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.

(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 2020	**260,000**	**840,000**	**3,589,139**	**98,875**	**325,706**	**5,113,720**
Additions during the period	**-**	**-**	**40,661**	**-**	**-**	**40,661**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**
At 30 September 2020	**260,000**	**840,000**	**3,629,800**	**98,875**	**325,706**	**5,154,381**
Accumulated depreciation						
At 1 January 2020	**-**	**162,400**	**3,427,815**	**98,875**	**325,706**	**4,014,796**
Depreciation charged	**-**	**25,200**	**71,899**	**-**	**-**	**97,099**
On disposals	**-**	**-**	**-**	**-**	**-**	**-**
At 30 September 2020	**-**	**187,600**	**3,499,714**	**98,875**	**325,706**	**4,111,895**
Net book amount						
At 30 September 2020	**260,000**	**652,400**	**130,086**	**-**	**-**	**1,042,486**

	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	-	-	48,927	-	-	48,927
Disposals	-	-	-	-	-	-
At 30 September 2019	260,000	840,000	3,565,081	98,875	325,706	5,089,662
Accumulated depreciation						
At 1 January 2019	-	128,800	3,229,594	96,375	325,706	3,780,475
Depreciation charged	-	25,200	147,163	1,875	-	174,238
On disposals	-	-	-	-	-	-
At 30 September 2019	-	154,000	3,376,757	98,250	325,706	3,954,713
Net book amount						
At 30 September 2019	260,000	686,000	188,324	625	-	1,134,949
At 31 December 2019	260,000	677,600	161,324	-	-	1,098,924

4 Investment properties

	Unaudited 30 Sept 20	Unaudited 30 Sept 19	Audited 31 Dec 19
As at 1 January	**8,025,000**	8,665,000	8,665,000
Changes in fair value during the period through profir & loss	**(300,000)**	-	(365,000)
Changes in fair value during the period through Comprehensive income	**(50,000)**	-	(205,000)
Prior year adjustmentrs	**-**	-	(70,000)
At 30 September	**7,675,000**	8,665,000	8,025,000

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 December 2019, 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 30 Sept 20	Unaudited 30 Sept 19	Audited 31 Dec 19
Available-for-sale investments (Note 5a)	**3,625,063**	3,743,795	3,871,144
Investment in equity accounted investees (Note 5b)	**2,774,527**	2,605,937	2,774,527
Held-to-maturity investments (Note 5d)	**8,548,072**	8,719,248	11,746,035
Total non-trading investments	**14,947,662**	15,068,980	18,391,706
Held-for-trading investments (Note 5c)	**266,116**	328,195	325,806
Investment in Money Market Funds	**5,211,644**	-	-
Total investments	**20,425,422**	15,397,175	18,717,512

5A Available for sale investments :

Quoted equity investments:	**Unaudited**	Unaudited	Audited
Local quoted equity investments:	**30 Sept 20**	30 Sept 19	31 Dec 19
Service sector	**519,079**	571,368	572,798
Investment sector	**533,433**	584,801	584,801
	1,052,512	1,156,169	1,157,599
Foreign quoted equity investments:			
Insurance sector	**24,236**	20,478	20,291
	24,236	20,478	20,291
Unquoted investments:			
Unquoted investments	**2,548,315**	2,567,148	2,693,254
	2,548,315	2,567,148	2,693,254
	3,625,063	3,743,795	3,871,144

5B Investment in equity accounted investees :

The Company has the following investment in associate:

	Number of shares	**Percentage of issued share**	**Unaudited 30 Sept 20**
Oman Vegetable Oils & Derivatives Co. LLC (OVOD)	**2,500,000**	**38.46%**	**2,774,527**
			2,774,527

	Number of shares	Percentage of issued share capital	Unadited 30 Sept 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	Audited 31 Dec 19
Oman Vegetable Oils & Derivatives Co. LLC (OVOD)	2,500,000	38.46%	2,774,527
			2,774,527

5 Investments (continued)

5C Held-for-trading investments

Quoted local investments:	**Unaudited 30 Sept 20 Market value**	**Cost**	Unaudited 30 Sept 19 Market value	Cost	Audited 31 Dec 19 Market value	Cost
Service sector	**138,921**	**326,038**	179,407	326,038	184,086	326,038
Investment sector	**20,852**	**116,715**	25,343	116,715	24,007	116,715
Others	**106,343**	**73,259**	123,445	73,259	117,713	73,259
	266,116	**516,012**	328,195	516,012	325,806	516,012

5D Held-to-maturity investments

Held-to-maturity investments comprise of the following:

	Unaudited 30 Sept 20 Amortized cost	**Cost**	Unaudited 30 Sept 19 Amortized cost	Cost	Audited 31 Dec 19 Amortized cost	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	**4,048,072**	**4,067,300**	4,123,800	4,067,300	4,048,072	4,067,300
Bank Dhofar Prepetual Bonds	**1,000,000**	**1,000,000**	1,000,000	1,000,000	1,000,000	1,000,000
DIDIC Non Convertible Bond	**2,500,000**	**2,500,000**	-	-	2,500,000	2,500,000
USD Bonds	**-**	**-**	2,595,448	2,595,448	3,197,963	3,182,372
	8,548,072	**8,567,300**	**8,719,249**	**8,662,748**	**11,746,035**	**11,749,672**

6 Bank deposits, bank balances, cash and bank loan

6A Bank deposits (non-current assets)

	Unaudited 30 Sept 20	Unaudited 30 Sept 19	Audited 31 Dec 19
Bank deposits with a maturity of greater	**27,619,314**	31,461,882	27,619,314

The bank deposits carry interest rates ranging between 1.20 % per annum and 5.50 % per annum (30 Sept, 2019: between 1.2 % per

6B Bank deposits and cash (current assets)

	Unaudited 30 Sept 20	Unaudited 30 Sept 19	Audited 31 Dec 19
Cash and cash equivalents	**6,645,917**	5,401,832	7,643,154
Short term deposits	**150,000**	150,000	1,733,943
	6,795,917	5,551,832	9,377,097

7 Insurance and reinsurance contract receivables	**Unaudited 30 Sept 20**	Unaudited 30 Sept 19	Audited 31 Dec 19
Premiums receivable	**10,810,104**	9,606,643	8,789,651
Premiums receivable from related parties	**246,246**	403,705	99,934
Reinsurance balance receivable	**4,071,364**	4,419,568	1,628,241
Provision for impaired premiums	**(1,617,952)**	(1,517,952)	(1,517,952)
Provision for impaired reinsurance receivables	**(583,952)**	(583,952)	(583,952)
	12,925,810	12,328,012	8,415,922

8 Share capital	**Unaudited 30 Sept 20**	Unaudited 30 Sept 19	Audited 31 Dec 19
Authorised 300,000,000 ordinary shares of	**30,000,000**	30,000,000	30,000,000
Issued and fully paid-up 100,000,000	**10,000,000**	10,000,000	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,

	Unaudited 30 Sept 20		Unaudited 30 Sept 19		Audited 31 Dec 19	
	% 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**	36.59	36,592,904	36.59	36,592,904
H.E.Abdul Alem Mustahil Rakhyoot	**15.06**	**15,062,797**	15.06	15,062,797	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

10 Insurance funds

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

		Unaudited 30 Sept 2020			Unaudited 30 Sept 2019			Audited 31 December 2019		
(a)	**General**	**Gross**	**Reinsurers' share**	**Net**	**Gross**	**Reinsurers' share**	**Net**	**Gross**	**Reinsurers' share**	**Net**
	Claims outstanding	**41,733,983**	**(31,488,644)**	**10,245,339**	65,070,342	(54,407,645)	10,662,697	66,438,856	(55,663,071)	10,775,785
	Claims incurred but not reported	**14,012,902**	**(6,455,812)**	**7,557,090**	10,690,034	(2,633,609)	8,056,425	9,919,949	(2,235,735)	7,684,214
	Unearned premiums	**23,427,623**	**(13,202,768)**	**10,224,855**	20,262,851	(10,118,001)	10,144,850	21,266,000	(11,643,000)	9,623,000
		79,174,508	**(51,147,224)**	**28,027,284**	96,023,227	(67,159,255)	28,863,972	97,624,805	(69,541,806)	28,082,999
(b)	**Life**									
	Claims outstanding	**2,235,200**	**(1,842,062)**	**393,138**	1,619,054	(1,373,006)	246,048	1,816,973	(1,507,146)	309,827
	Claims incurred but not reported	**1,319,981**	**(842,876)**	**477,105**	1,419,115	(896,343)	522,772	1,073,000	(697,000)	376,000
	Unearned premiums reserve	**1,200,487**	**(688,391)**	**512,096**	1,197,928	(690,583)	507,345	1,230,000	(981,000)	249,000
		4,755,668	**(3,373,329)**	**1,382,339**	4,236,097	(2,959,932)	1,276,165	4,119,973	(3,185,146)	934,827
	Total insurance funds	**83,930,176**	**(54,520,553)**	**29,409,623**	100,259,324	(70,119,187)	30,140,137	101,744,778	(72,726,952)	29,017,826

11 Net assets per share

The calculation of net assets per share is based on net assets of RO 24,772,366/- (30 Sept 2019 : RO 21,498,433/- and RO 21,916,506/- as at 31 December 2019) attributable to ordinary shareholder on 100,000,000 ordinary shares being the number of ordinary share outstanding as at 30 Sept 2020 (100,000,000 ordinary shares on 30 Sept 2019 and 100,000,000 ordinary shares on 31 December 2019)

12 Net underwriting results

	Unaudited period ended 30 Sept 2020			Unaudited period ended 30 Sept 2019		
	General business	**Life**	**Total**	**General business**	**Life**	**Total**
Revenue						
Gross premium written	**33,664,114**	**4,573,057**	**38,237,171**	31,403,539	4,719,475	36,123,014
Reinsurance premium ceded	**(20,021,421)**	**(2,419,363)**	**(22,440,784)**	(16,551,251)	(2,797,900)	(19,349,151)
Net retained premium	**13,642,693**	**2,153,694**	**15,796,387**	14,852,288	1,921,575	16,773,863
Movement in unearned premium reserve (net)	**(601,855)**	**(263,096)**	**(864,951)**	(1,318,850)	(248,344)	(1,567,194)
Commission earned on reinsurance ceded	**1,906,040**	**114,718**	**2,020,758**	1,743,382	287,571	2,030,953
	1,304,185	**(148,378)**	**1,155,807**	424,532	39,227	463,759
Total insurance revenue	**14,946,878**	**2,005,316**	**16,952,194**	15,276,820	1,960,802	17,237,622
Costs						
Gross claims paid	**29,478,230**	**2,702,708**	**32,180,938**	21,056,971	2,966,290	24,023,261
Reinsurance share	**(20,731,675)**	**(1,561,894)**	**(22,293,569)**	(10,214,832)	(1,925,710)	(12,140,542)
Net claims paid	**8,746,555**	**1,140,814**	**9,887,369**	10,842,139	1,040,580	11,882,719
Movement in outstanding claims reserve (net)	**(657,570)**	**184,416**	**(473,155)**	(1,066,513)	149,673	(916,840)
Net claims incurred	**8,088,985**	**1,325,230**	**9,414,214**	9,775,626	1,190,253	10,965,879
Commission expenses & TPA Charges	**1,073,358**	**76,563**	**1,149,921**	569,632	23,385	593,017
Total insurance costs	**9,162,343**	**1,401,793**	**10,564,135**	10,345,258	1,213,638	11,558,896
Net underwriting results	**5,784,536**	**603,523**	**6,388,059**	4,931,562	747,164	5,678,726

12 Net underwriting results (continued)

	Unaudited period ended 30 Sept 2020	Unaudited period ended 30 Sept 2019
Motor	**3,821,172**	2,034,479
Fire and general accident	**1,757,949**	2,679,532
Marine cargo and hull	**108,561**	194,672
Medical	**96,854**	22,880
Life	**603,523**	747,164
	6,388,059	5,678,726

The net claims ratio is as follows:

	Unaudited 30 Sept 2020 Percentage	Unaudited 30 Sept 2019 Percentage
Motor	**61**	81
Fire and general accident	**77**	25
Marine cargo and hull	**29**	(323)
Medical	**45**	73
Life	**70**	71
Overall loss ratio	**63**	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 30 Sept 2020**	Unaudited Period ended 30 Sept 2019
Interest income on bank deposits	**976,442**	1,091,818
Rental income from investment properties	**229,513**	279,075
Dividend income	**262,277**	65,852
Interest Income From Money Market Fund	**87,038**	-
Interest on Bond	**472,438**	322,078
Profit on Sale of Bonds	**419,403**	-
Net unrealised loss on held-for-trading investments	**(59,690)**	(73,946)
Net unrealised Gain/(Loss) on Investment properties	**(300,000)**	-
	2,087,420	1,684,877

14 Other income

	Unaudited Period ended 30 Sept 2020	Unaudited Period ended 30 Sept 2019
Policy fees	**34,009**	172,083
Transfer fees	**141,496**	219,745
Cancellation fees	**475**	2,415
Tender fee collection	**950**	1,900
Sundry income	**2,663**	13,183
Profit on sale of AAA card	**17,486**	10,210
Commission Income from Orange Ca	**183,673**	82,896
Profit on sale of Fixed assets	**-**	160
Foreign Exchange (Loss) / Profit	**(139)**	2,761
	380,613	**505,353**

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 30 Sept 2020	Unaudited Period ended 30 Sept 2019
Net profit for the period	**3,151,941**	2,253,137
Average number of shares outstanding during the period	**100,000,000**	100,000,000
Basic earnings per share	**0.032**	0.023

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 30 Sept 2020	Unaudited Period ended 30 Sept 2019
Premiums written		
Omani Vegetable Oils and Derivatives LLC	**104,134**	91,331
Dhofar International Development and Investment Company SAOG	**42,601**	51,029
Bank Dhofar	**2,479,051**	2,442,737
Other related parties	**201,636**	222,334
	2,827,423	2,807,431
Claims paid		
Omani Vegetable Oils and Derivatives LLC	**13,202**	468,626
Dhofar International Development and Investment Company SAOG	**17,398**	16,573
Bank Dhofar SAOG	**1,271,020**	1,786,883
Other related parties	**59,815**	46,643
	1,361,435	2,318,725
Directors' sitting fees	**37,000**	26,930
Directors' meeting attendance expenses	**20,352**	23,092

Terms and conditions of transactions with related parties

Outstanding balances at the period-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 30 September 2020, the Company has not established any provision for impaired amounts owed by related parties as the payment history has been good (30 September 2019: 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:

	Unaudited Period ended 30 Sept 2020	Unaudited Period ended 30 Sept 2019
Receivables / Investments / Income from Related Parties		
Receivable from Ex-Chief Executive Officer	**932,353**	932,353
Premiums receivable from related parties	**246,246**	403,705
Outstanding claims payable (included in outstanding claims reserve) to other related parties	**1,173,956**	2,141,487
Fixed deposits with Bank Dhofar SAOG	**20,939,674**	27,282,242
Rental Income from Bank Dhofar	**98,000**	108,000
Ticket fare paid to International Travel & Tourism Co. LLC.	**9,527**	5,654
DIDIC Non Convertible Bonds	**2,500,000**	-
Bank Dhofar Perperual Bond	**1,000,000**	1,000,000

(c) Compensation to key management personnel of the Company

	Unaudited Period ended 30 Sept 2020	Unaudited Period ended 30 Sept 2019
Short-term-benefits	**336,614**	355,321
Employees' terminal benefits	**10,994**	11,798
	347,608	367,119

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.

	Unaudited Period ended 30 Sept 2020	Unaudited Period ended 30 Sept 2019
Mandatory Convetable Bonds	**5,000,000**	5,000,000
Less; Current portion	**(1,000,000)**	-
Non current portion of mandatory convertible bonds	**4,000,000**	5,000,000

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 30 Sept 2020 "unaudited" and 31 December 2019 "audited" and for statement of comprehensive income and cash flows, period ended 30 Sept 2019 "unaudited".