1 Legal status and principal activities

Dhofar Insurance Company SAOG (the Company) is a joint stock company registered under the Commercial Companies Law of Oman and is engaged in the business of insurance (general and life) within the Sultanate of Oman.

2 Significant accounting policies

(a) *Basis of preparation*

These unaudited condensed financial statements have been prepared under the going concern and historical cost basis, except for the measurement at fair value of available for sale investments, investments at fair value through profit or loss (held for trading) and investment properties to the extent required or permitted under IFRS as set out in the relevant accounting policies.

(i) *Statement of compliance*

These unaudited condensed financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, interpretations issued by the International Financial Reporting Interpretations Committee, the applicable provisions of the Commercial Companies Law 1974, as amemded, of the Sultanate of Oman, the Insurance Companies Law 1979 and the Rules and Guidelines on disclosures issued by the Capital Market Authority.

(ii) *Interim financial reporting*

The Company has elected to publish condensed set of financial statements as its interim financial statements under IAS 34. Recognition and measurement guidance of IAS 34 applies also to complete financial statements for an interim period, and these interim financial statements include all of the disclosures required by IAS 34 as well as those required by other IFRS.

These financial statements are prepared in accordance with IAS 34 'Interim Financial Reporting.

(iii) *Use of estimates and judgements*

The preparation of financial statements in conformity with IFRS 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 the financial statements are disclosed under outstanding claims, impairment of available for sale investments and impairment of receivables.

(iv) *Seasonality of operations*

The nature of the Company's business is such that substantial volume of insurance policy renewals and new policies occur in the first half of the year.

3 Property and equipments

	Freehold land	Buildings on freehold land	Office furniture and equipment	Motor vehicles	House hold furniture	Total
Cost						
At 1 January 2018	**260,000**	**840,000**	**3,455,141**	**355,575**	**325,601**	**5,236,317**
Additions during the period	**-**	**-**	**20,108**	**-**	**-**	**20,108**
Disposals	**-**	**-**	**-**	**(85,250)**	**-**	**(85,250)**
At 31 March 2018	**260,000**	**840,000**	**3,475,249**	**270,325**	**325,601**	**5,171,175**
Accumulated depreciation						
At 1 January 2018	**-**	**95,200**	**2,856,330**	**309,874**	**312,983**	**3,574,387**
Depreciation charged	**-**	**8,400**	**91,485**	**5,666**	**1,716**	**107,267**
On disposals	**-**	**-**	**-**	**(70,797)**	**-**	**(70,797)**
At 31 March 2018	**-**	**103,600**	**2,947,815**	**244,743**	**314,699**	**3,610,857**
Net book amount						
At 31 March 2018	**260,000**	**736,400**	**527,434**	**25,582**	**10,902**	**1,560,318**

	Freehold land	Buildings on freehold land	Office furniture and equipment	Motor vehicles	House hold furniture	Total
Cost						
At 1 January 2017	260,000	840,000	3,354,035	427,475	321,023	5,202,533
Additions during the period	-	-	64,351	-	3,500	67,851
At 31 March 2017	260,000	840,000	3,418,386	427,475	324,523	5,270,384
Accumulated depreciation						
At 1 January 2017	-	61,600	2,437,186	277,105	302,924	3,078,815
Charge for the period	-	8,400	104,349	20,550	2,471	135,770
At 31 March 2017	-	70,000	2,541,535	297,655	305,395	3,214,585
Net book amount						
At 31 March 2017	260,000	770,000	876,851	129,820	19,128	2,055,800
At 31 December 2017	260,000	744,800	598,811	45,701	12,618	1,661,930

4 Investment properties

	Unaudited 31 March 2018	Unaudited 31 March 2017	Audited 31 Dec 17
As at 1 January	**8,935,000**	8,935,000	8,935,000
Reclassification	**-**	-	-
Changes in fair value during the year	**-**	-	-
	8,935,000	8,935,000	8,935,000

Investment properties, comprising real estate investments, are under lien to the Capital Market Authority. The carrying amount of the investment properties is the aggregate fair value as determined by an independent property valuer. Fair value was determined as being the most probable price the property can fetch in a competitive open market. In October 2017, the Company obtained a valuation of its investment properties from an independent property valuer, which indicated that the fair values of the investment properties fairly represented their market values.

5 Investments

	Unaudited 31 March 2018	Unaudited 31 March 2017	Audited 31 Dec 17
Available-for-sale investments (Note 5a)	**4,804,560**	4,446,503	4,932,112
Investment in equity accounted investees (Note 5b)	**2,968,092**	2,840,616	2,943,015
Held-to-maturity investments (Note 5D)	**5,123,800**		5,123,800
Total non-trading investments	**12,896,452**	7,287,119	12,998,927
Held-for-trading investments (Note 5c)	**1,312,107**	3,482,308	1,474,925
Total investments	**14,208,559**	10,769,427	14,473,852

5A Available for sale investments :

Quoted equity investments:	**Unaudited**	Unaudited	Audited
Local quoted equity investments:	**31 March 2018**	31 March 2017	31 Dec 17
Service sector	**3,114,155**	3,573,883	3,212,927
Investment sector	**575,769**	661,720	598,348
	3,689,924	4,235,603	3,811,275
Foreign quoted equity investments:			
Insurance sector	**30,060**	31,751	36,260
	30,060	31,751	36,260
Unquoted investments:			
Unquoted investments	**1,084,576**	179,149	1,084,576
	1,084,576	179,149	1,084,576
	4,804,560	4,446,503	4,932,111

5B Investment in equity accounted investees :

The Company has the following investment in associate:

	Number of shares	**Percentage of issued share capital**	**Unaudited 31 March 18**
Oman Vegetable Oils & Derivatives Co. LLC (OVOD)	**2,500,000**	**38.46%**	**2,968,092**
			2,968,092

	Number of shares	Percentage of issued share capital	Unadited 31 March 17
Oman Vegetable Oils & Derivatives Co. LLC (OVOD)	2,500,000	38.46%	2,840,616
			2,840,616

	Number of shares	Percentage of issued share capital	Audited 31 Dec 17
Oman Vegetable Oils & Derivatives Co. LLC (OVOD)	2,500,000	38.46%	2,943,015
			2,943,015

5 Investments (continued)

5C Held-for-trading investments

Quoted local investments:	**Unaudited 31 March 2018 Market value**	**Cost**	Unaudited 31 March 2017 Market value	Cost	Audited 31 Dec 17 Market value	Cost
Banking sector	**318,780**	**394,359**	1,743,263	1,612,251	357,420	394,359
Service sector	**320,015**	**429,235**	375,683	444,435	324,406	429,235
Investment sector	**487,371**	**235,094**	950,740	455,373	607,981	235,094
Others	**185,941**	**73,259**	412,622	311,320	185,118	73,259
	1,312,107	**1,131,947**	3,482,308	2,823,380	1,474,925	1,131,947

5D Held-to-maturity investments **-** **-**

Held-to-maturity investments comprise of the following:

	31st March '2018		31st March 2017		31st Dec 2017	
	Market value	**Cost**	Market Value	**Cost**	Market Value	**Cost**
Bank Sohar Perpetual Bonds	1,000,000	1,000,000	-	-	1,000,000	1,000,000
Sultanate of Oman Government Development Bonds	4,123,800	4,067,300	-	-	4,123,800	4,067,300
	5,123,800	5,067,300	-	-	5,123,800	5,067,300

6 Bank deposits, bank balances, cash and bank loan

6A Bank deposits (non-current assets)

	Unaudited 31 March 2018	Unaudited 31 March 2017	Audited 31 Dec 17
Bank deposits with a maturity of greater than twelve months from the date of	**31,112,546**	35,112,546	31,112,546

The bank deposits carry interest rates ranging between 1.20% per annum and 4.85% per annum (31 March 2018: between 1.2% per annum and 4.50% per annum).

6B Bank deposits and cash (current assets)

	Unaudited 31 March 2018	Unaudited 31 March 2017	Audited 31 Dec 17
Cash and cash equivalents	**1,130,553**	1,841,292	2,623,950
Short term deposits	**150,000**	150,000	150,000
	1,280,553	1,991,292	2,773,950

6C Bank loan

The Company has obtained a short-term loan facility of RO 4.9 million with a sub-limit of bank overdraft RO 0.1 million. The outstanding amount is RO 3 million as at 31 March 2018. The short-term loan bears an interest rate of 6% per annum. The above facility is secured by way of a commercial charge over the current assets of the Company.

7 Insurance and reinsurance contract receivables

	Unaudited 31 March 2018	Unaudited 31 March 2017	Audited 31 Dec 17
Premiums receivable	**6,405,694**	8,926,420	4,914,278
Premiums receivable from related parties (Note 16B)	**167,450**	172,373	37,280
Reinsurance balance receivable	**1,328,274**	1,198,515	1,881,677
Provision for impaired premium and reinsurance	**(1,214,080)**		(1,214,080)
	6,687,338	10,297,308	5,619,155

8 Share capital

	Unaudited 31 March 2018	Unaudited 31 March 2017	Audited 31 Dec 17
Authorised			
Authorised 200,000,000 ordinary shares of RO 0.100 each (2018: 200,000,000 ordinary shares of RO 0.100 each)	**20,000,000**	20,000,000	20,000,000
Issued and fully paid-up 200,000,000 ordinary shares of RO 0.100 each	**20,000,000**	20,000,000	20,000,000

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

	Unaudited 31 March 2018		Unaudited 31 March 2017		Audited 31 Dec 17	
	% of Holding	**Number of shares**	% of Holding	Number of shares	% of Holding	Number of shares
Dhofar International Development and Investment Company SAOG	**35.05**	**70,096,000**	35.05	70,096,000	35.05	70,096,000
H.E.Abdul Alem Mustahil Rakhyoot	**15.06**	**30,125,600**	15.06	30,125,600	15.06	30,125,600

9 Contingency reserve

During the period ended 31 March 2018, the Company has not transferred any amount to contingency reserve due to loss.

10 Insurance funds

The carrying amounts of the Company's insurance funds at 30 September were as follows:

	Unaudited 31 March 2018			Unaudited 31 March 2017			Audited 31 December 2017		
(a) **General**	**Gross**	**Reinsurers' share**	**Net**	**Gross**	**Reinsurers' share**	**Net**	**Gross**	**Reinsurers' share**	**Net**
Claims outstanding	**29,497,469**	**(15,607,635)**	**13,889,834**	32,209,171	(16,891,021)	15,318,150	32,118,319	(17,450,592)	14,667,727
Claims incurred but not reported	**11,713,501**	**(5,382,748)**	**6,330,753**	6,441,834	(3,378,204)	3,063,630	9,050,681	(3,208,408)	5,842,273
Unearned premiums	**17,196,119**	**(7,469,270)**	**9,726,849**	22,448,758	(11,455,044)	10,993,714	23,765,209	(12,945,209)	10,820,000
	58,407,089	**(28,459,653)**	**29,947,436**	61,099,763	(31,724,269)	29,375,494	64,934,209	(33,604,209)	31,330,000
(b) **Life**									
Claims outstanding	**658,396**	**(422,544)**	**235,852**	298,605	(162,149)	136,456	831,774	(628,033)	203,741
Claims incurred but not reporte	**607,700**	**(390,008)**	**217,692**	438,827	(393,726)	45,101	715,226	(549,967)	165,259
Unearned premiums reserve	**821,132**	**(495,886)**	**325,246**	1,576,244	(1,412,537)	163,706	1,096,000	(857,000)	239,000
	2,087,228	**(1,308,438)**	**778,790**	2,313,676	(1,968,413)	345,263	2,643,000	(2,035,000)	608,000
Total insurance funds	**60,494,317**	**(29,768,092)**	**30,726,226**	63,413,439	(33,692,682)	29,720,757	67,577,209	(35,639,209)	31,938,000

11 Net assets per share

The calculation of net assets per share is based on net assets of RO 17,357,857/- (31 March 2017: RO19,937,016/- and RO 16,449,319/- as at 31 December 2017) attributable to ordinary shareholder on 200,000,000 ordinary shares being the number of ordinary share outstanding as at 31 March 2018, 31 March 2017 and 31 December 2017.

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12 Net underwriting results

	Unaudited period ended 31 March 2018			Unaudited period ended 31 March 2017		
	General business	**Life**	**Total**	**General business**	**Life**	**Total**
Revenue						
Gross premium written	**8,769,552**	**1,358,272**	**10,127,824**	11,988,333	975,172	12,963,505
Reinsurance premium ceded	**(3,348,783)**	**(773,820)**	**(4,122,603)**	(4,227,638)	(874,948)	(5,102,586)
Net retained premium	**5,420,769**	**584,452**	**6,005,221**	7,760,695	100,224	7,860,919
Movement in unearned premium reserve (net)	**1,093,151**	**(86,246)**	**1,006,905**	(950,100)	9,468	(940,631)
Commission earned on reinsurance ceded	**650,091**	**85,267**	**735,358**	675,146	113,981	789,127
	1,743,242	**(978)**	**1,742,263**	(274,954)	123,449	(151,504)
Total insurance revenue	**7,164,011**	**583,474**	**7,747,484**	7,485,741	223,673	7,709,415
Costs						
Gross claims paid	**6,985,215**	**843,562**	**7,828,777**	8,405,401	678,022	9,083,423
Reinsurance share	**(2,006,980)**	**(582,492)**	**(2,589,472)**	(2,449,869)	(455,190)	(2,905,059)
Net claims paid	**4,978,235**	**261,070**	**5,239,305**	5,955,532	222,832	6,178,364
Movement in outstanding claims reserve (net)	**(289,413)**	**84,543**	**(204,870)**	1,758,547	(38,777)	1,719,770
Net claims incurred	**4,688,822**	**345,613**	**5,034,435**	7,714,079	184,055	7,898,134
Commission expenses	**146,043**	**-**	**146,043**	188,945	1,847	190,792
Total insurance costs	**4,834,865**	**345,613**	**5,180,478**	7,903,024	185,902	8,088,926
Net underwriting results	**2,329,146**	**237,860**	**2,567,006**	(417,283)	37,771	(379,512)

12 Net underwriting results (continued)

The underwriting result before reinsurance recoveries are analysed as follows:

	Unaudited 31 March 2018		**Unaudited 31 March 2017**	
	Net retained premium	**Underwriting result before reinsurance recoveries**	**Net retained premium**	**Underwriting result before reinsurance recoveries**
Motor	**4,529,224**	**770,188**	6,778,731	(1,567,903)
Fire and general accident	**870,796**	**7,478,021**	959,717	2,926,004
Marine cargo and hull	**20,749**	**(82,795)**	22,247	186,471
Life	**584,452**	**1,070,482**	100,224	514,280
	6,005,221	**9,235,896**	7,860,919	2,058,853

The net claims ratio is as follows:

	Unaudited period ended 31 March 2018 Percentage	Unaudited period ended 31 March 2017 Percentage
Motor	**88**	125
Fire and general accident	**30**	38
Marine cargo and hull	**(3)**	-
Life	**72**	168
Overall loss ratio	**72**	114

The net claims ratio is calculated by dividing the net claims incurred (gross claims less reinsurance and other recoveries) by the net earned premiums (gross premiums written less premiums ceded plus movement in unearned premium reserve).

13 Investment income and changes in fair value of investment property

Investment income	**Unaudited Period ended 31 March 2018**	Unaudited Period ended 31 March 2017
Interest income on bank deposits	**310,023**	276,517
Rental income from investment properties	**99,040**	103,230
Dividend income	**68,119**	2,345
Other investment income	**485**	2,175
Interest on Bond	**70,891**	-
Share of profit/(losses) from investment in equity accounted investees	**24,461**	1,290
Net unrealised loss on held-for-trading investments	**(162,818)**	(137,489)
	410,201	248,068

14 Other income

	Unaudited Period ended 31 March 2018	Unaudited Period ended 31 March 2017
Policy fees	**12,532**	**251,932**
Transfer fees	**72,591**	**158,744**
Foreign exchange profit	**10**	**1,405**
Sundry income	**2,080**	**3,560**
Profit on sale of AAA card	**-**	**744**
Profitson sale of Fixed assets	**26,546**	-
	113,759	416,385

15 Earnings per share

Earnings per share is calculated by dividing the net profit/(loss) for the year by the weighted average number of shares outstanding during the year as follows:

	Unaudited Period ended 31 March 2018	Unaudited Period ended 31 March 2017
Net (loss)/profit for the year (RO)	**1,035,473**	(1,657,093)
Weighted average number of shares outstanding during the period	**200,000,000**	200,000,000
Basic (loss)/earnings per share (RO)	**0.005**	(0.008)

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

16 Related party transactions

Related parties represent major shareholders, directors and key management personnel of the Company, and the companies of which they are principal owners. The transactions are entered into at mutually agreed terms and conditions. The approximate volume 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:

16 Related party transactions (continued)

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

Transactions with related parties or holders of 10% or more of the Company's shares or their family members, included in the statement of profit or loss are as follows:

	Unaudited Period ended 31 March 2018	Unaudited Period ended 31 March 2017
Premiums written		
Omani Vegetable Oils and Derivatives LLC	**9,676**	10,374
Dhofar International Development and Investment Company SAOG	**285**	522
Bank Dhofar	**663,145**	415,063
Other related parties	**176,487**	192,247
	849,593	618,206
Claims paid		
Omani Vegetable Oils and Derivatives LLC	**-**	465
Dhofar International Development and Investment Company SAOG	**-**	
Bank Dhofar SAOG	**519,544**	378,304
Other related parties	**23,372**	18,663
	542,916	397,432
Directors' sitting fees	**13,500**	1,200
Directors' travelling allowance	**8,567**	246

Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables. For the period ended 31 March 2018, the Company has not established any provision for impaired amounts owed by related parties as the payment history has been good (31 March 2017: same terms and conditions). This assessment is undertaken at each financial year through examining the financial position of the related party and the market in which the related party operates.

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

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

	Unaudited Period ended 31 March 2018	Unaudited Period ended 31 March 2017
Other receivables and prepayments		
Receivable from Ex-Chief Executive Officer	**932,353**	932,353
Recoverable from related parties	**30,000**	46,000
Premiums receivable from related parties	**167,450**	172,373
Outstanding claims payable (included in outstanding claims reserve) to other related parties	**1,404,865**	925,148
Fixed deposits with Bank Dhofar SAOG	**30,932,907**	30,932,907

(c) Compensation to key management personnel of the Company

	Unaudited Period ended 31 March 2018	Unaudited Period ended 31 March 2017
Short-term-benefits	**163,793**	99,340
Employees' terminal benefits	**5,946**	32,898
	169,739	132,238

17 Contingencies

Legal claims

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

18 Comparative figures

Certain comparative information/corresponding figures have been reclassified to conform to the presentation adopted in these financial statements, the effect of which is not material. Corresponding figures for comparative purposes presented in the statement of financial position are as at 31 March 17 (unaudited) and 31 December 2017 (audited) and for statement of comprehensive income and cash flows, period ended 31 March 2017 (unaudited).