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 2019	**260,000**	**840,000**	**3,516,154**	**98,875**	**325,706**	**5,040,735**
Additions during the period	**-**	**-**	**15,280**	**-**	**-**	**15,280**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**
At 31 Mar 2019	**260,000**	**840,000**	**3,531,434**	**98,875**	**325,706**	**5,056,015**
Accumulated depreciation						
At 1 January 2019	**-**	**128,800**	**3,229,594**	**96,375**	**325,706**	**3,780,475**
Depreciation charged	**-**	**8,400**	**47,965**	**625**	**-**	**56,990**
On disposals	**-**	**-**	**-**	**-**	**-**	**-**
At 31 Mar 2019	**-**	**137,200**	**3,277,559**	**97,000**	**325,706**	**3,837,465**
Net book amount						
At 31 Mar 2019	**260,000**	**702,800**	**253,875**	**1,875**	**-**	**1,218,550**

	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 Mar 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 Mar 2018	-	103,600	2,947,815	244,743	314,699	3,610,857
Net book amount						
At 31 Mar 2018	260,000	736,400	527,434	25,582	10,902	1,560,318
At 31 December 2018	260,000	711,200	286,560	2,500	-	1,260,260

4 Investment properties

	Unaudited 31 Mar 19	Unaudited 31 Mar 18	Audited 31 Dec 18
As at 1 January	**8,665,000**	8,935,000	8,935,000
Changes in fair value during the period	**-**	-	(270,000)
At 31 Mar	**8,665,000**	8,935,000	8,665,000

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 value. Fair value was determined as being the most probable price the property can fetch in a competitive open market. In October 2018, the Company obtained a valuation of its investment properties from an independent valuer, which indicated that the fair values of the investment properties fairly represented their market values.

5 Investments

	Unaudited 31 Mar 19	Unaudited 31 Mar 18	Audited 31 Dec 18
Available-for-sale investments (Note 5a)	**3,793,390**	4,804,560	3,855,461
Investment in equity accounted investees (Note 5b)	**2,605,937**	2,968,092	2,605,937
Held-to-maturity investments (Note 5d)	**6,123,800**	5,123,800	6,123,800
Total non-trading investments	**12,523,127**	12,896,452	12,585,198
Held-for-trading investments (Note 5c)	**354,209**	1,312,107	402,141
Total investments	**12,877,336**	14,208,559	12,987,339

5A Available for sale investments :

Quoted equity investments:	**Unaudited**	Unaudited	Audited
Local quoted equity investments:	**31 Mar 19**	31 Mar 18	31 Dec 18
Service sector	**580,140**	3,114,155	731,369
Investment sector	**620,363**	575,769	526,848
	1,200,503	3,689,924	1,258,217
Foreign quoted equity investments:			
Insurance sector	**25,739**	30,060	30,096
	25,739	30,060	30,096
Unquoted investments:			
Unquoted investments	**2,567,148**	1,084,576	2,567,148
	2,567,148	1,084,576	2,567,148
	3,793,390	4,804,560	3,855,461

5B Investment in equity accounted investees :

The Company has the following investment in associate:

	Number of shares	**Percentage of issued share capital**	**Unaudited 31 Mar 19**
Oman Vegetable Oils & Derivatives Co. LLC (OVOD)	**2,500,000**	**38.46%**	**2,605,937**
			2,605,937

	Number of shares	Percentage of issued share capital	Unadited 31 Mar 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	Audited 31 Dec 18
Oman Vegetable Oils & Derivatives Co. LLC (OVOD)	2,500,000	38.46%	2,605,937
			2,605,937

5 Investments (continued)

5C Held-for-trading investments

Quoted local investments:	**Unaudited 31 Mar 19 Market value**	**Cost**	Unaudited 31 Mar 18 Market value	Cost	Audited 31 Dec 18 Market value	Cost
Banking sector	**-**	**-**	318,780	394,359	-	-
Service sector	**178,720**	**326,038**	320,015	429,235	223,099	326,038
Investment sector	**41,123**	**116,715**	487,371	235,094	49,971	116,715
Others	**134,366**	**73,259**	185,941	73,259	129,071	73,259
	354,209	**516,012**	1,312,107	1,131,947	402,141	516,012

5D Held-to-maturity investments

Held-to-maturity investments comprise of the following:

	Unaudited 31 Mar 19 Market value	**Cost**	Unaudited 31 Mar 18 Market Value	**Cost**	Audited 31 Dec 18 Market Value	**Cost**
Bank Sohar Perpetual Bonds	**1,000,000**	**1,000,000**	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	4,123,800	4,067,300
Bank Dhofar Prepetual Bonds	**1,000,000**	**1,000,000**			1,000,000	1,000,000
	6,123,800	**6,067,300**	**5,123,800**	**5,067,300**	6,123,800	6,067,300

6 Bank deposits, bank balances, cash and bank loan

6A Bank deposits (non-current assets)

	Unaudited 31 Mar 19	Unaudited 31 Mar 18	Audited 31 Dec 18
Bank deposits with a maturity of greater than twelve months from the date of placement	**34,112,546**	31,112,546	34,112,546

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

6B Bank deposits and cash (current assets)

	Unaudited 31 Mar 19	Unaudited 31 Mar 18	Audited 31 Dec 18
Cash and cash equivalents	**3,511,349**	1,130,553	4,114,635
Short term deposits	**150,000**	150,000	150,000
	3,661,349	1,280,553	4,264,635

7 **Insurance and reinsurance contract receivables**	**Unaudited 31 Mar 19**	Unaudited 31 Mar 18	Audited 31 Dec 18
Premiums receivable	**6,941,765**	6,405,694	4,979,624
Premiums receivable from related parties (Note 16B)	**140,889**	167,450	17,300
Reinsurance balance receivable	**5,645,162**	1,328,274	5,176,823
Provision for impaired premiums receivables	**(1,517,952)**	(630,128)	(1,517,952)
Provision for impaired reinsurance receivables	**(583,952)**	(583,952)	(583,952)
	10,625,912	6,687,338	8,071,843

8 **Share capital**	**Unaudited 31 Mar 19**	Unaudited 31 Mar 18	Audited 31 Dec 18
Authorised 300,000,000 ordinary shares of RO 0.100 each (2018: 300,000,000 ordinary shares of RO 0.100 each)	**30,000,000**	20,000,000	30,000,000
Issued and fully paid-up 100,000,000 ordinary shares of RO 0.100 each	**10,000,000**	20,000,000	10,000,000

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 Mar 19		Unaudited 31 Mar 18		Audited 31 Dec 18	
	% of Holding	**Number of shares**	% of Holding	Number of shares	% of Holding	Number of shares
Dhofar International Development and Investment Company SAOG	**36.59**	**36,592,904**	35.05	70,096,000	36.59	36,592,904
H.E.Abdul Alem Mustahil Rakhyoot	**15.06**	**15,062,797**	15.06	30,125,600	15.06	15,062,797

9 Contingency reserve

Since the contingency reserve of the Company has reached the maximum limit of RO 10,000,000, which is equivalent to the paid up capital of RO10,000,000, during this quarter, the Company has not transferred any amount to contingency reserve.

10 Insurance funds

The carrying amounts of the Company's insurance funds at 31 March were as follows:

	Unaudited 31 Mar 2019			Unaudited 31 Mar 2018			Audited 31 December 2018		
(a) **General**	**Gross**	**Reinsurers' share**	**Net**	**Gross**	**Reinsurers' share**	**Net**	**Gross**	**Reinsurers' share**	**Net**
Claims outstanding	**76,136,821**	**(64,052,686)**	**12,084,135**	**29,497,469**	**(15,607,635)**	13,889,834	89,896,635	(76,867,716)	13,028,919
Claims incurred but not reported	**9,575,679**	**(2,449,810)**	**7,125,869**	**11,713,501**	**(5,382,748)**	6,330,753	9,332,993	(2,576,278)	6,756,715
Unearned premiums	**18,411,714**	**(8,160,132)**	**10,251,582**	**17,196,119**	**(7,469,270)**	9,726,849	19,267,000	(10,441,000)	8,826,000
	104,124,214	**(74,662,628)**	**29,461,586**	58,407,089	(28,459,653)	29,947,436	118,496,628	(89,884,994)	28,611,634
(b) **Life**									
Claims outstanding	**1,542,431**	**(1,325,681)**	**216,750**	658,396	(422,544)	235,852	1,200,217	(1,002,068)	198,149
Claims incurred but not reported	**1,351,954**	**(891,431)**	**460,523**	607,700	(390,008)	217,692	1,052,000	(631,000)	421,000
Unearned premiums reserve	**616,322**	**(346,972)**	**269,350**	821,132	(495,886)	325,246	1,216,000	(957,000)	259,000
	3,510,707	**(2,564,084)**	**946,623**	2,087,228	(1,308,438)	778,790	3,468,217	(2,590,068)	878,149
Total insurance funds	**107,634,921**	**(77,226,712)**	**30,408,209**	60,494,317	(29,768,092)	30,726,226	121,964,845	(92,475,062)	29,489,783

11 Net assets per share

The calculation of net assets per share is based on net assets of RO 20,178,630/- (31 March 2018 : RO17,357,857/- and RO 19,356,962/- as at 31 December 2018) attributable to ordinary shareholder on 100,000,000 ordinary shares being the number of ordinary share outstanding as at 31 March 2019 (200,000,000 ordinary shares on 31 March 2018 and 100,000,000 ordinary shares on 31 December 2018)

12 Net underwriting results

	Unaudited period ended 31 Mar 2019			Unaudited period ended 31 Mar 2018		
	General business	**Life**	**Total**	**General business**	**Life**	**Total**
Revenue						
Gross premium written	**9,929,735**	**1,799,721**	**11,729,456**	8,769,552	1,358,272	10,127,824
Reinsurance premium ceded	**(3,990,634)**	**(1,082,205)**	**(5,072,839)**	(3,348,783)	(773,820)	(4,122,603)
Net retained premium	**5,939,101**	**717,516**	**6,656,617**	5,420,769	584,452	6,005,221
Movement in unearned premium reserve (net)	**(1,425,582)**	**(10,350)**	**(1,435,932)**	1,093,151	(86,246)	1,006,905
Commission earned on reinsurance ceded	**652,950**	**124,517**	**777,467**	650,091	85,267	735,358
	(772,632)	**114,167**	**(658,465)**	1,743,242	(978)	1,742,263
Total insurance revenue	**5,166,469**	**831,683**	**5,998,152**	7,164,011	583,474	7,747,484
Costs						
Gross claims paid	**7,027,792**	**932,361**	**7,960,153**	6,985,215	843,562	7,828,777
Reinsurance share	**(3,213,109)**	**(482,765)**	**(3,695,874)**	(2,006,980)	(582,492)	(2,589,472)
Net claims paid	**3,814,683**	**449,596**	**4,264,279**	4,978,235	261,070	5,239,305
Movement in outstanding claims reserve (net)	**(575,630)**	**58,125**	**(517,505)**	(289,413)	84,543	(204,870)
Net claims incurred	**3,239,053**	**507,721**	**3,746,774**	4,688,822	345,613	5,034,435
Commission expenses	**199,968**	**76**	**200,044**	146,043		146,043
Total insurance costs	**3,439,021**	**507,797**	**3,946,818**	4,834,865	345,613	5,180,478
Net underwriting results	**1,727,448**	**323,886**	**2,051,334**	2,329,146	237,860	2,567,006

12 Net underwriting results (continued)

	Unaudited period ended 31 Mar 2019	Unaudited period ended 31 Mar 2018
Motor	**259,530**	547,356
Fire and general accident	**1,360,673**	1,687,327
Marine cargo and hull	**69,516**	41,968
Medical	**37,729**	52,495
Life	**323,886**	237,860
	2,051,334	2,567,006

The net claims ratio is as follows:

	Unaudited 31 Mar 2019 Percentage	Unaudited 31 Mar 2018 Percentage
Motor	**91**	88
Fire and general accident	**9**	22
Marine cargo and hull	**(38)**	(3)
Medical	**53**	76
Life	**72**	69
Overall loss ratio	**72**	72

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 Mar 2019**	Unaudited Period ended 31 Mar 2018
Interest income on bank deposits	**362,211**	310,023
Rental income from investment properties	**95,725**	99,040
Dividend income	**64,419**	68,119
Other investment income	**-**	485
Interest on Bond	**90,363**	70,891
Share of profit/(losses) from investment in equity accounted investees	**-**	24,461
Net unrealised loss on held-for-trading investments	**(47,932)**	(162,818)
	564,786	410,201

14 Other income

	Unaudited Period ended 31 Mar 2019	Unaudited Period ended 31 Mar 2018
Policy fees	**79,979**	12,532
Transfer fees	**68,127**	72,591
Cancellation fees	**585**	-
Tender fee collection	**1,900**	-
Foreign exchange profit	**-**	10
Sundry income	**10,965**	2,080
Profit on sale of AAA card	**6,093**	-
Commission income (orange card)	**-**	-
Profit on sale of Fixed assets	**100**	26,546
	167,749	113,759

15 Earnings per share

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

	Unaudited Period ended 31 Mar 2019	Unaudited Period ended 31 Mar 2018
Net profit for the period (RO)	**883,739**	1,035,473
Average number of shares outstanding during the period	**100,000,000**	200,000,000
Basic earnings per share (RO)	**0.009**	0.005

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 period 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 Mar 2019	Unaudited Period ended 31 Mar 2018
Premiums written		
Omani Vegetable Oils and Derivatives LLC	**57,137**	9,676
Dhofar International Development and Investment Company SAOG	**270**	285
Bank Dhofar	**718,845**	663,145
Other related parties	**162,868**	176,487
	939,120	849,593
Claims paid		
Omani Vegetable Oils and Derivatives LLC	**466,266**	-
Dhofar International Development and Investment Company SAOG	**2,078**	-
Bank Dhofar SAOG	**365,874**	519,544
Other related parties	**13,644**	23,372
	847,862	542,916
Directors' sitting fees	**10,500**	13,500
Directors' meeting attendance expenses	**12,415**	8,567

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 2019, the Company has not established any provision for impaired amounts owed by related parties as the payment history has been good (31 March 2018: 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 Mar 2019	Unaudited Period ended 31 Mar 2018
Other receivables and prepayments		
Receivable from Ex-Chief Executive Officer	**932,353**	932,353
Premiums receivable from related parties	**140,889**	167,450
Outstanding claims payable (included in outstanding claims reserve) to other related parties	**2,078,700**	1,404,865
Fixed deposits with Bank Dhofar SAOG	**29,932,907**	30,932,907
Rental Income from Bank Dhofar	**36,000**	36,000

(c) Compensation to key management personnel of the Company

	Unaudited Period ended 31 Mar 2019	Unaudited Period ended 31 Mar 2018
Short-term-benefits	**120,092**	163,793
Employees' terminal benefits	**3,964**	5,946
	124,055	169,739

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 Mandatorily Convertible Bonds

In the Extra-Ordinary General Meeting of the shareholders held on 18 January 2018 in accordance with Article 116 of the Commercial Companies Law 1974, as amended, the shareholders also approved the rights issue of 5,000,000 mandatory convertible bonds of OMR 1 each amounting to OMR five million. The bonds bear an interest coupon of 7.5% per annum.

Twenty percent of the bonds amounting to OMR one million are to be compulsorily converted to shares at the end of twenty four months (ie 3 July 2020) at a price equivalent to a 20% discount to the average prevailing market price of the shares during the quarter of the year preceding the conversion of the bonds, with the balance 80% being converted to shares at the end of 60 months (ie 3 July 2023) at a price equivalent to a 20% discount to the average prevailing market price of the shares during the quarter of the year preceding the conversion of the bonds.

19 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 2019 and 31 December 2018 and for statement of comprehensive income and cash flows, period ended 31 March 2018.