of a note to the financial statements.

The Company has become a public joint stock company in December 2013. The quarterly results of the company are disclosed to the public through announcements in MSX website as per statutory requirements & Company's website **(www.almadinatakaful.com)**.

K. MARKET PRICE DATA AND DISTRIBUTION OF HOLDINGS

Market price data

Shares of the Company have been listed on the Muscat Stock Exchange on 10th December 2013.

The market price data of the shares for the year 2022 is as given below.

Month	Company's Market price (Baiza)		MSM 30 Index		Financial sector Index	
	High	Low	High	Low	High	Low
Jan-22	96	95	4,156	4,116	6,637	6,553
Feb-22	97	96	4,057	4,036	6,442	6,380
Mar-22	93	93	4,214	4,196	6,795	6,763
Apr-22	95	94	4,168	4,158	6,605	6,594
May-22	94	93	4,139	4,114	6,595	6,555
Jun-22	92	92	4,136	4,111	6,632	6,591
Jul-22	92	92	4,554	4,509	7,285	7,211
Aug-22	92	89	4,585	4,562	7,359	7,321
Sep-22	87	85	4,529	4,482	7,217	7,135
Oct-22	88	85	4,379	4,338	7,003	6,933
Nov-22	85	83	4,622	4,607	7,513	7,489
Dec-22	90	90	4,881	4,854	7,943	7,903

Pattern of Shareholding

SHAREHOLDER	NO. OF SHARES	% HOLDING
1. Mohammed Al Barwani Holding Co. L.L.C.	45,250,001	25.86

L. DECLARATION BY THE BOARD OF DIRECTORS

We the board of directors hereby confirms that:

- The financial statements are prepared and presented in accordance with the Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).
- Necessary policies and procedures are approved which are necessary for strategy implementation and smooth operational performance.
- Internal control system of the Company is efficient and adequate and complies with the internal rules and regulations of the Company; and
- There are no material matters, which will affect the Company's ability to continue its operations in the coming financial years.

M. PROFILE OF THE STATUTORY AUDITORS

The shareholders of the Company appointed KPMG as its auditors for 2022. KPMG LLC in Oman was established in 1973 and is part of KPMG Lower Gulf Limited. KPMG in Oman employs more than 150 people, amongst whom are six partners and six directors, including Omani nationals. KPMG is a global network of professional services firms providing Audit, Tax and Advisory services. It operates in 143 countries and territories and have 265,000 people working in member firms around the world. KPMG Lower Gulf is part of KPMG International Cooperative's global network of professional member firms.

During the year 2022, audit fees amounting to RO 28,000 was charged by the external auditors in respect of the services provided by them to the company. In addition, an amount of RO 6,617 was paid for other non-audit services which were provided by the external auditors during the year 2022.

For Al Madina Insurance Company SAOG

المدينة تكافل
Al Madina Takaful

بسم الله الرحمن الرحيم

In the name of Allah,
The Most Merciful, the All Beneficent

The report of the Shari'ah Supervisory Committee of Al Madina Insurance (Takaful) For the year ended on 31 December 2022

Praises to Allah, the Almighty, Prayers and Peace be Upon the True Messenger, His Relatives and All His Companions.

To the Shareholders of Al Madina Insurance (Takaful):

Peace and Blessings be upon you and hereafter,

In compliance with our appointment to undertake the duties of Shari'ah supervision, and after observing the company's activities, businesses and investments we hereby submit the following report:

The Shari'ah Supervisory Committee reviewed the procedures relating to the Takaful transactions and the applications introduced by the company for the year ended on 31 December 2022. The Committee has reviewed and confirmed the implementation of the principles and guidelines governing the relationship between the participants and shareholders in order to identify the rights of each side. Discussions took place with the Company's officers with regard to its items and the attached Notes.

The Committee gave its Shari'ah directives for Takaful transactions and answered the queries made by the management.

The management is responsible for ensuring that the company conducts its business in accordance with Islamic Shari'ah Rules and Principles. It is our responsibility form an independent opinion. based on our review of the operations of the company, and to report to you.
In our opinion:

1. The contracts, transactions, policies and deals concluded by Al Madina during the year ended 31 December 2022, which we have reviewed, are in compliance with the rulings and principles of Islamic Shari'ah.
2. The surplus distribution, charging of losses and expenses to the participants and shareholders fully confirm with the principles established by ourselves in compliance with Shari'ah rulings and principles.
3. The steps and actions were taking to spend any gains realized from prohibited sources or methods to charitable causes according to Charity Manual approved by us.
4. The calculation of Zakah is being calculated in compliance with Islamic Shari'ah rulings and principles and as directed by the Shari'ah supervisory Committee. It should be noted that responsibility for payment of Zakah is undertake by the shareholders.

We pray to Allah the Almighty to grant the Company continuous success for purifying business transactions from suspicions and prohibitions.

Peace and Blessings be upon you
Tuesday 23 Rajab 1444 AH corresponding to 14 February 2023 AD

AL MADINA INSURANCE
Sharia Supervisory Board لجنة الرقابة الشرعية

Chairman of the Shari'ah Supervisory Committee Sheikh Dr. Mohd Daud Bakar, ...

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Sultanate of Oman
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Independent auditors' report

To the Shareholders of Al Madina Insurance Company SAOG

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Al Madina Insurance Company SAOG ("the Company"), which comprise the statement of financial position as at 31 December 2022, the statement of participants' revenue and expenses, statement of comprehensive income, statement of changes in shareholders' equity, statement of changes in participants' fund, statement of cash flows and statement of sources and uses of funds in the charity fund for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and results of its operations, changes in participants' fund, changes in owners' equity, its cash flows, and charity fund for the year then ended in accordance with the Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI").

In our opinion, the Company has also complied with the Islamic Shariah Principles and Rules as determined by the Shariah Supervisory Committee of the Company during the year ended 31 December 2022.

Basis for Opinion

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

KPMG

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.

Valuation of takaful liabilities

See Note 2.3.1, 3(a),3(c), 9 and 35(f) to the financial statements.

The key audit matter	How the matter was addressed in our audit
• Takaful liabilities represents 67.5% of the total liabilities of the Company. • Valuation of these liabilities involves significant judgement and requires a number of assumptions to be made that have high estimation uncertainty. This is particularly the case for those liabilities that are recognised in respect of claims that have occurred but have not yet been reported ("IBNR") to the Company. IBNR is calculated by an independent qualified external actuary for the Company. • Small changes in the assumptions used to value the liabilities, particularly those relating to the amount and timing of future claims, can lead to a material impact on the valuation of these liabilities and a corresponding effect on profit or loss. The key assumptions that drive the reserve calculations include loss ratios, estimates of the frequency and severity of claims and, where appropriate, the discount rates for longer tail classes of business. • The valuation of these liabilities depends on accurate data about the volume, amount and pattern of current and historical claims since they are often used to form expectations about future claims. If the data used in calculating takaful reserves, or for forming judgements over key assumptions, is not complete and accurate then material impacts on the valuation of these liabilities may arise.	**Our response:** Our audit procedures supported by our actuarial specialists included: • evaluating and testing of key controls around the claims handling and case reserve setting processes of the Company. Examining evidence of the operation of controls over the valuation of individual reserve for outstanding claims and consider if the amount recorded in the financial statements is valued appropriately; • obtaining an understanding of and assessing the methodology and key assumptions applied by the management; • testing the completeness and accuracy of the data used in the calculation of IBNR reserve; • assessing the experience and competence of the Company's actuary and degree of challenge applied through the reserving process; • checking sample of reserves for outstanding claims through comparing the estimated amount of the reserves for outstanding claims to appropriate documentation, such as reports from loss adjusters; and • assessing the Company's disclosure in relation to these liabilities including claims development table is appropriate.

KPMG

Key Audit Matters (continued)

Recoverability of takaful and retakaful balance receivable

See Note 2.13, 3(b), 7 and 35(g)(ii) to the financial statements.

The key audit matter	How the matter was addressed in our audit
• Takaful and retakaful balance receivable represent 15.6% of the total assets of the Company. • The Company has significant contributions and takaful receivables against written contribution policies. There is a risk over the recoverability of these receivables. The determination of the related impairment allowance is subjective and is influenced by judgements relating to the probability of default and probable losses in the event of default.	**Our response:** Our procedure on the recoverability of written contributions and takaful and retakaful receivables included: • evaluating and testing key controls over the processes designed to record and monitor takaful and retakaful receivables; • testing the ageing of takaful and retakaful receivables to assess if these have been accurately determined. Testing samples of long outstanding takaful and retakaful receivables where no impairment allowance is made with the management's evidences to support the recoverability of these balances; • obtaining balance confirmations from a sample of counterparties such as policyholders, agents, brokers and retakaful companies; • verifying payments received from such counterparties post year-end; • considering the adequacy of provisions for bad debts for significant customers, taking into account specific credit risk assessments for each customer based on period overdue, existence of any disputes over the balance outstanding, history of settlement of receivables, liabilities with the same counterparties; and • discussing with management and reviewing correspondence, where relevant, to identify any disputes and assessing whether these were appropriately considered in determining the impairment allowance.

KPMG

Other Information

The Board of Directors is responsible for the other information. The other information comprises the annual report but does not include the financial statements and our auditors' report thereon. Prior to the date of this auditors' report, we obtained the Board of Directors' report and other sections which forms part of the annual report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, 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

The Board of Directors is responsible for the Company's undertaking to operate in accordance with Islamic Sharia Rules and Principles as determined by the Company's Shariah Supervisory Committee.

The Board of Directors is also responsible for the preparation and fair presentation of the financial statements in accordance with FAS and their presentation in compliance with the relevant requirements of the Capital Market Authority and the applicable provisions of the Commercial Companies Law of 2019, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 ASIFIs 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 ASIFIs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Auditors' Responsibilities for the Audit of the Financial Statements *(continued)*

- 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 the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' 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 auditors' 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 auditors' 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 the Board of Directors 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 the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and 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 safeguards applied.

From the matters communicated with the Board of Directors, 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 auditors' 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

Further, we report that financial statements of the Company as at and for the year ended 31 December 2022, comply, in all material respects, with the:

- relevant disclosure requirements of the Capital Market Authority; and
- applicable provisions of the Commercial Companies Law of 2019.

KPMG

Kenneth Macfarlane
23 February 2023

KPMG LLC

KPMG
KPMG LLC
P O Box 641, PC 112
Shatti Al Qurum
Sultanate of Oman
CR.No: 1358131

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	Shareholders' fund		Participants' fund: General takaful		Participants' fund: Family takaful		Participants' fund: Total participants' fund		Grand total	
		2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
		RO	RO	**RO**	RO	**RO**	RO	**RO**	RO	**RO**	RO
ASSETS											
Cash and bank balances	4	**1,043,047**	1,883,878	**5,196,834**	4,769,100	**430,625**	613,196	**5,627,459**	5,382,296	**6,670,506**	7,266,174
Investments carried at fair value through profit or loss	6	**857,080**	1,252,303	**-**	-	**-**	-	**-**	-	**857,080**	1,252,303
Takaful balance receivable	7	**-**	-	**17,214,787**	15,208,309	**953,717**	1,058,288	**18,168,504**	16,266,597	**18,168,504**	16,266,597
Retakaful / reinsurance balance receivable	7	**-**	-	**309,936**	222,890	**597,561**	649,132	**907,497**	872,022	**907,497**	872,022
Receivable from participants' fund - family takaful		**-**	-	**711,304**	1,563,545	**-**	-	**711,304**	1,563,545	**711,304**	1,563,545
Receivable from participants' fund	8	**2,743,573**	2,666,587	**-**	-	**-**	-	**-**	-	**2,743,573**	2,666,587
Due from retakaful / reinsurance companies in connection with takaful liabilities	9	**-**	-	**53,834,700**	60,664,527	**1,454,586**	1,647,732	**55,289,286**	62,312,259	**55,289,286**	62,312,259
Deferred policy acquisition cost	10	**780,483**	776,080	**164**	13,711	**-**	724	**164**	14,435	**780,647**	790,515
Other receivables and takaful assets	11	**602,830**	587,373	**2,147,944**	1,182,090	**633,607**	501,227	**2,781,551**	1,683,317	**3,384,381**	2,270,690
Investments at fair value through equity	12	**2,068,442**	2,266,624	**-**	-	**-**	-	**-**	-	**2,068,442**	2,266,624
Bank deposits	5	**4,300,000**	3,350,000	**12,897,500**	8,025,000	**1,475,000**	1,075,000	**14,372,500**	9,100,000	**18,672,500**	12,450,000
Investments carried at amortised cost	13	**5,710,977**	6,229,113	**460,519**	-	**100,000**	100,000	**560,519**	100,000	**6,271,496**	6,329,113
Deferred tax asset	14(f)	**299,137**	201,925	**-**	-	**-**	-	**-**	-	**299,137**	201,925
Investment in real estate	15	**5,170,000**	5,170,000	**-**	-	**-**	-	**-**	-	**5,170,000**	5,170,000
Property and equipment	16	**611,927**	686,092	**-**	-	**-**	-	**-**	-	**611,927**	686,092
Total assets		**24,187,496**	25,069,975	**92,773,688**	91,649,172	**5,645,096**	5,645,299	**98,418,784**	97,294,471	**122,606,280**	122,364,446

The notes and other explanatory information on pages 44 to 87 form an integral part of these financial statements.

The independent auditors' report is set out on pages 29 to 34.

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2022

		Shareholders' fund		Participants' fund						Grand total	
				General Takaful		Family Takaful		Total participants' fund			
LIABILITIES, PARTICIPANTS' FUND AND SHAREHOLDERS' EQUITY	Note	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
		RO	RO	**RO**	RO	**RO**	RO	**RO**	RO	**RO**	RO
LIABILITIES											
Takaful liabilities	9	-	-	**66,228,713**	73,349,399	**1,803,877**	2,023,619	**68,032,590**	75,373,018	**68,032,590**	75,373,018
Unearned retakaful commission	22	-	-	**163,979**	162,408	-	-	**163,979**	162,408	**163,979**	162,408
Retakaful/reinsurance payables		-	-	**17,899,454**	12,674,381	**443,971**	140,950	**18,343,425**	12,815,331	**18,343,425**	12,815,331
Accounts and other payables	23	**1,725,552**	1,762,731	**7,398,630**	4,213,971	**1,170,808**	969,008	**8,569,438**	5,182,979	**10,294,990**	6,945,710
Charity fund payable		**21,738**	6,327	-	-	-	-	-	-	**21,738**	6,327
Payable to shareholders	8(b)	-	-	**902,896**	1,259,707	**1,840,677**	1,406,880	**2,743,573**	2,666,587	**2,743,573**	2,666,587
Payable to participants' fund - general takaful		-	-	-	-	**711,303**	1,563,546	**711,303**	1,563,546	**711,303**	1,563,546
Employees' end of service benefits	21	**510,630**	572,083	-	-	-	-	-	-	**510,630**	572,083
Total liabilities		**2,257,920**	2,341,141	**92,593,672**	91,659,866	**5,970,636**	6,104,003	**98,564,308**	97,763,869	**100,822,228**	100,105,010
PARTICIPANTS' FUND											
Deficit in participants' fund net		-	-	**180,016**	(10,694)	**(325,540)**	(458,704)	**(145,524)**	(469,398)	**(145,524)**	(469,398)
Total participants' fund		-	-	**180,016**	(10,694)	**(325,540)**	(458,704)	**(145,524)**	(469,398)	**(145,524)**	(469,398)
SHAREHOLDERS' EQUITY											
Capital and reserves											
Share capital	17	**17,500,000**	17,500,000	-	-	-	-	-	-	**17,500,000**	17,500,000
Share premium	18	**1,380,151**	1,380,151	-	-	-	-	-	-	**1,380,151**	1,380,151
Legal reserve	19	**1,273,697**	1,167,573	-	-	-	-	-	-	**1,273,697**	1,167,573
Investment fair value reserve	12(c)	**315,457**	863,465	-	-	-	-	-	-	**315,457**	863,465
Retained earnings		**1,460,271**	1,817,645	-	-	-	-	-	-	**1,460,271**	1,817,645
Total shareholders' equity		**21,929,576**	22,728,834	-	-	-	-	-	-	**21,929,576**	22,728,834
Total liabilities, participants' fund and shareholders' equity		**24,187,496**	25,069,975	**92,773,688**	91,649,172	**5,645,096**	5,645,299	**98,418,784**	97,294,471	**122,606,280**	122,364,446
Net assets per share attributable to shareholders	29	**0.125**	0.130	-	-	-	-	-	-	-	-

The financial statements on pages 35 to 87 were approved and authorised for issue by the Board of Directors on 22 February 2023 and were signed on their behalf by:

Director **Director**

The independent auditors' report is set out on pages 29 to 34.

STATEMENT OF PARTICIPANTS' REVENUE AND EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	General takaful		Family takaful		Total	
		2022	2021	**2022**	2021	**2022**	2021
		RO	RO	**RO**	RO	**RO**	RO
Takaful revenues							
Gross contributions		**41,618,371**	41,305,979	**3,089,856**	2,818,090	**44,708,227**	44,124,069
Retakaful/reinsurance share		**(26,922,425)**	(27,067,768)	**(2,388,809)**	(2,221,329)	**(29,311,234)**	(29,289,097)
Retained contributions		**14,695,946**	14,238,211	**701,047**	596,761	**15,396,993**	14,834,972
Net movement in unearned contributions reserve		**(171,198)**	(512,417)	**(11,167)**	18,464	**(182,365)**	(493,953)
Net earned contributions		**14,524,748**	13,725,794	**689,880**	615,225	**15,214,628**	14,341,019
Income earned from retakaful contracts	22	**428,957**	447,354	**-**	-	**428,957**	447,354
		14,953,705	14,173,148	**689,880**	615,225	**15,643,585**	14,788,373
Takaful expenses							
Gross claims settled	9(a)	**(16,108,163)**	(14,103,250)	**(2,299,947)**	(3,160,991)	**(18,408,110)**	(17,264,241)
Claims recovered from retakaful/reinsurance	9(a)	**7,294,103**	7,280,848	**1,959,880**	2,744,110	**9,253,983**	10,024,958
Net claims settled		**(8,814,060)**	(6,822,402)	**(340,067)**	(416,881)	**(9,154,127)**	(7,239,283)
Net movement in outstanding claims		**462,057**	(153,242)	**37,763**	(26,305)	**499,820**	(179,547)
Net claims incurred		**(8,352,003)**	(6,975,644)	**(302,304)**	(443,186)	**(8,654,307)**	(7,418,830)
Commission expense	10	**(13,547)**	(749,010)	**(724)**	(52,634)	**(14,271)**	(801,644)
		(8,365,550)	(7,724,654)	**(303,028)**	(495,820)	**(8,668,578)**	(8,220,474)
Surplus from takaful operations		**6,588,155**	6,448,494	**386,852**	119,405	**6,975,007**	6,567,899
Fees and other income and Takaful expense	24	**(131,122)**	(115,161)	**472**	306	**(130,650)**	(114,855)
Provision for impairment of receivables	7(b)	**(105,000)**	(448,691)	**(15,000)**	(10,000)	**(120,000)**	(458,691)
Surplus from takaful operations before investment income, mudarib share and wakala fees		**6,352,033**	5,884,642	**372,324**	109,711	**6,724,357**	5,994,353
Investment income – net	26(b)	**471,891**	342,388	**64,024**	32,072	**535,915**	374,460
Mudarib share	25	**(259,540)**	(188,313)	**(35,213)**	(17,640)	**(294,753)**	(205,953)
Hibah from Shareholders to Policyholders	41	**1,950,000**	2,500,000	**350,000**	600,000	**2,300,000**	3,100,000
Wakala fees	25	**(8,323,674)**	(8,261,196)	**(617,971)**	(563,618)	**(8,941,645)**	(8,824,814)
Surplus for the year		**190,710**	277,521	**133,164**	160,525	**323,874**	438,046

The notes and other explanatory information on pages 44 to 87 form an integral part of these financial statements.

The independent auditors' report is set out on pages 29 to 34.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Shareholders' fund 2022 RO	2021 RO
Wakala fees	25	**8,941,645**	8,824,814
Investment income – net	26(b)	**830,861**	976,384
Hibah from Shareholders to Policyholders	41	**(2,300,000)**	(3,100,000)
Mudarib share	25	**294,753**	205,953
		7,767,259	6,907,151
General and administrative expenses	27	**(4,680,320)**	(4,650,505)
Commission expenses	10	**(1,773,977)**	(1,109,225)
Other income		**119**	219
		(6,454,178)	(5,759,511)
Profit before taxation		**1,313,081**	1,147,640
Taxation	14(a)	**(251,831)**	(192,830)
Profit for the year		**1,061,250**	954,810
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Net change in fair value of investments at fair value through equity	12(c)	**(652,132)**	208,157
Impairment loss on investments at fair value through equity reclassified to profit or loss	12(a)	**-**	(66,824)
Deferred tax impact directly charged to shareholders' equity	14(f)	**104,124**	(18,992)
Total other comprehensive income		**(548,008)**	122,341
Total comprehensive income for the year		**513,242**	1,077,151
Earnings per share attributable to shareholders - basic and diluted	28	**0.006**	0.005

The notes and other explanatory information on pages 44 to 87 form an integral part of these financial statements.

The independent auditors' report is set out on pages 29 to 34.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital RO	Share premium RO	Legal reserve RO	Investment fair value reserve RO	Retained earnings RO	Total RO
At 1 January 2022	**17,500,000**	**1,380,151**	**1,167,573**	**863,465**	**1,817,645**	**22,728,834**
Comprehensive income:						
Profit for the year	-	-	-	-	**1,061,250**	**1,061,250**
Other comprehensive income						
Net change in fair value of investments at fair value through equity [note 12(c)]	-	-	-	**(652,132)**	-	**(652,132)**
Deferred tax impact directly charged to shareholders' equity [note 12(c)]	-	-	-	**104,124**	-	**104,124**
Total other comprehensive income	-	-	-	**(548,008)**	-	**(548,008)**
Total comprehensive income for the year	-	-	-	**(548,008)**	**1,061,250**	**513,242**
Transactions with owner:						
Dividend paid during the year (note 30)	-	-	-	-	**(1,312,500)**	**(1,312,500)**
Transfer to legal reserve (note 19)	-	-	**106,124**	-	**(106,124)**	-
	-	-	**106,124**	-	**(1,418,624)**	**(1,312,500)**
At 31 December 2022	**17,500,000**	**1,380,151**	**1,273,697**	**315,457**	**1,460,271**	**21,929,576**
At 1 January 2021	17,500,000	1,380,151	1,072,093	741,124	2,708,315	23,401,683
Comprehensive income:						
Profit for the year	-	-	-	-	954,810	954,810
Other comprehensive income						
Net change in fair value of investments at fair value through equity [note 12(c)]	-	-	-	208,157	-	208,157
Impairment loss on investment at fair value through equity reclassified to profit or loss	-	-	-	(66,824)	-	(66,824)
Loss on revaluation of investment in real estate (note 15)	-	-	-	-	-	-
Deferred tax impact directly charged to shareholders' equity [note 12(c)]	-	-	-	(18,992)	-	(18,992)
Total other comprehensive income	-	-	-	122,341	-	122,341
Total comprehensive income for the year	-	-	-	122,341	954,810	1,077,151
Transactions with owner:						
Dividend paid during the year (note 30)	-	-	-	-	(1,750,000)	(1,750,000)
Transfer to legal reserve (note 19)	-	-	95,480	-	(95,480)	-
	-	-	95,480	-	(1,845,480)	(1,750,000)
At 31 December 2021	17,500,000	1,380,151	1,167,573	863,465	1,817,645	22,728,834

The notes and other explanatory information on pages 44 to 87 form an integral part of these financial statements.

The independent auditors' report is set out on pages 29 to 34.

STATEMENT OF CHANGES IN PARTICIPANTS' FUND

FOR THE YEAR ENDED 31 DECEMBER 2022

	Deficit in participants' fund		Total
	General takaful	Family takaful	
	RO	RO	RO
At 1 January 2022	**(10,694)**	**(458,704)**	**(469,398)**
Surplus for the year	**190,710**	**133,164**	**323,874**
At 31 December 2022	**180,016**	**(325,540)**	**(145,524)**
At 1 January 2021	(288,215)	(619,229)	(907,444)
Surplus for the year	277,521	160,525	438,046
At 31 December 2021	(10,694)	(458,704)	(469,398)

The notes and other explanatory information on pages 44 to 87 form an integral part of these financial statements.

The independent auditors' report is set out on pages 29 to 34.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 RO	2021 RO
Cash flows from operating activities			
Profit before tax for the year		**1,313,081**	1,147,640
Net Surplus from takaful operations		**323,874**	438,046
		1,636,955	1,585,686
Adjustments for:			
Depreciation	16	**122,534**	117,594
Dividend income	26	**(95,486)**	(202,112)
Profit on wakala deposits	26	**(697,039)**	(682,624)
Profit on the Mudarbah investment	26	**(25,000)**	(25,000)
Profit from investments carried at amortised cost	26	**(409,075)**	(392,794)
End of service benefits charge for the year	27(a)	**95,733**	87,462
Rental income from investment in real estate	26	**(299,561)**	(323,369)
Fair value loss / (gain) on investments carried at fair value through profit or loss	26	**102,047**	(257,511)
Provision for impairment of receivables	7(b)	**120,000**	458,691
Realised gain on sale of investments – net	26	**(11,035)**	(37,126)
Purification charges		**19,435**	27,025
Impairment loss on investments at fair value through equity	26	**-**	66,824
Impairment loss on investment property	26	**-**	298,830
		559,508	721,576
Tax paid		**(282,454)**	(354,584)
Donation paid		**(4,024)**	(58,875)
Payment of end of service benefits	21	**(157,186)**	(47,210)
Operating cash flows before working capital changes		**115,844**	260,907
Working capital changes:			
Takaful and retakaful / reinsurance balance receivables		**(2,057,382)**	(5,101,054)
Due from retakaful / reinsurance companies in connection with takaful liabilities		**7,022,973**	(17,546,111)
Other receivables and takaful assets		**(813,329)**	(540,325)
Deferred policy acquisition cost		**9,868**	33,439
Takaful liabilities		**(7,340,428)**	18,219,611
Accounts and other payables		**3,386,814**	1,882,256
Retakaful / reinsurance payables		**5,528,092**	3,342,412
Unearned retakaful commission		**1,571**	1,783
Net cash generated from operating activities		**5,854,023**	552,918
Cash flows from investing activities			
Purchase of property and equipment	16	**(48,369)**	(74,542)
Purchase of investments carried at fair value through equity	12(a)	**(453,950)**	(21,142)
Purchase of investments carried at amortised cost	13	**(1,421,432)**	(100,182)
Purchase of investments fair value through profit or loss	6(b)	**(140,995)**	(44,576)
Proceeds from disposal of investments at fair value through profit or loss	6(b)	**445,206**	283,717
Proceeds from disposal of investments carried at fair value through equity	12(a)	**-**	70,405
Proceeds from disposal of carried at amortised cost		**1,478,638**	-
Movement in bank deposits		**(6,222,500)**	(750,000)
Rent received from Investment property		**175,373**	565,718
Profit received from Bank Deposit and Sukuks		**955,352**	1,071,360
Dividends received	26	**95,486**	202,112
Net cash (used in) / generated from investing activities		**(5,137,191)**	1,202,870
Cash flow from financing activity			
Dividends paid	30	**(1,312,500)**	(1,750,000)
Net change in cash and cash equivalents		**(595,668)**	5,788
Cash and cash equivalents at the beginning of the year	31	**7,266,174**	7,260,386
Cash and cash equivalents at the end of the year	31	**6,670,506**	7,266,174

The notes and other explanatory information on pages 44 to 87 form an integral part of these financial statements.

The independent auditors' report is set out on pages 29 to 34.

STATEMENT OF SOURCES AND USES OF FUNDS IN THE CHARITY FUND

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 RO	2021 RO
At 1 January		**6,327**	38,177
Payment made during the year		**(4,024)**	(58,875)
Purification charges during the year	26(a)	**19,435**	27,025
At 31 December	40	**21,738**	6,327

The notes and other explanatory information on pages 44 to 87 form an integral part of these financial statements.

The independent auditors' report is set out on pages 29 to 34.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1 Legal status and principal activities

Al Madina Insurance Company SAOG (the "Company") was incorporated on 15 May 2006 as a closed joint stock company in the Sultanate of Oman. On 10 December 2013, the Company became a public joint stock company. The Company operates in Oman and is engaged in the business of General and Family Takaful activities and investments by adopting wakala and mudaraba models respectively, on behalf of the participants in accordance with the Islamic Shari'ah rules and principles. The retakaful / reinsurance activities are organised on an underwriting year basis with the participants pooling their contributions to compensate for losses suffered in the pool on occurrence of a defined event.

The Company commenced commercial operations from 1 August 2006. The Company was granted license from Capital Market Authority (CMA) on 15 July 2006. The Company started Takaful operations on 1 January 2014 after being granted the Takaful license by the CMA. The Company has 9 branches in the Sultanate of Oman (2021: 9).

2 Summary of significant accounting policies

2.1 Basis of preparation

(a) These financial statements for the year ended 31 December 2022 have been prepared in accordance with Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), applicable requirements of the Commercial Companies Law of 2019 of the Sultanate of Oman and comply with the relevant disclosure requirements of the Capital Market Authority. For the matters which are not covered by AAOIFI standards, International Financial Reporting Standards (IFRS) have been applied.

(b) These financial statements have been prepared using historical cost convention except for investments carried at fair value through profit or loss, investments at fair value through equity and investment in real estate which are measured at fair value. The preparation of financial statements in conformity with applicable standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these financial statements are disclosed in note 3.

(c) Functional and presentation currency

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

(d) New standards, amendments and interpretations effective from 1 January 2022

During the year, the Company applied the following standard and amendment to standards in preparation of these financial statements. The adoption of the below standard and amendment to standards did not result in changes to previously reported net profit or equity of the Company, however, may result in additional disclosures at year end.

(i) FAS 38 "Wa'ad, Khiyar and Tahawwut" (effective 1 January 2022):

The objective of this standard is to prescribe the accounting and reporting principles for recognition, measurement and disclosures in relation to shariah compliant Wa'ad (promise), Khiyar (option) and Tahawwut (hedging) arrangements for Islamic financial institutions. This standard is effective for the financial reporting periods beginning on or after 1 January 2022 with an option to early adopt. This standard classifies Wa'ad and Khiyar arrangements into two categories as follows:

a) "ancillary Wa'ad or Khiyar" which is related to a structure of transaction carried out using other products i.e. Murabaha, Ijarah Muntahia Bittamleek, etc.; and

b) "product Wa'ad and Khiyar" which is used as a stand-alone Shariah compliant arrangement.

Further, the standard prescribes accounting for constructive obligations and constructive rights arising from the stand-alone Wa'ad and Khiyar products and accounting for Tahawwut (hedging) arrangements based on a series of Wa'ad and Khiyar contracts.

The Company's has assessed the impact of the above standard and based on the assessment there is no impact on the financial statements of the Company.

2 Summary of significant accounting policies (continued)

2.2 Takaful operations

The Company issues contracts that are based on co-operative activity by risk sharing. The Company classifies all its contracts as takaful contracts.

Takaful is a system where policyholders commit to donate all or part of the contributions to the takaful fund for paying the actual damages or to compensate any policyholder on occurrence of the insured risks according to the terms and conditions of the takaful contract. The Company's role, acting as agent (takaful operator), is limited to managing the takaful operations and investment of the assets of the takaful fund in compliance with Shari'ah rules and principles.

2.3 Takaful and retakaful / reinsurance contracts

2.3.1 Takaful contracts

(a) Recognition and measurement

Takaful contracts are classified into two main categories, short term and long term takaful contracts.

Short term takaful contracts

For all the short term contracts, contributions are recognised as revenue (earned contributions). A proportion of net retained contribution is provided as 'unearned contribution reserve' to cover portions of risks which have not expired at the statement of financial position date. Unearned contribution reserve is calculated by using 1/365 method of the net retained contributions for the year for all classes of takaful business as required by Capital Market Authority.

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

Long term takaful contracts

Contributions are recognised as revenue when they become payable by the contract holder. Contributions are shown before deduction of income from retakaful contracts.

A proportion of net retained contribution is provided as 'unearned contribution reserve' to cover portions of risks which have not expired at the statement of financial position date. Unearned contribution reserve is calculated by using 1/365 method of the net retained contributions for the year for all classes of takaful business as required by Capital Market Authority.

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

(b) Deferred policy acquisition costs

The costs attributable to the acquisition of new business and renewing existing contracts are capitalised as an intangible asset under deferred acquisition costs. All other costs are recognised as expenses when incurred. The expense is subsequently amortised over the life of the contracts as contribution is earned. The deferred policy acquisition cost is calculated using 1/365 method of the total commission expense for the year for general and family takaful business.

(c) Unearned retakaful income

The income from retakaful contracts attributable to the retakaful ceded contributions are deferred and classified as unearned retakaful income which is subsequently amortised over the life of the retakaful contracts as retakaful ceded contribution is expensed. Unearned retakaful commission is calculated using 1/365 method of the retakaful commission income for the year for general and family takaful business.

2 Summary of significant accounting policies (continued)

2.3 Takaful and retakaful / reinsurance contracts (continued)

2.3.1 Takaful contracts (continued)

(d) Liability adequacy test

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

(e) Claims

Claims, comprising amounts payable to contract holders and third parties and related loss adjustment expenses, net of salvage and other recoveries, are charged to the statement of participants' revenue and expenses as incurred.

Claims comprise the estimated amounts payable, in respect of claims reported to the Company and those not reported at the statement of financial position date.

Provisions for reported claims not paid at the statement of financial position date are made on the basis of individual case estimates. In addition, is recognised based on Actuarial valuation report on incurred but not reported (IBNR) at the date of the statement of financial position. Any difference between the provisions at the statement of financial position date and settlements and provisions for the following year is included in the underwriting account for that year.

The Company may sell the salvaged vehicle or property to recover a part of the claim cost. The Company may also have the right to pursue third parties for payment of some or all costs (i.e. subrogation).

Estimates of salvage recoveries are included under other assets based on estimates through a tender mechanism. Subrogation reimbursements are also recognised under other assets based on the assessment of the amount that can reasonably be recovered from the action against the liable third party.

2.3.2 Retakaful / reinsurance contracts held

In order to minimise financial exposure, the Company enters into agreements with other parties for retakaful / reinsurance purposes. Under retakaful / reinsurance contracts, the Company is compensated for losses on one or more takaful contracts issued by the Company. Takaful contracts entered into by the Company under which the contract holder is another takaful company (inwards retakaful / reinsurance) are included within takaful contracts.

The benefits to which the Company is entitled under its retakaful / reinsurance contracts held are recognised as retakaful / reinsurance assets. These assets consist of short-term balances due from retakaful / reinsurance (classified within Retakaful / reinsurance balances receivable), as well as the retakaful / reinsurance portion of gross claims outstanding including IBNR and unearned contribution reserve that are dependent on the expected claims and benefits arising under the related retakaful / reinsurance contracts. Amounts recoverable from or due to retakaful / reinsurance are measured consistently with the amounts associated with the retakaful / reinsurance contracts and in accordance with the terms of each retakaful / reinsurance contract. Retakaful / reinsurance liabilities are primarily contributions payable for retakaful / reinsurance contracts.

The Company assesses its retakaful / reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the retakaful / reinsurance asset is impaired, the Company reduces the carrying amount of the retakaful / reinsurance asset to its recoverable amount and recognises that impairment loss in the statement of comprehensive income. The Company gathers the objective evidence that a retakaful / reinsurance asset is impaired using the same process adopted for takaful balances receivable. The impairment loss is also calculated following the same method used for these financial assets.

2 Summary of significant accounting policies (continued)

2.4 Foreign currency

(a) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at 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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

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

2.5 Revenue and income recognition

(a) Gross contributions

Gross contributions represent the total business written during the year and are recognised as revenue (contributions) at the time of entering into the takaful contract. A proportion of net retained contribution is provided as 'unearned contribution reserve' to cover portions of risks which have not expired at the statement of financial position date. In certain circumstances, the Company or the policyholder may cancel takaful contract and contribution refund is made as per the terms and conditions agreed with the policyholder and the local laws and regulations.

(b) Wakala fees and mudarib share

Wakala fees and mudarib share are recognised when the right to receive is established and are measured by applying a percentage approved by the Board of Directors and the Shari'ah Supervisory Committee to the gross contributions and income generated by participants' fund respectively.

(c) Income earned from retakaful contracts

Income earned from retakaful contracts is recognised at the time when takaful contracts are written. The amounts received by the Company from conventional reinsurance companies is treated as premium discounts and is accordingly netted off from reinsurance share of gross contributions.

(d) Investment income

Profit from investments carried at amortised cost, bank deposits and Murabaha deposit is recognised on a time proportion basis using effective profit method.

(e) Rental income

Rental income is recognised on accrual basis.

(f) Dividends

Dividends are recognised as income when the Company's right to receive the payment is established.

2.6 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 to equity or 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.

2 Summary of significant accounting policies (continued)

2.7 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any identified impairment loss. 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 are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is charged to the statement of 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:

Buildings .... 20 years

Leasehold improvements .... 3-5 years

Office furniture and equipment .... 3-5 years

Motor vehicles .... 5 years

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 disposals of property and equipment are determined by reference to their carrying amounts, are recognised within 'other income' and are taken into account in determining operating results.

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.

2.8 Investment in real estate

Property that is held for rental yields or for capital appreciation or both, and that is not occupied by the Company is classified as investment in real estate.

Investment in real estate comprises residential and commercial building and the land on which it is constructed. After initial recognition, investment in real estate is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are carried out by third party property valuation consultant who has the necessary experience and qualifications to perform such valuations.

The fair value of investment in real estate assuming full possession reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is charged to the asset's carrying amount 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 costs are charged to the statement of comprehensive income during the financial year in which they are incurred.

Gains arising from change in fair value of investment in real estate is recognised directly in equity under 'property fair value reserve'. Losses resulting from fair valuation of investment in real estate are adjusted in equity against property fair value reserve to the extent of available credit balance of this reserve. In case such losses exceed the available balance, the losses are recognised in the statement of comprehensive income. If there are losses relating to investment in real estate that have been recognised in the statement of comprehensive income in a prior period, the gains relating to current financial period are recognised in the statement of comprehensive income to the extent of crediting back such previously recognised losses.

2 Summary of significant accounting policies (continued)

2.8 Investment in real estate (continued)

If an investment in real estate becomes owner-occupied, it is reclassified as property and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes. Investment in real estate under construction is measured at fair value if the fair value is considered to be reliably determinable.

The fair value of investment in real estate is determined by independent professional property valuation consultant. The basis of valuation was open market rate represented by the best price for which the sale of an interest in property would have been completed unconditionally for cash consideration on the date of the valuation.

Investment in real estate is derecognised on disposal or where it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gain / loss on disposal of investment in real estate is recognised in statement of comprehensive income and is determined as the difference between the net disposal proceeds and the carrying amount of the asset after adjusting the available balance on the property fair value reserve account attributable to the asset disposed.

2.9 Financial instruments

The Company classifies its financial assets in the following categories: investments carried at fair value through profit or loss, investments at fair value through equity, investments carried at amortised cost and loans and receivables. Management determines the classification of its investments at initial recognition. Investments out of shareholders' fund are approved by investment executive committee.

(a) Investments carried at fair value through profit or loss

Investments carried at fair value through profit or loss are investments held for trading. Investments held for trading are acquired or incurred principally for the purpose of selling or repurchasing in the short-term. These investments are initially recognised at fair value. Transaction costs for all investments carried at fair value through profit or loss are expensed as incurred.

Investments carried at fair value through profit or loss are subsequently carried at fair value. The fair value of investments carried at fair value through profit or loss is based on their quoted market prices as at the date of statement of financial position.

Gains and losses arising from changes in the fair value of the investments carried at fair value through profit or loss category are included in the statement of comprehensive income in the year in which they arise.

Realised gains on sale of investments are determined by the difference between the sale proceeds and the carrying value and are included in the statement of comprehensive income in the year in which they arise.

Dividend income from investments carried at fair value through profit or loss is recognised in the statement of comprehensive income when the Company's right to receive payments is established.

The fair value of investments that are not traded in an active market is determined using valuation techniques. The Company 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.

(b) Investments at fair value through equity

Investments at fair value through equity are non-derivatives that are either designated in this category or not classified in any of other categories. Investments at fair value through equity are initially recognised at fair value including transaction costs. Investments at fair value through equity are subsequently carried at fair value. Changes in the fair value of investments at fair value through equity are recognised in the statement of other comprehensive income. When securities classified as investments at fair value through equity are sold, the accumulated fair value changes recognised in equity are included in the statement of comprehensive income.

The fair value of investments at fair value through equity is based on their quoted market prices as at the date of statement of financial position. The fair value of financial instruments that are not traded in an active market (for example, unquoted investments) is determined by using certain valuation techniques.

2 Summary of significant accounting policies (continued)

2.9 Financial instruments (continued)

The Company follows guidance of AAOIFI standards to determine when investments carried at fair value through equity are impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(c) Investments carried at amortised cost

Investments which have fixed or determinable payments and where the Company has both the intent and ability to hold to maturity are classified as investments carried at amortised cost. Such investments are carried at amortised cost, less provision for impairment in value. Amortised cost is calculated by taking into account any premium or discount on acquisition. Any gain or loss on such instruments is recognised in the statement of comprehensive income when the instruments are de-recognised or impaired.

(d) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and arise during the ordinary course of the business. Loans and receivables are recognised initially at fair value plus transaction costs that are directly attributable to their acquisition origination.

They are subsequently measured at amortised cost using the effective profit method, less provision for impairment. Qard hassan (receivable from participants) is profit free loan and accordingly no effective profit method will apply. The Company's loans and receivables comprise of 'takaful balance receivable, retakaful / reinsurance balance receivable, bank deposits, cash and bank balances, other receivables and takaful assets' in the statement of financial position.

Reclassification

The Company reclassifies its financial assets in case its intention relating to the holding of investments changes. The Company measures the financial asset that have been reclassified from one category to the other at fair value. Subsequently, the Company applies the accounting policy relating to the category to which the financial asset were reclassified.

Derecognition

Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Trade and settlement date accounting

All "regular way" purchases and sales of financial assets are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Financial liabilities

Financial liabilities are measured at amortised cost using effective profit rate. The financial liabilities of the Company comprise of takaful liabilities, deferred income from retakaful contracts, payable to retakaful / reinsurance and accounts and other payables.

2.10 Impairment and un-collectability of financial assets

(a) Investments at fair value through equity

The Company assesses at the end of each reporting year whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as investments at fair value through equity, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for investments at fair value through equity, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the statement of comprehensive income is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income.

2 Summary of significant accounting policies (continued)

2.10 Impairment and un-collectability of financial assets (continued)

(b) Assets carried at amortised cost

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset or group of assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss, based on the net present value of future anticipated cash flows, is recognised in the statement of comprehensive income.

A financial asset or a group of financial assets is impaired and an impairment loss is incurred if, and only if, there is evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Company about the following loss events:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in profit or principal payments;
- the Company granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; and,
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets, including adverse changes in the payment status of borrowers, or national or local economic conditions that correlate with defaults on the assets.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective profit rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income.

2.11 Offsetting

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

2.12 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 exceeds its recoverable amount. Recoverable amount 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 specific to the asset.

2 Summary of significant accounting policies (continued)

2.12 Impairment of non-financial assets (continued)

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.

2.13 Takaful balances receivable

Takaful balances receivable are initially recognised at fair value less impairment losses. A provision for impairment of takaful balances receivable is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the takaful balances receivable are impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective profit rate. The amount of any provision is recognised in the statement of participants' revenue and expenses. Subsequent recoveries of amounts for which provision is created in prior periods are credited in the statement of participants' revenue and expenses.

2.14 Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and bank deposits with a maturity of three months or less from the date of placement subject to insignificant risk of change in fair value.

2.15 Legal reserve

In accordance with the Commercial Companies Law of Oman 2019, annual appropriations of 10% of the profit for the year are made to the legal reserve until the accumulated balance of the reserve is equal to one third of the of the Company's paid up share capital.

Reserve is reviewed and transferred on a yearly basis.

2.16 Employees' end of service benefits and leave entitlements

End of service benefits are accrued in accordance with the terms of employment of the Company's employees at the reporting date, having regard to the requirements of the Oman Labour Law 2003, as amended. Employee entitlements to annual leave and leave passage are recognised when they accrue to employees and an accrual is made for the estimated liability arising as a result of services rendered by employees up to the reporting date.

Contributions to a defined contribution retirement plan and occupational hazard insurance for Omani employees in accordance with the Omani Social Insurance Law of 1991 are recognised as an expense in the statement of comprehensive income as incurred.

2.17 Accounts and other payables

Accounts and other payables are initially measured at fair value and subsequently carried at amortised cost using the effective profit method. Liabilities are recognised for amount to be paid for goods or services received, whether or not billed to the Company.

2.18 Directors' remuneration

The Directors' remuneration is governed as set out by the Commercial Companies Law and the rules prescribed by the Capital Market Authority.

The Annual General Meeting shall approve the remuneration and the sitting fees for the Board of Directors provided that such fees shall not exceed 5% of the annual net profit after deduction of the legal reserve and the optional reserve and the distribution of dividends to the shareholders. Such fees shall not exceed RO 300,000 for Companies that realized net profit equal to or exceeding the profit realized in the previous financial year and has no accumulated losses in the capital and shall not exceed RO 150,000 for the company that realized net profit less than the profits realized in the previous financial year and no losses in the capital, and the sitting fees for each Director shall not exceed RO 10,000 in one year according to the Executive Regulations for Public Joint Stock Companies that issued by the CMA on February 2021.

2.19 Earnings per share

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

2.20 Provisions

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

2.21 Dividend and underwriting surplus distribution

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

The Company operates in accordance with Shari'ah principles as a result, the net surplus from the operations of the takaful fund is attributable to policyholders in accordance with the terms and conditions of takaful contracts acquired by the policyholder. Any surplus distribution to the policyholders is done based on the advice of the Shari'ah Supervisory Committee.

2.22 Earnings prohibited by Shari'ah

The Company is committed to avoid recognising any income generated from non-Islamic sources. Accordingly, all non-Islamic income is credited to a separate account where the Company uses these funds based on advice from Shari'ah Supervisory Committee.

2.23 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 Chief Executive Officer (CEO) 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 CEO 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 shareholders), head office expenses, and income tax assets and liabilities.

2 Summary of significant accounting policies (continued)

2.24 Qard hassan

In the event of deficit in the participants' fund, the shareholders may cover the deficit in the participants' fund by granting an interest free loan i.e. Qard Hassan to the participants' fund. This will be repaid by the participants from the surpluses in subsequent periods.

2.25 Hibah

The Company may provide Hibah as other form of financial support to rectify the deficiency in the participants' fund that is an underwriting takaful risk fund, by a way of actual transfer of assets from shareholders fund to participants takaful fund with no obligation on the participants' takaful fund for the repayment of it to the shareholders' fund.

2.26 New standards, amendments and interpretations issued but not yet effective

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

(i) FAS 39 Financial Reporting for Zakah

The objective of this standard is to establish principles of financial reporting related to Zakah attributable to different stakeholders of an Islamic financial Institution. This standard supersedes FAS 9 Zakah and is effective for the financial reporting periods beginning on or after 1 January 2023 with an option to early adopt.

This standard shall apply to institution with regard to the recognition, presentation and disclosure of Zakah attributable to relevant stakeholders. While computation of Zakah shall be applicable individually to each institution within the Group, this standard shall be applicable on all consolidated and separate / standalone financial statements of an institution.

This standard does not prescribe the method for determining the Zakah base and measuring Zakah due for a period. An institution shall refer to relevant authoritative guidance for determination of Zakah base and to measure Zakah due for the period.

The Company is assessing the impact of adoption of this standard.

(ii) FAS 40 Financial Reporting for Islamic Financing Windows

This standard requires conventional financial institutions offering Islamic financial services through an Islamic financing window to prepare and present the financial statements of Islamic finance window in line with the requirements of this standard, read with other AAOIFI FAS's. This standard provides principles of financial reporting including the presentation and disclosure requirements applicable to Islamic finance windows.

This standard supersedes FAS 18 – Islamic financial services offered by Conventional Financial Institutions and is effective for the financial reporting periods beginning on or after 1 January 2024 with an option to early adopt. This standard is not expected to have impact on the financial statements of the Company.

(iii) FAS 41 Interim financial reporting

This standard prescribes the principles for the preparation of condensed interim financial information and the relevant presentation and disclosure requirements, emphasizing the minimum disclosures specific to Islamic financial institutions in line with various financial accounting standards issued by AAOIFI. This standard also provides an option for the institution to prepare a complete set of financial statements at interim reporting dates in line with the respective FAS's.

This standard will be effective for financial statements for the period beginning on or after 1 January 2023 and management is currently assessing the impact of this standard on the Company's interim financial information.

2 Summary of significant accounting policies (continued)

2.26 New standards, amendments and interpretations issued but not yet effective (continued)

(iv) FAS 1 General Presentation and Disclosures in the Financial Statements

This standard describes and improves the overall presentation and disclosure requirements prescribed in line with the global best practices and supersedes the earlier FAS 1. It is applicable to all the Islamic Financial Institutions and other institutions following AAOIFI FAS's. This standard is effective for the financial reporting periods beginning on or after 1 January 2024 with an option to early adopt.

The revision of FAS 1 is in line with the modifications made to the AAOIFI conceptual framework for financial reporting. Some of the significant revisions to the standard are as follows:

a. Revised conceptual framework is now integral part of the AAOIFI FAS's;
b. Definition of Quassi equity is introduced;
c. Definitions have been modified and improved;
d. Concept of comprehensive income has been introduced;
e. Institutions other than Banking institutions are allowed to classify assets and liabilities as current and non-current;
f. Disclosure of Zakah and Charity have been relocated to the notes;
g. True and fair override has been introduced;
h. Treatment for change in accounting policies, change in estimates and correction of errors has been introduced;
i. Disclosures of related parties, subsequent events and going concern have been improved;
j. Improvement in reporting for foreign currency, segment reporting;
k. Presentation and disclosure requirements have been divided into three parts. First part is applicable to all institutions, second part is applicable only to banks and similar IFI's and third part prescribes the authoritative status, effective date an amendments to other AAOIFI FAS's; and
l. The illustrative financial statements are not part of this standard and will be issued separately.

The Company is assessing the impact of adoption of this standard and expects changes in certain presentation and disclosures in its financial statements in line with the wider market practice.

(v) FAS 42 Presentation and Disclosures in the Financial Statements of Takaful Institutions

This standard sets out the principles for the presentation and disclosure in the financial statements of Takaful Institutions and prescribes the set of financial statements that the institutions should periodically publish to satisfy the common information needs of users of financial statements. Further this standard also establishes the general principles of presentation of information and adequately reflecting the rights and obligations of different stakeholders within the Takaful business model. This standard should be read in conjunction with FAS 43 – Accounting for Takaful Recognition and Measurement. This standard supersedes the existing FAS 12 General presentation and disclosures in the financial statements of Islamic Insurance Companies and introduces following key changes:

a. the standard is aligned with the AAOIFI Conceptual Framework for Financial Reporting (Revised 2020) and FAS 1 General Presentation and Disclosures in the Financial Statements;
b. the presentation and disclosure in the standard have been amended to be aligned with the Sharia principles and rules relating to Takaful, whereby the Takaful operator is distinct from the participants' funds (including participants' Takaful fund (PTF) and participants' investment fund (PIF));
c. the PTF and PIF are considered to be off-balance sheet assets under management, therefore, separate from the Takaful Operator;
d. statements for the managed PTF and managed PIF have been introduced, including separate statements for financial position and financial activities of the managed PTF;
e. disclosures of Zakah, Charity and Qard funds have been relocated to the notes to the financial statements in line with FAS 1; and
f. new definitions of Takaful, Takaful institution, Takaful operator, PIF and PTF have been introduced.

This standard is applicable to all Takaful institutions regardless of their legal form or size, including Takaful window operations and is effective for the financial reporting periods beginning on or after 1 January 2025 with an option to early adopt.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Summary of significant accounting policies (continued)

2.26 New standards, amendments and interpretations issued but not yet effective (continued)

(vi) FAS 43 Accounting for Takaful Recognition and Measurement

This standard supersedes the following FAS; FAS 13 – Disclosure of Bases for Determining and Allocation Surplus or Deficit in Islamic Insurance Companies; FAS 15 – Provisions and Reserves in Islamic Insurance Companies and FAS 19 – Contributions in Islamic Insurance Companies introduces following key changes:

a. the standard is aligned with the AAOIFI Conceptual Framework for Financial Reporting (Revised 2020) and FAS 1 General Presentation and Disclosures in the Financial Statements;
b. the principal accounting treatments in respect of Takaful arrangements have been aligned with the globally generally accepted accounting principles and newer regulatory requirements (where applicable);
c. new accounting treatments have been introduced in respect of matters which were not addressed or superseded standards or were not in line with the global best practices, particularly with regard to the accounting for provisions (or liability, as appropriate) for Takaful arrangements and accounting treatment and presentation for the investment component;
d. accounting treatments mapped in the standard are mapped to the Sharia principles and rules relating to Takaful, including the rights and obligations of respective stakeholders of Takaful arrangements;
e. new definitions for the accounting terms in respect of the newly introduced accounting treatments, as well as, improved definitions for earlier used terms, have been incorporated; and
f. accounting treatments respect to ancillary transactions have been introduced, particularly the transactions and balances between various stakeholders of Takaful institutions, eg. Accounting for Wakala fees an Qard Hassan.

Under the transitional provisions of this standard, following approaches are prescribed upon first time adoption:

1. A full retrospective approach – whereby the effects of transition shall be incorporated from the beginning of the earliest period presented in the financial statements; however, the disclosure of the effect of such adoption in each line item and to the basic and diluted earnings per share shall not be mandatory; or

2. A modified retrospective approach – whereby effects of transition shall be taken to retained earnings, as well as accumulated surplus or deficit in the respective Takaful funds at the beginning of the current financial period; or

3. A fair value option – whereby the Takaful residual margin or loss component of the provision for the remaining entitlement period, at the transition date (beginning of the current period) shall be determined as the difference between fair value of Takaful arrangements at that date and the fair value of the fulfilment cashflows measured at that date, and the corresponding effects shall be adjusted in the retained earnings of Takaful institution, as well as accumulated surplus or deficit in the respective Takaful funds.

This standard shall apply to Takaful institutions (including in their capacity of being Takaful operators) and their managed participants' Takaful fund (PTF) and managed participants investment funds (PIF) in respect of the following, a) Takaful arrangements, including re-Takaful arrangements issued; b) re-Takaful arrangements held; c) investment contracts with or without discretionary features that are issued along with, and part of, the Takaful arrangements; and d) ancillary transactions related to Takaful operations. This standard is effective for the financial reporting periods beginning on or after 1 January 2025 with an option to early adopt.

3 Critical accounting estimates and judgements

In the preparation of financial statements and application of the accounting policies mentioned in note 2, management is required to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the resultant provisions and change in fair value for the year.

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 period affected. Such estimates are necessarily based on assumptions about several factors involving varying, and possibly significant, degrees of judgement and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities.

3 Critical accounting estimates and judgements (continued)

(a) Outstanding claims

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the statement of financial position date and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the statement of financial position date. The management uses the initial value of the claim provided by the surveyor for the expected ultimate cost of claims reported at the financial position date. The primary technique adopted by management in estimating the cost of IBNR claims, is that of using past claims settlement trend to predict future claims settlement trends. The computation of IBNR is done using the services of independent actuary. At each reporting date, prior year claims estimates are reassessed for adequacy and changes are made to the provision. General takaful claims provisions are not discounted for the time value of money.

(b) Impairment of receivables

An estimate of the collectible amount of takaful and retakaful / reinsurance balances receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied on the basis of length of time past due and/or qualitative factors, based on historical recovery rates.

(c) Mathematical reserve

The determination of the liabilities under long-term insurance contracts (mathematical reserve) is dependent on estimates made by the management through appointing an independent actuary. Estimates are made as to the expected number of deaths for each of the periods in which the Company is exposed to risk. The Company bases these estimates on standard industry and national mortality tables that reflect recent historical mortality experience, adjusted where appropriate to reflect the Company's own experience. The estimated number of deaths allowing for discounting at the valuation rate of discount determines the present value of the benefit payments and the present value of the future premiums, the difference between the two being the reserve required at the valuation date. The main source of uncertainty is that epidemics and wide-ranging lifestyle changes, such as in eating, smoking and exercise habits, could result in future mortality being significantly worse than in the past for the age groups in which the Company has significant exposure to mortality risk.

4 Cash and bank balances

	Shareholders	Participants		
		General	Family	Total
2022	**RO**	**RO**	**RO**	**RO**
Cash at bank in current accounts	**45,811**	**2,151,204**	**6,305**	**2,157,509**
Cash at bank in call accounts	**170,057**	**2,995,977**	**424,320**	**3,420,297**
Cash balances with investment managers	**823,156**	**48,705**	**-**	**48,705**
Cash in hand	**4,023**	**948**	**-**	**948**
	1,043,047	**5,196,834**	**430,625**	**5,627,459**
2021	RO	RO	RO	RO
Cash at bank in current accounts	319,036	1,505,475	58,402	1,563,877
Cash at bank in call accounts	893,841	3,262,807	554,794	3,817,601
Cash balances with investment managers	667,210	-	-	-
Cash in hand	3,791	818	-	818
	1,883,878	4,769,100	613,196	5,382,296

The Company has call accounts with Islamic banks in the Sultanate of Oman with profit rate of 2.5% per annum (2021 – 2.5% per annum). The above cash and bank balances include restricted cash for margin deposit for tender bonds amounting to RO 30,754 (2021 – RO 67,109).

5 Bank deposits

	Shareholders	Participants		
		General	Family	Total
2022	**RO**	**RO**	**RO**	**RO**
Bank deposits with maturity of more than three months	**4,300,000**	**12,897,500**	**1,475,000**	**14,372,500**
2021	RO	RO	RO	RO
Bank deposits with maturity of more than three months	3,350,000	8,025,000	1,075,000	9,100,000

5.1 Bank deposits carry profit rates in range of 4.5% to 5.1% per annum (2021 – 4.5% to 5.1% per annum).

5.2 Restrictions on transfer of assets
In accordance with the law governing the operation of insurance companies within the Sultanate of Oman, the Company identified certain specific bank deposits with carrying value of RO 7,600,000 (2021 – RO 4,250,000) to the CMA. The Company can only transfer these assets with the prior approval of the CMA.

5.3 The Company has kept a deposit of RO 50,000 (2021 – RO 50,000) which is under lien with Omani Unified Bureau for Orange Card Company SAOC in the Sultanate of Oman, against settlement of claims.

6 Investments carried at fair value through profit or loss

	Shareholders		Shareholders	
	2022		2021	
	Fair value	**Cost**	Fair value	Cost
Local quoted	**RO**	**RO**	RO	RO
Service sector	**112,090**	**122,404**	318,880	310,470
Industrial sector	**744,990**	**836,723**	927,370	678,315
Financial sector	**-**	**-**	6,053	6,008
	857,080	**959,127**	1,252,303	994,793

(a) At 31 December 2022, the financial assets at fair value through profit or loss are measured using level 1 of fair value hierarchy. The investments classified as 'investment carried at fair value through profit or loss' include equity securities.

(b) Movement in investments at fair value through profit or loss is as follows:

	Shareholders	
	2022	2021
	RO	RO
At 1 January	**1,252,303**	1,212,211
Purchases during the year	**140,995**	44,576
Disposals during the year	**(445,206)**	(283,717)
Realised gain on disposal (note 26)	**11,035**	21,722
Net change in fair value (note 26)	**(102,047)**	257,511
At 31 December	**857,080**	1,252,303

6 Investments carried at fair value through profit or loss (continued)

(c) Details of the Company's investments carried at fair value through profit or loss for which the Company's holding exceeds 10% of the fair value of investments held at fair value through profit or loss at 31 December are:

	% of Portfolio	Number of Securities	Fair value RO	Cost RO
2022				
Al Maha Ceramic Company SAOG	**30**	**587,443**	**256,125**	**262,000**
Salalah Mill Company SAOG	**26**	**256,556**	**221,664**	**282,212**
Oman Refreshment Company SAOG	**15**	**76,978**	**127,399**	**134,712**

	% of Portfolio	Number of Securities	Fair value RO	Cost RO
2021				
Salalah Mill Company SAOG	22	256,556	282,212	141,106
Al Maha Ceramic Company SAOG	21	587,443	262,000	129,237
Oman Refreshment Company SAOG	11	76,978	134,712	81,597

(d) Restrictions on transfer of assets

In accordance with the law governing the operation of insurance companies within the Sultanate of Oman, the Company identified certain specific investments with the carrying value of Nil (2021 – RO 2,500) to the CMA. The Company can only transfer these assets with the prior approval of the CMA.

7 Takaful and retakaful / reinsurance balance receivable

	Participants		
	General RO	Family RO	Total RO
2022			
Takaful receivable including due from related parties	**18,774,240**	**1,033,462**	**19,807,702**
Less: specific and portfolio provision for impairment	**(1,559,453)**	**(79,745)**	**(1,639,198)**
	17,214,787	**953,717**	**18,168,504**
Retakaful / reinsurance balances receivable	**615,525**	**618,426**	**1,233,951**
Less: specific and portfolio provision for impairment	**(305,589)**	**(20,865)**	**(326,454)**
	309,936	**597,561**	**907,497**
	17,524,723	**1,551,278**	**19,076,001**
2021			
Takaful receivable including due from related parties	16,662,762	1,123,033	17,785,795
Less: specific and portfolio provision for impairment	(1,454,453)	(64,745)	(1,519,198)
	15,208,309	1,058,288	16,266,597
Retakaful / reinsurance balances receivable	528,479	669,997	1,198,476
Less: specific and portfolio provision for impairment	(305,589)	(20,865)	(326,454)
	222,890	649,132	872,022
	15,431,199	1,707,420	17,138,619

7 Takaful and retakaful / reinsurance balance receivable (continued)

Normal credit period allowed to takaful debtors and retakaful / reinsurance companies is 120 days after which amounts are considered as past due. As at 31 December 2022, receivables past due above 121 days amounting to RO 5,445,468 (2021 – RO 6,220,743) are not considered impaired as these are due from government, quasi-government entities, brokers and corporate clients with which the Company deals in the normal course of business and with which there is no recent history of default.

(a) An ageing analysis of takaful balances receivable including due from related parties and retakaful / reinsurance balances receivable as at year end is as under:

	2022			2021		
	General	Family	Total	General	Family	Total
	RO	RO	RO	RO	RO	RO
Ageing						
Less than 120 days	**12,766,624**	**807,732**	**13,574,356**	9,758,945	1,158,932	10,917,877
Above 120 days	**6,623,141**	**844,156**	**7,467,297**	7,432,296	634,098	8,066,394
Total	**19,389,765**	**1,651,888**	**21,041,653**	17,191,241	1,793,030	18,984,271

(b) Movement in the provision for impairment of receivables during the year is as follows:

	Participants		
	General	Family	Total
	RO	RO	RO
At 1 January 2022	**1,760,042**	**85,610**	**1,845,652**
Charge for the year	**105,000**	**15,000**	**120,000**
At 31 December 2022	**1,865,042**	**100,610**	**1,965,652**
At 1 January 2021	1,311,351	75,610	1,386,961
Charge for the year	448,691	10,000	458,691
At 31 December 2021	1,760,042	85,610	1,845,652

(c) At 31 December 2022, 78% of the Company's takaful receivable is from 5 customers (2021 – 41% from 5 customers).

(d) At 31 December 2022, 63% of the Company's due from retakaful / reinsurance companies are from 5 retakaful / reinsurance companies (2021 – 70% from 5 retakaful / reinsurance companies).

8 Receivable from participants' fund

	Shareholders	
	2022	2021
	RO	RO
At 1 January	**2,666,587**	1,637,332
Wakala fees income for the year (note 25)	**8,941,645**	8,824,814
Mudarib share for the year (note 25)	**294,753**	205,953
Amount received from policyholders	**(9,100,000)**	(7,750,000)
Net movement in policyholders' account	**(59,412)**	(251,512)
At 31 December	**2,743,573**	2,666,587

(a) Receivable from participants' fund includes due from general takaful and family takaful policyholders on account of qard hassan, wakala fees, mudarib share and inter-fund balances.

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8 Receivable from participants' fund (continued)

(b) The break-up of receivable from participants is as follows:

	Shareholders	
	2022	2021
	RO	RO
On account of qard hassan		
From general takaful	**483,956**	483,956
From family takaful	**722,597**	722,597
	1,206,553	1,206,553
On account of wakala fees, mudarib share and inter-fund balances		
From general takaful	**418,940**	775,751
From family takaful	**1,118,080**	684,283
	1,537,020	1,460,034
	2,743,573	2,666,587

9 Takaful liabilities

	2022			2021		
	Gross	**Retakaful / reinsurance**	**Net**	Gross	Retakaful / reinsurance	Net
	RO	**RO**	**RO**	RO	RO	RO
General takaful						
Claims incurred but not settled	**41,973,911**	**(37,589,326)**	**4,384,585**	47,769,540	(42,894,241)	4,875,299
Claims incurred but not reported	**4,447,561**	**(3,238,584)**	**1,208,977**	5,769,474	(4,589,154)	1,180,320
	46,421,472	**(40,827,910)**	**5,593,562**	53,539,014	(47,483,395)	6,055,619
Unearned contributions reserve	**19,807,241**	**(13,006,790)**	**6,800,451**	19,810,385	(13,181,132)	6,629,253
	66,228,713	**(53,834,700)**	**12,394,013**	73,349,399	(60,664,527)	12,684,872
Family takaful						
Claims incurred but not settled	**939,940**	**(812,194)**	**127,746**	962,721	(825,388)	137,333
Claims incurred but not reported	**325,229**	**(283,705)**	**41,524**	509,051	(439,351)	69,700
	1,265,169	**(1,095,899)**	**169,270**	1,471,772	(1,264,739)	207,033
Unearned contributions reserve	**538,708**	**(358,687)**	**180,021**	551,847	(382,993)	168,854
	1,803,877	**(1,454,586)**	**349,291**	2,023,619	(1,647,732)	375,887
	68,032,590	**(55,289,286)**	**12,743,304**	75,373,018	(62,312,259)	13,060,759

9 Takaful liabilities (continued)

(a) Claims and loss adjustment expenses

	2022			2021		
	Gross	Retakaful reinsurance	Net	Gross	Retakaful/ Reinsurance	Net
	RO	RO	RO	RO	RO	RO
General takaful						
Notified claims	47,769,540	(42,894,241)	4,875,299	33,185,634	(28,669,955)	4,515,679
Incurred but not reported	5,769,474	(4,589,154)	1,180,320	5,827,961	(4,441,263)	1,386,698
Total at the beginning of the year	53,539,014	(47,483,395)	6,055,619	39,013,595	(33,111,218)	5,902,377
Cash paid for claims settled during the year	(16,108,163)	7,294,103	(8,814,060)	(14,103,250)	7,280,848	(6,822,402)
Increase in liabilities arising from current and prior period claims	8,990,621	(638,618)	8,352,003	28,628,669	(21,653,025)	6,975,644
Total at the end of the year	46,421,472	(40,827,910)	5,593,562	53,539,014	(47,483,395)	6,055,619
Notified claims	41,973,911	(37,589,326)	4,384,585	47,769,540	(42,894,241)	4,875,299
Incurred but not reported	4,447,561	(3,238,584)	1,208,977	5,769,474	(4,589,154)	1,180,320
Total at the end of the year	46,421,472	(40,827,910)	5,593,562	53,539,014	(47,483,395)	6,055,619

	2022			2021		
	Gross	Retakaful reinsurance	Net	Gross	Retakaful/ reinsurance	Net
Family takaful	RO	RO	RO	RO	RO	RO
Notified claims	962,721	(825,388)	137,333	948,609	(815,407)	133,202
Incurred but not reported	509,051	(439,351)	69,700	302,083	(254,557)	47,526
Total at the beginning of the year	1,471,772	(1,264,739)	207,033	1,250,692	(1,069,964)	180,728
Cash paid for claims settled during the year	(2,299,947)	1,959,880	(340,067)	(3,160,991)	2,744,110	(416,881)
Increase in liabilities arising from current and prior period claims	2,093,344	(1,791,040)	302,304	3,382,071	(2,938,885)	443,186
Total at the end of the year	1,265,169	(1,095,899)	169,270	1,471,772	(1,264,739)	207,033
Notified claims	939,940	(812,194)	127,746	962,721	(825,388)	137,333
Incurred but not reported	325,229	(283,705)	41,524	509,051	(439,351)	69,700
Total at the end of the year	1,265,169	(1,095,899)	169,270	1,471,772	(1,264,739)	207,033

9 Takaful liabilities (continued)

(b) Provisions for unearned contributions and mathematical reserves

	2022			2021		
	Gross	Retakaful reinsurance	Net	Gross	Retakaful/ reinsurance	Net
	RO	RO	RO	RO	RO	RO
Unearned contributions reserves	19,810,385	(13,181,132)	6,629,253	16,337,747	(10,220,911)	6,116,836
Mathematical reserves	551,847	(382,993)	168,854	551,373	(364,055)	187,318
Total at the beginning of the year	20,362,232	(13,564,125)	6,798,107	16,889,120	(10,584,966)	6,304,154
Gross contributions during the year	44,708,227	(29,311,234)	15,396,993	44,124,069	(29,289,097)	14,834,972
Net (release) / increase during the year	(44,724,510)	29,509,882	(15,214,628)	(40,650,957)	26,309,938	(14,341,019)
Total at the end of the year	20,345,949	(13,365,477)	6,980,472	20,362,232	(13,564,125)	6,798,107
Unearned contributions reserves	19,807,241	(13,006,790)	6,800,451	19,810,385	(13,181,132)	6,629,253
Mathematical reserves	538,708	(358,687)	180,021	551,847	(382,993)	168,854
Total at the end of the year	20,345,949	(13,365,477)	6,980,472	20,362,232	(13,564,125)	6,798,107

10 Deferred policy acquisition cost

	Shareholders	Participants		
		General takaful	Family takaful	Total
	RO	RO	RO	RO
At 1 January 2022	776,080	13,711	724	14,435
Cost incurred during the year	1,778,380	-	-	-
Amortised during the year	(1,773,977)	(13,547)	(724)	(14,271)
At 31 December 2022	780,483	164	-	164

	Shareholder	General takaful	Family takaful	Total
	RO	RO	RO	RO
At 1 January 2021	7,875	762,721	53,358	816,079
Cost incurred during the year	1,877,430	-	-	-
Amortised during the year	(1,109,225)	(749,010)	(52,634)	(801,644)
At 31 December 2021	776,080	13,711	724	14,435

11 Other receivables and takaful assets

	Shareholders	Participants		
		General takaful	Family takaful	Total
2022	**RO**	**RO**	**RO**	**RO**
Accrued profit on bank deposits and Sukuk	**195,021**	**580,667**	**39,618**	**620,285**
Prepayments	**28,616**	**-**	**-**	**-**
Advances	**47,065**	**14,861**	**593,989**	**608,850**
Rent receivable	**136,361**	**-**	**-**	**-**
Other	**195,767**	**1,552,416**	**-**	**1,552,416**
	602,830	**2,147,944**	**633,607**	**2,781,551**

	Shareholders	Participants		
		General takaful	Family Takaful	Total
2021	RO	RO	RO	RO
Accrued profit on bank deposits and Sukuk	341,481	254,732	42,921	297,653
Prepayments	51,253	-	-	-
Advances	102,990	14,861	458,306	473,167
Rent receivable	12,171	-	-	-
Other	79,478	912,497	-	912,497
	587,373	1,182,090	501,227	1,683,317

12 Investments at fair value through equity

	Shareholders			
	2022	**2022**	2021	2021
	Fair value	**Cost**	Fair value	Cost
	RO	**RO**	RO	RO
Local quoted				
Service sector	**132,000**	**117,600**	114,000	117,600
Real estate development	**406,000**	**392,000**	-	-
Industrial sector	**25,500**	**6,330**	15,525	6,330
	563,500	**515,930**	129,525	123,930
Local unquoted				
Service sector	**258,569**	**71,428**	221,355	71,428
Real estate development	**129,750**	**129,600**	129,750	129,450
	388,319	**201,028**	351,105	200,878
Total Local	**951,819**	**716,958**	480,630	324,808
Foreign quoted				
Financial sector	**281,969**	**259,037**	225,740	207,698
Service sector	**788,662**	**710,690**	1,518,362	710,690
Industrial sector	**7,860**	**10,611**	-	-
Real estate development	**38,132**	**19,231**	41,892	19,231
Total Foreign	**1,116,623**	**999,569**	1,785,994	937,619
Total investments	**2,068,442**	**1,716,527**	2,266,624	1,262,427

12 Investments at fair value through equity (continued)

(a) Movement in investments at fair value through equity

	Shareholders	
	2022	2021
	RO	RO
At 1 January	**2,266,624**	2,225,974
Purchases	**453,950**	21,142
Disposals	**-**	(70,405)
Realised gain	**-**	15,404
Net change in fair value [see note (c) below]	**(652,132)**	141,333
Impairment loss on investment (note 26)	**-**	(66,824)
At 31 December	**2,068,442**	2,266,624

(b) At the reporting date, details of the Company's investments at fair value through equity for which the Company's holding exceeds 10% of investments held at fair value through equity at 31 December are:

	% of portfolio	Basis of valuation	Number of securities	Fair Value
2022				**RO**
Investment from shareholders' fund				
Dar Al Takaful PJSC	**37**	**Fair value**	**10,504,203**	**769,853**
2021				RO
Investment from shareholders' fund				
National Takaful Company (Watania) - listed	66	Fair value	14,303,596	1,497,587

(c) Movement in investments fair value reserve:

	Shareholders	
	2022	2021
	RO	RO
At 1 January	**863,465**	741,124
Net change in fair value of investment during the year	**(652,132)**	141,333
Impact of deferred tax	**104,124**	(18,992)
	(548,008)	122,341
At 31 December	**315,457**	863,465

(d) Investments classified as 'investments at fair value through equity' consists of investments in equity securities.

13 Investments carried at amortised cost

	Shareholders		General takaful		Family takaful	
	31 December 2022	31 December 2021	**31 December 2022**	31 December 2021	**31 December 2022**	31 December 2021
	RO	RO				
At 1 January	**6,229,113**	6,229,587	**-**	-	**100,000**	-
Purchased during the year	**960,913**	100,182	**460,519**	-	**-**	-
Disposal during the year	**(1,478,638)**	-	**-**	-	**-**	-
Transfer from shareholders to participants	**-**	(100,000)	**-**	-	**-**	100,000
Amortised during the year	**(411)**	(656)	**-**	-	**-**	-
At 31 December	**5,710,977**	6,229,113	**460,519**	-	**100,000**	100,000

(a) The Company has invested in sukuks listed in the local and international markets. The Company has a positive intention and ability to hold sukuks until their maturity which ranges from June 2023 to June 2030. The effective average rate of return on investments carried at amortised cost at 31 December 2022 ranges from 4.8% to 8.50% (2021 – from 4.75% to 8.50%) per annum with coupon receipts on a semi-annual basis. All the investments classified as 'investments carried at amortised cost' are debt instruments. The fair value of investments carried at amortised cost at 31 December 2022 is RO 6,271,496 (2021 – RO 6,329,113).

(b) Restrictions on transfer of assets

In accordance with the law governing the operation of insurance companies within the Sultanate of Oman, the Company identified 1,565,000 units (2021 – 2,985,068 units) with total face value of RO 4,000,064 (2021 – RO 5,429,098) to the CMA. The Company can only transfer these assets with the prior approval of the CMA.

(c) Currently, the percentage of Tilal Development Company SAOC investment in relation to overall investments of the Company is 6.3% (2021: 7.20%) which exceeds the limit prescribed by Regulations for Investing Assets for Insurance Companies issued by the CMA. As per the Regulation, investments in sukuk of any one company should not exceed 5% of the total investments of the insurer. The Company has obtained an exceptional approval from CMA for this investment.

14 Taxation

(a) The Company is subject to income tax at the rate of 15% (2021 – 15%) in accordance with the income tax law of the Sultanate of Oman.

	Shareholders	
	2022	2021
	RO	RO
Current tax		
- For the current year	**244,919**	278,196
Deferred tax		
- For the current year	**6,912**	(85,366)
Tax expense for the year	**251,831**	192,830

14 Taxation (CONTINUED)

(b) Reconciliation of income tax

	Shareholders	
	2022	2021
	RO	RO
Accounting profit for the year (note c)	1,636,955	1,585,686
Tax expense at the rates mentioned in 'a' above	245,543	237,853
Non-deductible expense	18,932	(32,691)
Tax exempt income	(12,644)	(12,332)
	251,831	192,830

(c) Accounting profit for the year includes surplus of RO 323,874 (2021 – RO 438,046) as per the statement of participants' revenues and expenses and profit before tax RO 1,313,081 (2021 – RO 1,147,640) as per the statement of comprehensive income.

(d) Status of tax assessments

The Company's income tax assessments have been finalized up to 2020 by the Secretariat General for Taxation at the Ministry of Finance. The management is of the opinion that additional taxes, if any, relating to the income tax return for the year would not be significant to the Company's financial position as at 31 December 2022.

(e) The movement of the tax payable at the year-end is as follows:

	Shareholders	
	2022	2021
	RO	RO
At 1 January	315,376	391,764
Charged for the year	244,919	278,196
Paid during the year	(282,454)	(354,584)
At 31 December	277,841	315,376

(f) Deferred tax

Deferred income tax is calculated on all temporary differences under the liability method using a principal tax rate of 15% (2021 - 15%).

	At 1 January 2022	Charged / (credit) to the statement of comprehensive income	Charged to shareholders' equity	At 31 December 2022
	RO	RO	RO	RO
Deferred tax asset				
Depreciation on property and equipment	21,233	9,987	-	31,220
Investment in real estate	(185,900)	(34,899)	-	(220,799)
Provision for doubtful debts	276,848	18,000	-	294,848
Unrealised income on investments	89,744	-	104,124	193,868
	201,925	6,912	104,124	299,137

	At 1 January 2021	Charged / (credit) to the statement of comprehensive income	Credited to shareholder' equity	At 31 December 2021
	RO	RO	RO	RO
Deferred tax asset				
Depreciation on property and equipment	24,620	(3,387)	-	21,233
Investment in real estate	(195,825)	9,925	-	(185,900)
Provision for doubtful debts	208,044	68,804	-	276,848
Unrealised income on investments	98,712	10,024	(18,992)	89,744
	135,551	85,366	(18,992)	201,925

15 Investment in real estate

Movement of carrying amounts of investment in real estate:

	Shareholders 2022	2021
	RO	RO
At 1 January	**5,170,000**	5,468,830
Impairment on investment in real estate	-	(298,830)
At 31 December	**5,170,000**	5,170,000

(a) Following are the details related to the fair valuation estimation:

Property description	Valuation	Valuation technique	Valuation date	Valuer name	Fair value level hierarchy	Impact of 5% change
	RO					RO
Building at Al Khuwair	**2,700,000**	**Market value**	**31 December 2022**	**Muscat Surveyors LLC**	**Level 2**	**135,000**
Building at Al Hail	**2,470,000**	**Market value**	**31 December 2022**	**Muscat Surveyors LLC**	**Level 2**	**123,500**
	5,170,000					

Property description	Valuation	Valuation technique	Valuation date	Valuer name	Fair value level hierarchy	Impact of 5% change
	RO					RO
Building at Al Khuwair	2,700,000	Market value	31 December 2021	Muscat Surveyors LLC	Level 2	135,000
Building at Al Hail	2,470,000	Market value	31 December 2021	Muscat Surveyors LLC	Level 2	123,500
	5,170,000					

As of 31 December 2022, the Company has investment in investment real estate of RO 5,170,000 (31 December 2021 – RO 5,170,000) which is 13.02% of overall investments of the Company. As per the Regulation, investments in real estate should not exceed 20% of the total investments of the insurer.

15.1 Restrictions on transfer of assets

In accordance with the law governing the operation of insurance companies within the Sultanate of Oman, the Company has pledged Investment properties amounting to RO 5,170,000 (31 December 2021 – RO 5,170,000) to the Capital Market Authority. The Company can only transfer these assets with the prior approval of the CMA.

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16 Property and equipment

	Buildings	Leasehold improvements	Office furniture and equipment	Motor vehicles	Total
	RO	RO	RO	RO	RO
Cost					
At 1 January 2022	**724,462**	**179,012**	**1,959,905**	**38,327**	**2,901,706**
Additions	**-**		**48,369**	**-**	**48,369**
At 31 December 2022	**724,462**	**179,012**	**2,008,274**	**38,327**	**2,950,075**
Accumulated depreciation					
At 1 January 2022	**232,320**	**146,236**	**1,798,733**	**38,325**	**2,215,614**
Charge for the year	**29,544**	**11,023**	**81,967**	**-**	**122,534**
At 31 December 2022	**261,864**	**157,259**	**1,880,700**	**38,325**	**2,338,148**
Carrying value					
At 31 December 2022	**462,598**	**21,753**	**127,574**	**2**	**611,927**

	Buildings	Leasehold improvements	Office furniture and equipment	Motor vehicles	Total
	RO	RO	RO	RO	RO
Cost					
At 1 January 2021	724,462	179,012	1,885,363	38,327	2,827,164
Additions	-	-	74,542	-	74,542
At 31 December 2021	724,462	179,012	1,959,905	38,327	2,901,706
Accumulated depreciation					
At 1 January 2021	202,776	129,247	1,727,672	38,325	2,098,020
Charge for the year	29,544	16,989	71,061	-	117,594
At 31 December 2021	232,320	146,236	1,798,733	38,325	2,215,614
Carrying value					
At 31 December 2021	492,142	32,776	161,172	2	686,092

17 Share capital

	2022	2021
	RO	RO
Authorised share capital:		
Ordinary shares 250,000,000 ordinary shares of 100 Baiza each (2021 – 250,000,000 ordinary shares of 100 Baiza each)	**25,000,000**	25,000,000
Issued and fully paid-up capital:		
Ordinary shares 175,000,000 ordinary shares of 100 Baiza each (2021 – 175,000,000 ordinary shares of 100 Baiza each)	**17,500,000**	17,500,000

17 Share capital (continued)

(a) 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 shares they hold are as follows:

	% of holding	Number of shares	% of holding	Number of shares
	2022		2021	
Mohammed Al Barwani Holding Company LLC	**25.86**	**45,250,001**	25.86	45,250,001

18 Share premium

Share premium represents the premium of RO 0.038 per share collected at the time of initial public offering of 66,666,670 shares and incurred expenses of RO 319,849 relating to initial public offering. During the year 2014, the Company utilised share premium of RO 833,333 to issue free shares.

19 Legal reserve

As required by the Commercial Companies Law of Oman, 10% of the profit after tax for the year is transferred to legal reserve. The Company may resolve to discontinue such annual transfers when the reserve equals one third of the Company's paid up capital. The reserve is not available for distribution.

20 Contingency reserve

During 2020, the Company has adjusted the opening balance of Contingency reserve amounting RO 4,080,454 and RO 181,478 with respect to the General and Family takaful business. The Company has implemented the new takaful regulation and stopped creating any contingency reserve.

21 Employees' end of service benefits

	Shareholders	
	2022	2021
	RO	RO
At 1 January	**572,083**	531,831
Charge for the year [note 27(a)]	**95,733**	87,462
Payments made during the year	**(157,186)**	(47,210)
At 31 December	**510,630**	572,083

The Company has recognised the provision for employees' end of service benefits as per the local labor law requirement and also computed using the actuarial method which resulted in a provision amount not materially different from the provision already recognised at the reporting period end.

22 Unearned retakaful commission

Movement in unearned retakaful commission is shown below:

	Participants		
	General Takaful	Family Takaful	Total
	RO	RO	RO
At 1 January 2022	**162,408**	**-**	**162,408**
Income from retakaful contracts accrued during the year	**430,528**	**-**	**430,528**
Amortised during the year	**(428,957)**	**-**	**(428,957)**
At 31 December 2022	**163,979**	**-**	**163,979**

	General Takaful	Family Takaful	Total
	RO	RO	RO
At 1 January 2021	160,625	-	160,625
Income from retakaful contracts accrued during the year	449,137	-	449,137
Amortised during the year	(447,354)	-	(447,354)
At 31 December 2021	162,408	-	162,408

23 Accounts and other payables

	Shareholders	Participants		
		General Takaful	Family takaful	Total
2022				
Accounts payables	**984,623**	**6,768,443**	**1,153,814**	**7,922,257**
Government levy payable	**-**	**630,187**	**16,994**	**647,181**
Provision for taxation [note 14 (e)]	**277,841**	**-**	**-**	**-**
Accrued expenses	**90,920**	**-**	**-**	**-**
Leave salary provision	**254,602**	**-**	**-**	**-**
Other payables	**117,566**	**-**	**-**	**-**
	1,725,552	**7,398,630**	**1,170,808**	**8,569,438**

	Shareholders	Participants		
		General Takaful	Family takaful	Total
2021	RO	RO	RO	RO
Accounts payables	1,044,691	3,553,075	953,509	4,503,765
Government levy payable	-	660,896	15,499	679,214
Provision for taxation [note 14 (e)]	315,376	-	-	-
Accrued expenses	209,192	-	-	-
Leave salary provision	124,323	-	-	-
Other payables	69,149	-	-	-
	1,762,731	4,213,971	969,008	5,182,979

24 Fees and other income and Takaful expense

	Participants					
		2022			2021	
	General takaful	Family takaful	Total	General takaful	Family takaful	Total
	RO	RO	RO	RO	RO	RO
Policy fees and service income	**303,268**	**815**	**304,083**	124,710	486	125,196
Takaful expense	**(434,390)**	**(343)**	**(434,733)**	(239,871)	(180)	(240,051)
	(131,122)	**472**	**(130,650)**	(115,161)	306	(114,855)

25 Wakala fees and mudarib share

The shareholders manage the general and family takaful operations for the participants and charged 20% (2021 – 20%) of gross contributions as wakala fees, as approved by the Board of Directors. The shareholders also manage the participants' fund as a mudarib and charge 55% (2021 – 55%) of the general takaful and family takaful investment income earned by the participants' investment funds. The maximum chargeable wakala fees and mudarib share for the year 2022 as approved by the Shari'ah Supervisory Committee are 20% and 55% (2021 – 20% and - 55%) respectively.

26 Investment income – net

	2022	2021
	RO	RO
Profit on wakala bank deposits	**697,039**	682,624
Profit from investment carried at amortised cost	**409,075**	392,794
Rental income from investment in real estate	**299,561**	323,369
Dividend income	**95,486**	202,112
Profit on the Mudarbah investment	**25,000**	25,000
Realised gain on sale of investments – net [note 6 (b)]	**11,035**	37,126
Fair value (loss) / gain on investments carried at fair value through profit or loss - net [note 6 (b)]	**(102,047)**	257,511
Impairment loss on investment in real estate [note 15]	**-**	(298,830)
Impairment loss on investments at fair value through equity [note 12 (a)]	**-**	(66,824)
Investment management costs and purification charges	**(68,373)**	(204,038)
	1,366,776	1,350,844

(a) Investment management cost includes purification charges amounting to RO 19,435 (2021 - RO 27,025).

(b) Allocation of investment income to participants and shareholders is as follows:

	2022	2021
	RO	RO
General takaful	**471,891**	342,388
Family takaful	**64,024**	32,072
Shareholders	**830,861**	976,384
	1,366,776	1,350,844

27 General and administrative expenses

	Shareholders	
	2022	2021
	RO	RO
Staff costs [note (a) below]	**3,439,911**	3,511,296
Depreciation (note 16)	**122,534**	117,594
Rent and utilities	**207,209**	219,480
Legal and professional	**170,125**	103,227
IT expenses	**211,107**	195,620
Communication	**73,048**	67,745
Advertisement and publicity	**19,916**	24,363
Directors' sitting fee and Remuneration [note 32(a)]	**157,800**	56,400
Business travel	**54,163**	43,201
Shari'ah Supervisory Committee's sitting fee and retainer fee [note 32(a)]	**12,000**	11,250
Directors' travel and other expenses [note 32(a)]	**5,652**	2,498
Shari'ah Supervisory Committee's travel and other expenses [note 32(a)]	**16,895**	16,000
Corporate social responsibility	**19,907**	78,284
Others	**170,053**	203,547
	4,680,320	4,650,505

(a) Staff costs

	Shareholders	
	2022	2021
	RO	RO
Salaries and benefits	**2,969,391**	3,006,405
Other staff cost	**179,172**	181,950
Social security cost	**174,113**	173,979
Employees' end of service benefits charge (note 21)	**95,733**	87,462
Leave salary	**21,502**	61,500
	3,439,911	3,511,296

28 Earnings per share attributable to shareholders - basis and diluted

	Shareholders	
	2022	2021
Shareholders' profit for the year – RO	**1,061,250**	954,810
Weighted average number of shares outstanding during the year – number	**175,000,000**	175,000,000
Shareholders' earnings per share – basic and diluted – RO	**0.006**	0.005

Shareholders' basic earnings per share is calculated by dividing the shareholders' profit for the year by the weighted average number of shares outstanding during the year. There is no effect on diluted earnings per share as the Company has not issued any instruments having diluting effects.

29 Net assets per share attributable to shareholders

	Shareholders	
	2022	2021
Shareholders' net assets – RO	**21,929,576**	22,728,834
Weighted average number of shares outstanding – number	**175,000,000**	175,000,000
Shareholders' net assets per share – RO	**0.125**	0.130

Net assets per share attributable to shareholders is calculated by dividing the shareholders' net assets at the year-end by the number of shares outstanding at 31 December.

30 Dividend distributions

During the current year, the Board of Directors proposed cash dividend of 7.5 Baiza per share (2020 – 10 Baiza per share) amounting to RO 1,312,500 (2020 - RO 1,750,000) for the year ended 31 December 2021. The proposed cash dividend was approved in the Annual General Meeting held on 24 March 2022.

Board of Directors has proposed a cash dividend of 7 Baiza per share for the year ended 31 December 2022 (2021 – cash dividend of 7.5 Baiza per share) subject to approval of shareholders at the Annual General Meeting.

31 Cash and cash equivalents

	Shareholders	Participants	Total
2022	**RO**	**RO**	**RO**
Cash and bank balances			
Cash at bank in current accounts	**45,811**	**2,157,509**	**2,203,320**
Cash at bank in call account	**170,057**	**3,420,297**	**3,590,354**
Cash balances with investment managers	**823,156**	**48,705**	**871,861**
Cash in hand	**4,023**	**948**	**4,971**
	1,043,047	**5,627,459**	**6,670,506**

	Shareholders	Participants	Total
2021	RO	RO	RO
Cash and bank balances			
Cash at bank in current accounts	319,036	1,563,877	1,882,913
Cash at bank in call account	893,841	3,817,601	4,711,442
Cash balances with investment managers	667,210	-	667,210
Cash in hand	3,791	818	4,609
	1,883,878	5,382,296	7,266,174

The above cash and cash equivalents include restricted cash and bank balances amounting to RO 30,754 (2021 – RO 67,109).

32 Related parties

In the ordinary course of business, the Company conducts transactions with certain of its major shareholders, associated companies, Directors, Shari'ah Supervisory Committee members, key management personnel and business entities over which they are able to exert significant influence on mutually agreed terms with the approval of Board of Directors. The approximate volumes of such transactions involving related parties and holders of 10% or more of the Company's shares or their family members other than those separately disclosed, during the year were as follows:

(a) Transactions with related parties

Transactions with related parties or holders of 10% or more of the Company's shares or their family members, included in the statement of participants' revenue and expenses and statement of comprehensive income are as follows:

	2022	2021
	RO	RO
Gross contributions	3,617,710	4,083,307
Retakaful / reinsurance contribution ceded	83,751	59,968
Gross outstanding claims	139,719	385,108
Gross claims settled	526,560	1,882,931
Commission paid	689,432	728,448
Directors' sitting fee and Remuneration (note 27)	157,800	56,400
Directors' travel and other expenses (note 27)	5,652	2,498
Shari'ah Supervisory Committee sitting fee (note 27)	12,000	11,250
Shari'ah Supervisory Committee's travel and other expenses (note 27)	16,895	16,000
Income from investment in Sukuks and mudarbah	315,163	314,312
Investment Property management cost	40,000	40,000

(b) Balances with related parties

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, and is analysed as follows:

	2022	2021
	RO	RO
Contribution balances receivables from related parties	2,597,352	3,126,552
Investment in Tilal Sukuk	2,500,064	2,500,597
Investment in MB Sukuk Issue	1,500,000	1,500,000
Investments at fair value through equity	1,158,172	1,848,692
Investment at fair value through profit or loss	221,664	340,663
Cash with investment manager – Al Madina Investment	525,000	525,000

(c) Compensation of key management personnel of the Company:

Compensation of key management personnel of the Company, consisting of salaries and benefits, was as follows:

	2022	2021
	RO	RO
Short-term benefits	465,023	677,898
Employee end of service benefits	22,735	28,417
	487,758	706,315

33 Contingencies and commitment

Contingent liabilities

At 31 December 2022, the Company had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business amounting to RO 30,754 (2021 – RO 67,109).

Capital commitment

At 31 December 2022, the Company has no capital commitment (2021 – nil).

Legal claims

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

34 Segment information

Business segments – primary reporting segment

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

Operating segments

The Company has the following operating segments:

Fire, energy, medical, engineering, liability, and general accident.

Motor, marine and aviation

Family takaful

Family business relates to the takaful of the life of an individual or group life.

	Fire, energy, medical, engineering, liability and general accident	Motor, marine and aviation	Total General Takaful	Family Takaful
	RO	RO	RO	RO
Gross contributions	32,448,983	9,169,388	41,618,371	3,089,856
Retakaful/reinsurance share	(24,850,322)	(2,072,103)	(26,922,425)	(2,388,809)
Retained contributions	7,598,661	7,097,285	14,695,946	701,047
Unearned contributions adjustment - net	65,429	(236,627)	(171,198)	(11,167)
Net earned contributions	7,664,090	6,860,658	14,524,748	689,880
Fee and Commission income	528,102	204,123	732,225	815
Segment Revenue	8,192,192	7,064,781	15,256,973	690,695
Net claims incurred	(4,428,539)	(3,923,464)	(8,352,003)	(302,304)
Commission expense	(13,537)	(10)	(13,547)	(724)
Takaful expense	(146,067)	(288,323)	(434,389)	(343)
Underwriting surplus before wakala fees	3,604,049	2,852,984	6,457,033	387,324
Provision for impairment of receivables			(105,000)	(15,000)
Wakala fees			(8,323,674)	(617,971)
Surplus from takaful operations after wakala fees			(1,971,641)	(245,647)
Investment income - net			471,891	64,024
Mudarib share			(259,540)	(35,213)
Hiba from Shareholder's to Policyholder's			1,950,000	350,000
			190,710	133,164
Identifiable assets and liabilities on 31 December 2022				
Identifiable assets	64,941,581	27,832,107	92,773,688	5,645,096
Identifiable liabilities	64,815,569	27,778,102	92,593,672	5,970,636

34 Segment information (continued)

	Fire, energy, medical, engineering, liability and general accident	Motor, marine and aviation	Total General Takaful	Family Takaful
	RO	RO	RO	RO
Gross contributions	32,886,404	8,419,575	41,305,979	2,818,090
Retakaful/reinsurance share	(25,139,515)	(1,928,253)	(27,067,768)	(2,221,329)
Retained contributions	7,746,889	6,491,322	14,238,211	596,761
Unearned contributions adjustment - net	18,764	(531,181)	(512,417)	18,464
Net earned contributions	7,765,653	5,960,141	13,725,794	615,225
Fee and Commission income	375,041	197,023	572,064	486
Segment Revenue	8,140,694	6,157,164	14,297,858	615,711
Net claims incurred	(3,546,210)	(3,429,434)	(6,975,644)	(443,186)
Commission expense	(544,661)	(204,350)	(749,011)	(52,634)
Takaful expense	(28,410)	(211,460)	(239,870)	(180)
Underwriting surplus before wakala fees	4,021,413	2,311,920	6,333,333	119,711
Provision for impairment of receivables	-	-	(448,691)	(10,000)
Wakala fees	-	-	(8,261,196)	(563,618)
Surplus from takaful operations after wakala fees	-	-	(2,376,554)	(453,907)
Investment income - net			342,388	32,072
Mudarib share			(188,313)	(17,640)
Hiba from Shareholder's to Policyholder's			2,500,000	600,000
				277,521
Identifiable assets and liabilities on 31 December 2021				
Identifiable assets	64,154,421	27,494,751	91,649,172	5,645,299
Identifiable liabilities	64,161,909	27,497,957	91,659,866	6,104,003

The activities of the Company are restricted to carrying out takaful, on the principles of Shari'ah significant portion of which is subject to similar risks and rewards. Accordingly, no segmental information relating to products and services has been presented.

Geographical segments – secondary reporting segment
The Company has one geographical segment as all operations are carried inside the Sultanate of Oman.

35 Risk management

(a) Governance framework

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

(b) Regulatory framework

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

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

35 Risk management (continued)

(c) Takaful risk

The risk under any takaful contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the nature of a takaful contract, this risk is random and therefore unpredictable. For a portfolio of takaful contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its takaful contracts is that the actual claims and benefit payments may exceed the carrying amount of the takaful liabilities. This could occur because of the frequency or severity of claims and benefits are greater than estimated. Takaful events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

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

The concentration of takaful 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 takaful contracts which constitute mainly motor, fire and allied perils, marine and general risks as well as life and medical takaful contracts.

The amount and timing of claims payments is expected to be settled within one year. Additional claim liabilities that could reasonably occur due to changes in key variables used in estimating the outstanding claims provision are considered to be adequately catered for through provision for claims incurred but not reported (IBNR).

Moreover, the Company limits takaful risk by monitoring changes in key variables that could give rise to additional claim liabilities.

The results from takaful operations before retakaful / reinsurance recoveries and wakala fees are analysed as follows:

	2022	2021
General takaful	**RO**	RO
Motor	**3,148,142**	2,096,810
Fire, general accidents, engineering and others	**28,659,858**	4,403,819
Marine cargo and hull	**418,002**	399,482
Medical	**260,225**	1,440,388
	32,486,227	8,340,499
Family takaful		
Life	**1,009,399**	(616,784)
Total	**33,495,626**	7,723,715

The net claims ratios are as follows:

	2022	2021
	%	%
Motor	**59**	59
Fire, general accidents, engineering and others	**10**	14
Medical	**92**	69
Life	**44**	72

The net claims ratio is calculated by dividing the net incurred claims (gross claims less retakaful / reinsurance and other recoveries) by the net contributions earned (gross contributions less contributions ceded and adjustment for unearned contributions reserve).

35 Risk management (continued)

(c) Takaful risk (continued)

Impact of COVID-19 on insurance risk

In its underwriting segment, the Company is primarily exposed to medical and business interruption policies. The Capital Market Authorities in Oman have instructed all insurers to accept medical claims related to COVID-19 irrespective of cover terms and conditions. The Company anticipates that the impact of medical claims would be immaterial due to low rate of hospitalisation and deferral of elective medical procedures required.

With regards to Business Interruption (BI) policies, the Company has in place pandemic and infectious disease policy exclusions as well. The Company has valuated all business interruption policies inforce for which the Company may have to incur claim payouts. As a result of initial examination of the policies, the Company has determined that these will not have a material impact in relation to the net claims paid due to lower retention levels of the Company and specific policy exclusions. Furthermore, the Company has been able to retain major customers during the year ended 31 December 2022 and has generally witnessed renewals and new business across major lines of businesses.

(d) Retakaful risk

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 retakaful / reinsurance purposes. Such retakaful / 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 retakaful / reinsurance is effected under treaty, facultative and excess-of-loss retakaful / reinsurance contracts.

Amounts recoverable from retakaful / reinsurance companies are estimated in a manner consistent with the outstanding claims provision and are in accordance with the retakaful / reinsurance contracts. To minimise its exposure to significant losses from retakaful / reinsurance company insolvencies, the Company evaluates the financial condition of its retakaful / reinsurance companies and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the retakaful / reinsurance companies.

The Company only deals with retakaful / reinsurance companies approved by the management, which are generally international companies that are rated by international rating agencies.

The Company's placement of retakaful / reinsurance is diversified such that it is neither dependent on a single retakaful / reinsurance company nor are the operations of the Company substantially dependent upon any single retakaful / reinsurance contract.

(e) Key assumptions

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

Other key assumptions include variation in mortality, longevity, profit rates and delays in settlement. Discount rate used is determined with reference to risk free rate adjusted for country risk premium.

(f) Sensitivities

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

35 Risk management (continued)

(f) Sensitivities (continued)

	Change in assumptions	Impact on Liabilities	Impact on underwriting results
	%	RO	RO
2022			
Incurred claims – net	+10%	865,431	(865,431)
	-10%	(865,431)	865,431

	Change in assumptions	Impact on Liabilities	Impact on underwriting results
	%	RO	RO
2021			
Incurred claims – net	+10%	741,883	(741,883)
	-10%	(741,883)	741,883

Claims development

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

	Gross Claims Development				
	RO	RO	RO	RO	RO
Accident Year	**2019**	**2020**	**2021**	**2022**	**Total**
Estimate of ultimate claims cost:					
At end of accident year	24,848,437	19,532,204	39,491,656	18,135,701	
One year later	27,987,831	15,163,289	35,510,259		
Two years later	24,395,727	13,862,486			
Three years later	23,809,006				
Current estimate of cumulative claims	23,809,006	13,862,486	35,510,259	18,135,701	91,317,452
Cumulative payments till date	18,422,733	8,791,149	15,732,871	9,608,576	52,555,329
Liability recognized in statement financial position	5,386,273	5,071,337	19,777,388	8,527,125	38,762,123
Liability in respect of years prior to 2019					6,975,629
OSLR Adjusted					505,086
Unallocated Loss Adjustment Reserves					198,570
Total gross reserve included in the statement of financial position as at 31 December 2022					47,686,641

35 Risk management (continued)

Claims development (continued)

	Gross Claims Development				
	RO	RO	RO	RO	RO
Accident Year	**2018**	**2019**	**2020**	**2021**	**Total**
Estimate of ultimate claims cost:					
At end of accident year	**25,202,832**	**24,848,437**	**19,532,204**	**39,491,656**	
One year later	**21,480,588**	**27,987,831**	**15,163,289**		
Two years later	**21,019,398**	**24,395,727**			
Three years later	**20,932,827**				
Current estimate of cumulative claims	**20,932,827**	**24,395,727**	**15,163,289**	**39,491,656**	**99,983,499**
Cumulative payments till date	**17,078,395**	**17,348,126**	**7,894,392**	**9,275,570**	**51,596,483**
Liability recognized in statement financial position	**3,854,432**	**7,047,601**	**7,268,897**	**30,216,086**	**48,387,016**
Liability in respect of years prior to 2018					**4,380,422**
Additional Reserves					-
OSLR Adjusted					**414,456**
Unallocated Loss Adjustment Reserves					**293,832**
Total gross reserve included in the statement of financial position as at 31 December 2021					**55,010,786**

(g) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (exchange rate risk, profit rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. Risk management is carried out by the management under policies approved by the Board of Directors.

(i) Market risk

Exchange rate risk

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

The Company is exposed to foreign exchange risk primarily from USD which is pegged to Omani Rial. The Company's exposure to foreign currency risk was as follows:

	2022		2021	
Assets	**USD**	**Other foreign currencies**	USD	Other foreign currencies
Cash and bank balances	**1,792,089**	-	975,262	-
Takaful and retakaful / reinsurance balance receivables	**1,065,543**	-	9,708,313	1,724
Investments at fair value through equity	**38,132**	**1,078,491**	41,891	1,744,103
Investments carried at amortised cost	**2,500,064**	-	2,500,597	-
Liabilities				
Retakaful / reinsurance payables	**7,201,068**	**14,436**	26,988,239	14,436

35 Risk management (continued)

(g) Financial risk factors (continued)

(i) Market risk (continued)

Sensitivity analysis

The exchange rate for USD is pegged to Riyal Omani, therefore, management does not consider any significant risk arising from transactions in USD. During the year ended 31 December 2022, Rial Omani were to have strengthened or weakened by 1% against other foreign currencies with all other variables held constant, results for the year would have been higher or lower by approximately RO 10,785 (2021 – RO 17,458).

Profit rate risk

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

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

	Change in assumptions	**2022**	2021
		RO	RO
Income from bank deposit and investments carried at amortised cost	+0.5%	140,743	106,867
	-0.5%	(140,743)	(106,867)

The Company's profit rate risk based on contractual undiscounted arrangements were as follows:

2022	**Less than 1 year**	**Over 1 year**	**Total**
	RO	**RO**	**RO**
Bank deposits	**6,922,500**	**11,750,000**	**18,672,500**
Investments carried at amortised cost	**4,000,064**	**2,271,432**	**6,271,496**

2021	Less than 1 year	Over 1 year	Total
	RO	RO	RO
Bank deposits	3,700,000	8,750,000	12,450,000
Investments carried at amortised cost	1,477,138	4,851,975	6,329,113

Price risk

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

The Company's equity price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices. The Company's price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on investments in each country, sector and market and careful and planned use of derivative financial instruments.

62% (2021 – 49%) of the Company's equity investments at the statement of financial position date are within the Sultanate of Oman.

A 10% change in fair value of the Company's investments carried at fair value through profit or loss would have impact on profit / (loss) of approximately RO 85,708 (2021 – RO 125,230).

A 10% change in fair value of the Company's investments at fair value through equity would have impact on equity of approximately RO 206,844 (2021 – RO 226,662).

35 Risk management (continued)

(g) Financial risk factors (continued)

(i)Market risk (continued)

Fair value estimation

The table below analyses financial instruments and assets that are measured subsequent to initial recognition at fair value, by valuation techniques. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets;

Level 2: 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); and

Level 3: inputs for the asset or liability that are not based on observable market data.

	Level 1	Level 2	Level 3	Total
2022				
Investment in real estate	**-**	**5,170,000**	**-**	**5,170,000**
Investments at fair value through equity	**1,680,123**	**-**	**388,319**	**2,068,442**
Investments carried at fair value through profit or loss	**857,080**	**-**	**-**	**857,080**
	2,537,203	**5,170,000**	**388,319**	**8,095,522**

	Level 1	Level 2	Level 3	Total
2021	RO	RO	RO	RO
Investment in real estate	-	5,170,000	-	5,170,000
Investments at fair value through equity	1,915,519	-	351,105	2,266,624
Investments carried at fair value through profit or loss	1,252,303	-	-	1,252,303
	3,167,822	5,170,000	351,105	8,688,927

The net change in fair value of investments carried at fair value through profit or loss of RO 176,241 (2021 – RO 257,511) relates to level 1 of fair valuation hierarchy.

The change in fair value of investments at fair value through equity includes loss amounting to RO 168,012 (2021 – RO 191,552) which relates to level 1 and gain amounting to RO 38,832 (2021 – RO 35,110) which relates to level 3 of fair valuation hierarchy.

(ii) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.

The maximum credit exposure to credit risk at the reporting date by type was shown as below:

	2022	2021
	RO	RO
Cash and bank balances (excluding cash in hand)	**6,665,535**	7,261,565
Bank deposits	**18,672,500**	12,450,000
Takaful balance receivable	**18,168,504**	16,266,597
Retakaful / reinsurance balance receivable	**907,497**	872,022
Other receivables and takaful assets (excluding advances and prepayments)	**2,699,850**	1,643,280
Investments carried at amortised cost	**6,271,496**	6,329,113
	53,385,382	44,822,577

The Company's bank balances and sukuk investments are maintained with a range of international and local banks in accordance with limits set by the board of directors. Debt type instruments carried at amortised cost is investment in Sukuk which are secured through underlying assets of the investee companies.

The maximum credit exposure to credit risk for bank deposits and bank balances and cash balance with investment managers at the reporting date, by classification of counterparties, is as follows:

35 Risk management (continued)

(g) Financial risk factors (continued)

(ii) Credit risk (continued)

	2022	2021
	RO	RO
P3	25,338,036	-
Unrated	-	19,711,565
	25,338,036	19,711,565

Takaful receivables comprise a number of customers within Oman and local and foreign retakaful / reinsurance companies. At 31 December 2022, top 5 retakaful / reinsurance companies account for 70% (2021 – 64%) of the credit exposure. The Company monitors these receivables on a regular basis. Most of the credit customers and retakaful / reinsurance companies have been dealing with the Company for over 2 years and losses have occurred infrequently. The Company establishes an allowance for impairment that represents its estimate of likely losses in respect of these receivable accounts in accordance with the guidelines of the credit policy along with individually assessing each receivable for impairment. This assessment is carried out periodically and the adequacy of the provision for impairment is also assessed.

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

The maximum credit exposure to credit risk for takaful and retakaful / reinsurance contract receivables at the reporting date by geographic region is as follows:

	2022	2021
	RO	RO
Oman	18,168,504	16,339,331
Middle east	739,089	200,052
Others	168,408	599,236
	19,076,001	17,138,619

The maximum credit exposure to credit risk for takaful and retakaful / reinsurance contract receivables at the reporting date by classification of counterparties is as follows:

	2022	2021
	RO	RO
Brokers and agents	1,249,809	365,194
Individuals and corporate clients	16,918,695	15,901,404
Retakaful / reinsurance companies	907,497	872,021
	19,076,001	17,138,619

With respect to retakaful / reinsurance companies, as per Company policy of managing takaful risk, such contracts are placed only with internationally reputed well rated retakaful / reinsurance companies. The table below shows the gross retakaful / reinsurance receivables at the reporting date as rated by various rating agencies:

Rating	2022	2021
	RO	RO
A	211,593	226,543
AA	357,895	140,159
B	-	27,986
Other rated	-	68,856
Unrated	664,463	734,932
	1,233,951	1,198,476

35 Risk management (continued)

(g) Financial risk factors (continued)

(iii) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial liabilities. Liquidity requirements are monitored regularly and the directors ensure that sufficient funds are available to meet any commitments as they arise. The Company considers their liquidity position to be satisfactory.

Capital adequacy and solvency margin

At 31 December 2022, the Company's solvency margin (as determined in accordance with the Oman Insurance regulations) indicates surplus of RO 8,897,522 (2021 – RO 6,304,720) against the regulatory requirement.

At reporting date, the maturity profile of financial liabilities is as follows:

	1 month to 4 months	4 months to 12 months	Non-fixed maturity	Total
2022				
Financial liabilities				
Takaful liabilities	-	-	68,032,590	68,032,590
Retakaful / reinsurance payable	-	18,343,423	-	18,343,423
Accounts and other payables (excluding government levy and income tax payable)	9,369,968	-	-	9,369,968
Charity fund payable	21,738	-	-	21,738
Total	9,391,706	18,343,423	68,032,590	95,767,719

	1 month to 4 months	4 months to 12 months	Non-fixed maturity	Total
2021	RO	RO	RO	RO
Financial liabilities				
Takaful liabilities	-	-	75,373,018	75,373,018
Retakaful / reinsurance payable	-	12,815,331	-	12,815,331
Accounts and other payables (excluding government levy and income tax payable)	5,958,149	-	-	5,958,149
Charity fund payable	6,327	-	-	6,327
Total	5,964,476	12,815,331	75,373,018	94,152,825

Impact of COVID-19 on liquidity risk

In response to the COVID-19 outbreak, the Company continues to monitor and respond to all liquidity requirements that are presented. The Company continues to calibrate stress testing scenarios to current market conditions in order to assess the impact on the Company in the current extreme stress. As at the reporting date the liquidity position of the Company remain strong and is well placed to absorb and manage the impacts of this disruption.

(h) Capital risk management

During the year 2019, Capital Market Authority (CMA) has issued the Takaful Executive Regulations of the Takaful Insurance Law which became applicable from 23 December 2020. The Company has implemented Takaful Insurance Law and its Executive Regulation; however, for solvency margin calculation, the Company has complied with the existing regulations applicable for conventional insurance companies in the Sultanate of Oman, as there is no specific regulation on solvency under Takaful Insurance Law.

Externally imposed capital requirements are set and regulated by the CMA and are put in place to ensure sufficient solvency margin. Further objectives are set by the Company to maintain a strong credit rating and healthy capital ratios in order to support its business objectives and maximise shareholders and policyholders value.

35 Risk management (continued)

(h) Capital risk management (continued)

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and policyholders and to maintain an optimal capital structure to reduce the cost of capital. Further, the Insurance Companies Law of Oman requires a minimum capital of RO 10 million for insurance companies.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debts.

36 Financial assets by category

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

2022	Loans and receivables RO	Investments carried at fair value through profit or loss RO	Investments at fair value through equity RO	Investments carried at amortised cost RO	Total RO
Cash and bank balances	**6,670,506**	**-**	**-**	**-**	**6,670,506**
Bank deposits	**18,672,500**	**-**	**-**	**-**	**18,672,500**
Investments carried at fair value through profit or loss	**-**	**857,080**	**-**	**-**	**857,080**
Takaful balance receivable	**18,168,504**	**-**	**-**	**-**	**18,168,504**
Retakaful / reinsurance balance receivable	**907,497**	**-**	**-**	**-**	**907,497**
Other receivables and takaful assets (excluding advances and prepayments)	**2,699,850**	**-**	**-**	**-**	**2,699,850**
Investments at fair value through equity	**-**	**-**	**2,068,442**	**-**	**2,068,442**
Investments carried at amortised cost	**-**	**-**	**-**	**6,271,496**	**6,271,496**
2022	**47,118,857**	**857,080**	**2,068,442**	**6,271,496**	**56,315,875**

2021	Loans and receivables	Investments carried at fair value through profit or loss	Investments at fair value through equity	Investments carried at amortised cost	Total
Cash and bank balances	7,266,174	-	-	-	7,266,174
Bank deposits	12,450,000	-	-	-	12,450,000
Investments carried at fair value through profit or loss	-	1,252,303	-	-	1,252,303
Takaful balance receivable	16,266,597	-	-	-	16,266,597
Retakaful / reinsurance balance receivable	872,022	-	-	-	872,022
Other receivables and takaful assets (excluding advances and prepayments)	1,643,280	-	-	-	1,643,280
Investments at fair value through equity	-	-	2,266,624	-	2,266,624
Investments carried at amortised cost	-	-	-	6,329,113	6,329,113
2021	38,498,073	1,252,303	2,266,624	6,329,113	48,346,113

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FOR THE YEAR ENDED 31 DECEMBER 2022

37 Zakat

With regards to the zakat liability of the Company's shareholders, the Shari'ah Supervisory Committee has approved the calculation of zakat in accordance with the guidance provided by AAOIFI. Such calculation is based on the net invested fund method. This has been communicated to the shareholders and is payable directly by them as per the Articles of Association of the Company.

38 Distribution of surplus in policyholders' fund

As per the Company's policy for distribution of surplus in participants' fund, 50% of surplus in policyholders' fund for the year shall be transferred to takaful reserve. Takaful reserve allocation will be made on the basis advised by the Shari'ah Supervisory Committee.

39 Shari'ah Supervisory Committee

The Company's business activities are subject to supervision of a Shari'ah Supervisory Committee (SSC) consisting of four members appointed by the shareholders of the Company. The SSC performs supervisory role in order to determine whether the operations of the Company are conducted in accordance with the Islamic Shari'ah rules and principles.

40 Earnings prohibited under Shari'ah

Earnings retained during the previous year from transactions which are not permitted under Shari'ah and are recorded as part of accounts and other payables amounted to RO 21,738 (2021 – RO 6,327). All non-Islamic income is credited to a charity account where the Company uses these funds for charitable purposes.

41 Hibah

For the year ended 31 December 2022, Hibah amounting RO 2,300,000 (2021 - RO 3,100,000) was provided by Shareholders to support the Policyholders' fund (General Takaful RO 1,950,000 and Family Takaful RO 350,000). This has been approved by the Board of Directors and Sharia'h Supervisory Committee.