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 2021	**260,000**	**840,000**	**3,643,944**	**98,875**	**325,706**	**5,168,525**
Additions during the period	**-**	**-**	**99,767**	**-**	**-**	**99,767**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**
At 30 June 2021	**260,000**	**840,000**	**3,743,711**	**98,875**	**325,706**	**5,268,292**
Accumulated depreciation						
At 1 January 2021	**-**	**196,000**	**3,524,177**	**98,875**	**325,706**	**4,144,758**
Depreciation charged	**-**	**16,800**	**57,623**	**-**	**-**	**74,423**
On disposals	**-**	**-**	**-**	**-**	**-**	**-**
At 30 June 2021	**-**	**212,800**	**3,581,800**	**98,875**	**325,706**	**4,219,181**
Net book amount						
At 30 June 2021	**260,000**	**627,200**	**161,911**	**-**	**-**	**1,049,111**

	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	-	-	38,382	-	-	38,382
Disposals	-	-	-	-	-	-
At 30 June 2020	260,000	840,000	3,627,521	98,875	325,706	5,152,102
Accumulated depreciation						
At 1 January 2020	-	162,400	3,427,815	98,875	325,706	4,014,796
Depreciation charged	-	16,800	47,834	-	-	64,634
On disposals	-	-	-	-	-	-
At 30 June 2020	-	179,200	3,475,649	98,875	325,706	4,079,430
Net book amount						
At 30 June 2020	260,000	660,800	151,872	-	-	1,072,674
At 31 December 2020	260,000	644,000	119,767	-	-	1,023,767

4 Investment properties

	Unaudited 30 June 21	Unaudited 30 June 20	Audited 31 Dec 20
As at 1 January	**7,675,000**	8,025,000	8,025,000
Changes in fair value during the period through profir & loss	**-**	(300,000)	(300,000)
Changes in fair value during the period through Comprehensive income	**-**		(50,000)
Prior year adjustmentrs	**-**		-
At 30 June	**7,675,000**	7,725,000	7,675,000

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 2020, 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 June 21	Unaudited 30 June 20	Audited 31 Dec 20
Available-for-sale investments (Note 5a)	**4,300,035**	3,790,971	3,731,688
Investment in equity accounted investees (Note 5b)	**2,821,094**	2,774,527	2,821,094
Held-to-maturity investments (Note 5d)	**11,181,958**	8,548,072	8,538,458
Total non-trading investments	**18,303,087**	15,113,570	15,091,240
Held-for-trading investments (Note 5c)	**568,499**	270,407	269,160
Investment in Money Market Funds	**2,502,579**	2,470,456	5,260,963
Total investments	**21,374,165**	17,854,433	20,621,363

5A Available for sale investments :

Quoted equity investments:	**Unaudited**	Unaudited	Audited
Local quoted equity investments:	**30 June 21**	30 June 20	31 Dec 20
Service sector	**583,861**	490,559	562,174
Investment sector	**1,110,158**	584,801	568,996
	1,694,019	1,075,360	1,131,170
Foreign quoted equity investments:			
Insurance sector	**33,417**	22,357	27,919
	33,417	22,357	27,919
Unquoted investments:			
Unquoted investments	**2,572,599**	2,693,254	2,572,599
	2,572,599	2,693,254	2,572,599
	4,300,035	3,790,971	3,731,688

5B Investment in equity accounted investees :

The Company has the following investment in associate:

	Number of shares	**Percentage of issued share**	**Unaudited 30 June 21**
Oman Vegetable Oils & Derivatives Co. LLC (OVOD)	**2,500,000**	**38.46%**	**2,821,094**
			2,821,094

	Number of shares	Percentage of issued share capital	Unadited 30 June 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	Audited 31 Dec 20
Oman Vegetable Oils & Derivatives Co. LLC (OVOD)	2,500,000	38.46%	2,821,094
			2,821,094

5 Investments (continued)

5C Held-for-trading investments

Quoted local investments:	**Unaudited 30 June 21** Market value	Cost	Unaudited 30 June 20 Market value	Cost	Audited 31 Dec 20 Market value	Cost
Banking sector	**-**	**-**	-	-	-	-
Service sector	**195,231**	**373,274**	140,106	326,038	146,735	326,038
Investment sector	**27,043**	**116,715**	20,451	116,715	20,247	116,715
Others	**346,225**	**342,435**	109,850	73,259	102,178	73,259
	568,499	**832,425**	270,407	516,012	269,160	516,012

5D Held-to-maturity investments

Held-to-maturity investments comprise of the following:

	Unaudited 30 June 21 Amortized cost	Cost	Unaudited 30 June 20 Amortized cost	Cost	Audited 31 Dec 20 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	**4,038,458**	**4,067,300**	4,048,072	4,067,300	4,038,458	4,067,300
Bank Dhofar Perpetual Bonds	**1,000,000**	**1,000,000**	1,000,000	1,000,000	1,000,000	1,000,000
DIDIC Non Convertible Bonds	**2,500,000**	**2,500,000**	2,500,000	2,500,000	2,500,000	2,500,000
Oman Arab Bank Perputual Bonds	**197,282**	**197,282**	-	-	-	-
Oman Sovereign Bonds (USD)	**2,446,218**	**2,447,712**	-	-	-	-
	11,181,958	**11,212,294**	**8,548,072**	**8,567,300**	**8,538,458**	**8,567,300**

6 Bank deposits, bank balances, cash and bank loan

6A Bank deposits (non-current assets)

	Unaudited 30 June 21	Unaudited 30 June 20	Audited 31 Dec 20
Bank deposits with a maturity of greater than twelve months from the date of	**27,619,314**	27,619,314	27,619,314

The bank deposits carry interest rates ranging between 3% per annum and 4.85% per annum (30th June 2020 : between 1.2% per annum and 4.85% per annum).

6B Bank deposits and cash (current assets

	Unaudited 30 June 21	Unaudited 30 June 20	Audited 31 Dec 20
Cash and cash equivalents	**4,611,703**	9,603,656	8,760,756
Short term deposits	**150,000**	150,000	1,150,000
	4,761,703	9,753,656	9,910,756

7 **Insurance and reinsurance contract receivables**	**Unaudited 30 June 21**	Unaudited 30 June 20	Audited 31 Dec 20
Premiums receivable	**11,402,343**	12,010,488	9,293,664
Premiums receivable from related parties (Note 16B)	**855,323**	376,853	997,427
Reinsurance balance receivable	**6,413,196**	1,341,596	2,362,763
Provision for impaired premiums receivables	**(1,791,086)**	(1,617,952)	(1,711,087)
Provision for impaired reinsurance receivables	**(590,818)**	(583,952)	(590,817)
	16,288,959	11,527,033	10,351,950

8 **Share capital**	**Unaudited 30 June 21**	Unaudited 30 June 20	Audited 31 Dec 20
Authorised 100,000,000 ordinary shares of RO 0.100 each (30 June 2020: 100,000,000 ordinary shares of RO 0.100 each, 31 December 2021:100,000,000 ordinary shares of	**10,000,000**	10,000,000	10,000,000
Issued and fully paid-up 100,000,000 ordinary shares of RO 0.100 each (30 June 2020: 100,000,000 ordinary shares of RO 0.100 each, 31 December 2021:100,000,000 ordinary shares of RO 0.100 each)	**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, and the number of shares they hold are as follows:

	Unaudited 30 June 21		Unaudited 30 June 20		Audited 31 Dec 20	
	% 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	36.60	36,592,904
H.E.Abdul Alem Mustahil Rakhyoot	**15.06**	**15,062,797**	15.06	15,062,797	15.10	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 30 June were as follows:

	Unaudited 30 June 2021			Unaudited 30 June 2020			Audited 31 December 2020		
(a) **General**	**Gross**	**Reinsurers' share**	**Net**	**Gross**	**Reinsurers' share**	**Net**	**Gross**	**Reinsurers' share**	**Net**
Claims outstanding	**37,990,447**	**(27,567,407)**	**10,423,040**	47,965,239	(36,495,759)	11,469,480	43,103,060	(33,390,118)	9,712,942
Claims incurred but not reported	**8,101,774**	**(2,703,121)**	**5,398,653**	15,424,658	(7,452,978)	7,971,680	10,278,873	(3,159,980)	7,118,893
Additional reserve	**-**	**-**		-	-	-	355,944	-	355,944
Unearned premiums	**24,399,731**	**(13,690,548)**	**10,709,183**	22,815,948	(12,912,093)	9,903,855	21,923,410	(12,512,908)	9,410,502
	70,491,952	**(43,961,076)**	**26,530,876**	86,205,845	(56,860,830)	29,345,015	75,661,287	(49,063,006)	26,598,281
(b) **Life**									
Claims outstanding	**2,113,436**	**(1,653,242)**	**460,194**	1,578,976	(1,291,263)	287,713	3,181,769	(2,562,382)	619,387
Claims incurred but not reported	**686,899**	**(385,957)**	**300,942**	932,453	(383,290)	549,163	830,205	(540,342)	289,863
Additional reserve	**-**	**-**					14,493	-	14,493
Unearned premiums reserve	**1,749,531**	**(1,177,153)**	**572,378**	2,511,429	(2,099,333)	412,096	1,730,685	(1,206,954)	523,731
	4,549,866	**(3,216,352)**	**1,333,514**	5,022,858	(3,773,886)	1,248,972	5,757,152	(4,309,678)	1,447,474
Total insurance funds	**75,041,818**	**(47,177,428)**	**27,864,390**	91,228,703	(60,634,716)	30,593,987	81,418,439	(53,372,684)	28,045,755

11 Net assets per share

The calculation of net assets per share is based on net assets of RO 26,287,107/- (30 June 2020 : RO 24,012,415/- and RO 25,536,589/- as at 31 December 2020) attributable to ordinary shareholder on 100,000,000 ordinary shares being the number of ordinary share outstanding as at 30 June 2021 (100,000,000 ordinary shares on 30 June 2020 and 100,000,000 ordinary shares on 31 December 2020)

12 Net underwriting results

	Unaudited period ended 30 June 2021			Unaudited period ended 30 June 2020		
	General business	**Life**	**Total**	**General business**	**Life**	**Total**
Revenue						
Gross premium written	**25,945,262**	**3,775,366**	**29,720,628**	22,373,485	3,386,939	25,760,424
Reinsurance premium ceded	**(15,686,735)**	**(1,910,341)**	**(17,597,076)**	(13,146,366)	(1,894,750)	(15,041,116)
Net retained premium	**10,258,527**	**1,865,025**	**12,123,552**	9,227,119	1,492,189	10,719,308
Movement in unearned premium reserve (net)	**(1,298,681)**	**(48,647)**	**(1,347,328)**	(280,855)	(163,096)	(443,951)
Commission earned on reinsurance ceded	**1,578,606**	**65,701**	**1,644,307**	1,322,522	105,610	1,428,132
	279,925	**17,054**	**296,979**	1,041,667	(57,486)	984,181
Total insurance revenue	**10,538,452**	**1,882,079**	**12,420,531**	10,268,786	1,434,703	11,703,489
Costs						
Gross claims paid	**710,275**	**3,230,024**	**3,940,299**	19,825,003	1,788,831	21,613,834
Reinsurance share	**6,820,512**	**(2,078,070)**	**4,742,442**	(15,198,344)	(1,121,191)	(16,319,535)
Net claims paid	**7,530,787**	**1,151,954**	**8,682,741**	4,626,659	667,640	5,294,299
Movement in outstanding claims reserve (net)	**(1,366,086)**	**(162,607)**	**(1,528,693)**	981,161	151,049	1,132,210
Net claims incurred	**6,164,701**	**989,347**	**7,154,048**	5,607,820	818,689	6,426,509
Commission expenses	**814,247**	**86,828**	**901,075**	730,237	46,446	776,683
Total insurance costs	**6,978,948**	**1,076,175**	**8,055,123**	6,338,057	865,135	7,203,192
Net underwriting results	**3,559,504**	**805,904**	**4,365,408**	3,930,729	569,568	4,500,297

12 Net underwriting results (continued)

	Unaudited period ended 30 .June 2021	Unaudited period ended 30 June 2020
Motor	**1,306,524**	2,697,287
Fire and general accident	**2,148,625**	1,025,353
Marine cargo and hull	**46,679**	88,688
Medical	**57,676**	119,401
Life	**805,904**	569,568
	4,365,408	4,500,297

The net claims ratio is as follows:

	Unaudited 30 June 2021 Percentage	Unaudited 30 June 2020 Percentage
Motor	**78**	60
Fire and general accident	**22**	91
Marine cargo and hull	**202**	30
Medical	**73**	34
Life	**54**	62
Overall loss ratio	**66**	63

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 June 2021**	Unaudited Period ended 30 June 2020
Interest income on bank deposits	**738,730**	653,172
Rental income from investment properties	**155,508**	154,093
Dividend income	**48,498**	63,458
Interest Income From Money Market Fund	**71,576**	38,663
Interest on Bond	**332,000**	324,478
Profit on Sale of Bonds	**8,501**	416,898
Net unrealised loss on held-for-trading investments	**(22,374)**	(55,399)
Impairment in value of investment properties	**-**	(300,000)
Commission Income from Orange Ca	**116,196**	183,673
	1,448,635	1,479,036

14 Other income

	Unaudited Period ended 30 June 2021	Unaudited Period ended 30 June 2020
Policy fees	**25,951**	21,249
Transfer fees	**127,881**	65,202
Cancellation fees	**1,205**	465
Tender fee collection	**-**	650
Sundry income	**19,673**	2,382
Profit on sale of AAA card	**32,894**	10,678
Profit on sale of Fixed assets	**-**	-
Foreign Exchange (Loss) / Profit	**-**	(91)
	207,603	**100,535**

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 June 2021	Unaudited Period ended 30 June 2020
Net profit for the period (RO)	**1,782,001**	2,176,082
Average number of shares outstanding during the period	**100,000,000**	100,000,000
Basic earnings per share (RO)	**0.018**	0.022

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 June 2021	Unaudited Period ended 30 June 2020
Premiums written		
Omani Vegetable Oils and Derivatives LLC	**67,570**	67,823
Dhofar International Development and Investment Company SAOG	**41,905**	40,818
Bank Dhofar	**1,866,119**	1,507,843
Other related parties	**156,604**	170,928
	2,132,197	1,787,413
Claims paid		
Omani Vegetable Oils and Derivatives LLC	**11,790**	191
Dhofar International Development and Investment Company SAOG	**12,808**	6,180
Bank Dhofar SAOG	**654,997**	669,518
Other related parties	**33,546**	50,364
	713,141	726,253
Directors' sitting fees	**24,500**	28,600
Directors' meeting attendance expenses	**-**	18,007

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 30 June 2021, the Company has not established any provision for impaired amounts owed by related parties as the payment history has been good (30 June 2020 : 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 June 2021	Unaudited Period ended 30 June 2020
Other receivables and prepayments		
Receivable from Ex-Chief Executive Officer	**932,353**	932,353
Premiums receivable from related parties	**855,323**	376,853
Outstanding claims payable (included in outstanding claims reserve) to other related parties	**3,336,923**	1,825,425
Non Convertible Bonds	**2,500,000**	2,500,000
Interst Accrued on Non Converible Bonds	**341,903**	111,885
Perpetual Bond	**1,000,000**	1,000,000
Interst Accrued on Perpetual Bond	**1,027**	1,025
Fixed deposits with Bank Dhofar SAOG	**20,939,674**	23,439,674
Rental Income from Bank Dhofar	**48,000**	66,000

(c) Compensation to key management personnel of the Company

	Unaudited Period ended 30 June 2021	Unaudited Period ended 30 June 2020
Short-term-benefits	**189,253**	224,365
Employees' terminal benefits	**6,310**	8,000
	195,563	232,364

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 Optional convertible bonds

In the Extra-Ordinary General Meeting of the shareholders held on 18 January 2018 in accordance with Article 116 of the Commercial Companies Law 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.

In the Extra-Ordinary General Meeting of the Shareholders held on 2 November 2020, the Shareholders approved the amendment of the terms and conditions of the mandatory convertible bonds issued by the Company from mandatory convertible bonds to bonds with conversion or redemption option. Further the interest coupon has reduced to 6% per annum. Optional convertible bonds will be either converted into equity shares or redeemed amounting to OMR 1,000,000 based on solvency condition as per the approved terms and conditions which is "In the event the solvency ratio of the Company remains at or below 135%, the relevant portion of optional convertible bonds shall be converted into equity share. Redemption/conversion shall take place on every 1 June starting from 2021 to 2025 and accordingly OMR One million has been redeemed in the month of June 2021.

	30 June 2021	30 June 2020
Optional convertible bonds	**4,000,000**	5,000,000
Less; Current portion	**(1,000,000)**	(1,000,000)
Non current portion of optional convertible bonds	**3,000,000**	4,000,000

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 June 2021 and 31 December 2020 and for statement of comprehensive income and cash flows, period ended 30 June 2020.