

**Oman Reinsurance Company SAOC**

**Condensed interim financial information for  
the six months period ended 30 June 2019  
(unaudited)**

**Oman Reinsurance Company SAOC**

**Condensed interim financial information for the six months period ended 30 June 2019**

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## Independent auditor's review report on the condensed interim financial information to the Board of Directors of Oman Reinsurance Company SAOC

### Introduction

We have reviewed the accompanying condensed interim financial information of Oman Reinsurance Company SAOC ("the Company") as at, and for the six months period ended, 30 June 2019, which comprise the condensed interim statement of financial position, the condensed interim statement of profit or loss and other comprehensive income, the condensed interim statement of changes in shareholders' equity, the condensed interim statement of cash flows for the six months period then ended, and summary of significant accounting policies and other explanatory notes.

Management is responsible for the presentation and fair presentation of this condensed interim financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting", and the minimum disclosure requirements issued by the Capital Market Authority. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Other matter

The financial statements of the Company for the year ended 31 December 2018 were audited by another auditor, who expressed an unqualified opinion on those financial statements dated 28 February 2019.

### Conclusion

Based on our review, except that the comparative figures in the statement of profit or loss and other comprehensive income for the period from 1 January 2018 to 30 June 2018 were not subject to a limited review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at, and for the six months period ended 30 June 2019, does not:

- present fairly, in all material respects, the financial position of the Company, and of its financial performance and its cash flows in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting"; and
- comply, in all material aspects, with the minimum disclosure requirements issued by the Capital Market Authority.



Muscat

Date: 08 August 2019



  
Bipin Kapur  
Partner

**Oman Reinsurance Company SAOC**  
**Condensed interim statement of financial position as at 30 June 2019**  
(Expressed in Omani Rial)

	Notes	30 June 2019 (Un-audited)	31 December 2018 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	127,321	104,540
Intangible assets	6	26,119	3,340
Investment property	7	1,900,000	1,900,000
Fair value through other comprehensive income (available-for-sale 2018) investments	8	14,143,286	13,679,809
Non-current portion of bank deposits	19	2,500,000	3,500,000
<b>Total non-current assets</b>		<u>18,696,726</u>	<u>19,187,689</u>
<b>Current assets</b>			
Insurance and other receivables	9	6,017,616	5,063,597
Accrued income	10	13,839,880	9,139,069
Deferred policy acquisition cost	17	3,310,675	2,657,000
Reinsurers' share of insurance funds	15	25,007,766	18,818,254
Current portion of bank deposits	19	9,165,268	7,628,268
Cash and cash equivalents	20	4,863,752	5,178,952
<b>Total current assets</b>		<u>62,204,957</u>	<u>48,485,140</u>
<b>Total assets</b>		<u>80,901,683</u>	<u>67,672,829</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	11	30,000,000	30,000,000
Legal reserve	12	116,726	116,726
Investment fair value reserve		(665,950)	(534,389)
Contingency reserve	13	958,896	958,896
Accumulated losses		(7,548,292)	(8,215,120)
<b>Total capital and reserves</b>		<u>22,861,380</u>	<u>22,326,113</u>
<b>Non-current liabilities</b>			
Employee benefit liabilities	14	137,241	90,462
<b>Total non-current liabilities</b>		<u>137,241</u>	<u>90,462</u>
<b>Current liabilities</b>			
Technical provisions	15	42,074,805	33,845,537
Reinsurers' premium and other payables	16	13,749,464	9,825,616
Deferred commission income	17	2,078,793	1,585,101
<b>Total current liabilities</b>		<u>57,903,062</u>	<u>45,256,254</u>
<b>Total equity and liabilities</b>		<u>80,901,683</u>	<u>67,672,829</u>
<b>Net assets per share</b>	27	<u>0.76</u>	<u>0.74</u>

The unaudited condensed interim financial information, as set out on pages 2 to 24, were approved and authorised for issue by the Board of Directors on 8 August 2019 and were signed on their behalf by:

  
Director

  
Director

## Oman Reinsurance Company SAOC

### Condensed interim statement of profit or loss and other comprehensive income for the six months period ended 30 June 2019

(Expressed in Omani Rial)

		Period from 1 January 2019 to 30 June 2019 (Un-audited)	Period from 1 January 2018 to 30 June 2018 (Un-audited)
<b>Income</b>			
Gross premiums written	22	13,470,127	15,109,448
Net underwriting results	22	481,248	445,590
Investment and other income, net	23	648,018	517,667
Impairment on available-for-sale investments		-	(88,842)
		<u>1,129,266</u>	<u>874,415</u>
<b>Expenses</b>			
General and administrative expenses	24	(877,510)	(712,469)
Foreign exchange gains/(losses)		35,161	(23,599)
		<u>(842,349)</u>	<u>(736,068)</u>
<b>Net profit before tax for the period</b>		<b>286,917</b>	<b>138,347</b>
Income tax expense	21	-	(1,819)
<b>Net profit after tax for the period</b>		<u><u>286,917</u></u>	<u><u>136,528</u></u>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Fair value through other comprehensive income (available-for-sale 2018):			
Valuation losses on fair value through other comprehensive income equity investments		(173,227)	(224,814)
<b>Items that will or may be reclassified to profit or loss:</b>			
Fair value through other comprehensive income (available-for-sale 2018):			
Valuation gains/(losses) on fair value through other comprehensive income on debts instruments		421,577	(261,433)
<b>Other comprehensive income/(loss) for the period</b>	8	<u>248,350</u>	<u>(486,247)</u>
<b>Total comprehensive income/(loss) for the period</b>		<u><u>535,267</u></u>	<u><u>(349,719)</u></u>
<b>Earnings per share - basic and diluted</b>	26	<u>0.010</u>	<u>0.005</u>

**Oman Reinsurance Company SAOC**  
**Condensed interim statement of changes in shareholders' equity for the six months period ended 30 June 2019**  
**(Expressed in Omani Rial)**

	Notes	Share capital	Legal reserve	Investment fair value reserve	Contingency reserve	Accumulated losses	Total
As at 1 January 2018		30,000,000	50,670	(237,252)	364,392	(8,215,120)	21,962,690
Net profit after tax for the period		-	-	-	-	136,528	136,528
Net change in fair value of available-for-sale investments		-	-	(575,089)	-	-	(575,089)
Impairment of available-for-sale investments		-	-	88,842	-	-	88,842
As at 30 June 2018 (unaudited)		30,000,000	50,670	(723,499)	364,392	(8,078,592)	21,612,971
Net profit after tax for the period		-	-	-	-	524,032	524,032
Net change in fair value of available-for-sale investments		-	-	(333,133)	-	-	(333,133)
Impairment of available-for-sale investments		-	-	522,243	-	-	522,243
Transferred to legal reserve		-	66,056	-	-	(66,056)	-
Transferred to contingency reserve		-	-	-	594,504	(594,504)	-
As at 31 December 2018 (audited)		30,000,000	116,726	(534,389)	958,896	(8,215,120)	22,326,113
Effect of first-time adoption of IFRS 9	3	-	-	(379,911)	-	379,911	-
As at 1 January 2019		30,000,000	116,726	(914,300)	958,896	(7,835,209)	22,326,113
Net profit after tax for the period		-	-	-	-	286,917	286,917
Net change in fair value through other comprehensive income (available-for-sale 2018) investments	8	-	-	248,350	-	-	248,350
As at 30 June 2019		30,000,000	116,726	(665,950)	958,896	(7,548,292)	22,861,380

**Oman Reinsurance Company SAOC**

**Condensed interim statement of cash flows for the six months period ended 30 June 2019**

**(Expressed in Omani Rial)**

	Notes	Period from 1 January 2019 to 30 June 2019 (un-audited)	Period from 1 January 2018 to 30 June 2018 (un-audited)
<b>Operating activities</b>			
Net profit after tax for the period		286,917	136,528
<b>Adjustments for:</b>			
Depreciation	5	21,787	19,626
Amortisation	6	2,793	2,095
Interest income on deposits		(593,002)	(439,852)
Dividend income	23	(34,245)	(78,025)
Loss on disposal of property, plant and equipment		-	206
Provision for income tax	21	-	1,819
Provision for end of service benefits	25	46,779	13,671
Impairment of available-for-sale investments		-	88,842
<b>Operating loss before working capital changes</b>		<b>(268,971)</b>	<b>(255,090)</b>
<b>Working capital changes</b>			
Insurance and other receivables		(954,019)	(198,098)
Accrued income		(4,614,113)	(5,011,888)
Deferred policy acquisition cost		(159,983)	(605,380)
Insurance funds		2,039,756	2,650,515
Reinsurers' premium and other payables		3,923,848	3,901,154
<b>Cash (used in)/provided by operating activities</b>		<b>(33,482)</b>	<b>481,213</b>
Income tax paid		-	(1,819)
<b>Net cash (used in)/provided by operating activities</b>		<b>(33,482)</b>	<b>479,394</b>
<b>Investing activities</b>			
Purchase of fair value through other comprehensive income (available-for-sale) investments	8	(1,017,055)	(1,423,852)
Interest income received from bank deposits		509,859	250,913
Dividend income received	23	34,245	78,025
Purchase of property, plant and equipment	5	(44,568)	(33,430)
Proceeds from disposal of property, plant and equipment		-	63
Proceeds from disposal of fair value through other comprehensive income (available-for-sale 2018) investments		798,373	15,390
Cost of acquisition of intangible assets	6	(25,572)	-
Bank deposits and term deposits, net		(537,000)	6,538,000
<b>Net cash (used in)/provided by investing activities</b>		<b>(281,718)</b>	<b>5,425,109</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(315,200)</b>	<b>5,904,503</b>
Cash and cash equivalents, beginning of the year		5,178,952	4,191,590
Cash and cash equivalents, end of the year	20	4,863,752	10,096,093

## Oman Reinsurance Company SAOC

### Notes to the condensed interim financial information for the six months period ended 30 June 2019

(Expressed in Omani Rial)

#### 1 Legal status and principal activities

Oman Reinsurance Company SAOC ("the Company") is an Omani closely held joint stock company registered on 4 August 2008 with the Ministry of Commerce and Industry, in accordance with the provisions of the Commercial Companies Law 2019, and the Oman Insurance Companies Law 1979 of the Sultanate of Oman. The Company obtained a license to operate reinsurance business on 2 July 2009 from the Capital Market Authority. The Company is engaged in underwriting reinsurance business including fire, engineering, accident, medical, motor and aviation classes.

The Company's principal place of business is located at Al Khuwair, Muscat, Sultanate of Oman.

The condensed interim financial information was approved for issue by the Board of Directors on 8 August 2019.

#### 2 Basis of preparation

##### (a) Statement of compliance

The condensed interim financial information has been prepared in accordance with the International Financial Reporting Standards ("IFRS") as promulgated by the International Accounting Standards Board ("IASB"), interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), the requirements of the Commercial Companies Law 2019 of the Sultanate of Oman, the Insurance Companies Law 1979 and the Rules and Guidelines on Disclosures issued by the Capital Market Authority.

##### (b) Basis of presentation

The condensed interim financial information for the six months period ended 30 June 2019 have been prepared in accordance with IAS 34 "Interim Financial Reporting".

The condensed interim financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual audited financial statements prepared as at, and for the year ended 31 December 2018.

##### (c) Functional currencies

The condensed interim financial information is presented in Omani Rials (RO) which is the functional and reporting currency for the condensed interim financial information.

#### 3 Adoption of new and revised IFRS

##### Standards, amendments and interpretations effective and adopted in the period 2019

The following new standards, amendment to existing standards or interpretations to published standards are either adopted or mandatory for the first-time for the financial year beginning 1 January 2019 and have therefore been adopted in the preparation of the condensed interim financial information:

Standard or Interpretation	Title	Effective for annual periods beginning on or after
IFRS 16	Leases	1 January 2019
IFRS 9	Financial instruments	1 January 2019

Details of impact of these standards are given below. Other new and amended standards and interpretations issued by the International Accounting Standards Board ("IASB") that will apply for the first time in the next annual financial statements are not expected to impact the Company as they are either not relevant to the Company's activities or require accounting which is consistent with the Company's current accounting policies.



## Oman Reinsurance Company SAOC

### Notes to the condensed interim financial information for the six months period ended 30 June 2019

(Expressed in Omani Rial)

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#### 3 Adoption of new and revised IFRS (continued)

##### IFRS 16 Leases

Effective 1 January 2019, IFRS 16 has replaced IAS 17 "Leases" and IFRIC 4 "Determining whether an Arrangement Contains a Lease".

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Company does not have significant leasing activities acting as a lessor.

##### Transition method and practical expedients utilised

The Company elected to apply the practical expedient to not reassess whether a contract is, or contains, a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most leases.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The Company does not have any long-term leases.

Accordingly, first-time adoption of IFRS 16 does not have any additional impact on the condensed interim financial information of the Company.

##### IFRS 9 Financial Instruments

IFRS 9 introduces new classification and measurement requirements for financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement". Specifically, IFRS 9 requires all financial assets and liabilities to be classified and subsequently measured at either amortised cost or fair value on the basis of the Company's business model for managing the financial assets and liabilities and the contractual cash flow characteristics of the financial assets and liabilities.

##### *Initial measurement of financial instruments*

All financial assets and liabilities are initially recognised on the trade date i.e. the date that the Company becomes a party to the contractual provisions of the instrument. On this date, financial assets are classified either at amortised cost or fair value.

##### *Subsequent measurement of financial assets*

IFRS 9 divides all financial assets that were in the scope of IAS 39 into two classifications - those measured at amortised cost and those measured at fair value. Where the Company measures financial assets at fair value, gains and losses are either recognised entirely in profit or loss (fair value through profit or loss - "FVTPL"), or recognised in other comprehensive income (fair value through other comprehensive income - "FVTOCI").

##### *Equity instruments*

The Company has elected to present fair value gains and losses on equity investments in other comprehensive income. Accordingly, no subsequent reclassification of fair value gains and losses on equity instruments to profit or loss is permitted. Dividends from such investments shall continue to be recognised in the profit or loss as other income when the Company's right to receive payments is established. There are no impairment requirements for equity investments measured at fair value through other comprehensive income.

## Oman Reinsurance Company SAOC

### Notes to the condensed interim financial information for the six months period ended 30 June 2019

(Expressed in Omani Rial)

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#### 3 Adoption of new and revised IFRS (continued)

Standards, amendments and interpretations effective and adopted in the year 2018 (continued)

IFRS 9 Financial Instruments (continued)

*Equity instruments (continued)*

Accordingly, an amount of RO 379,911 representing impairment loss previously recognised in profit or loss has been reclassified from retained earnings to fair value reserve on transition.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gains/(losses) in the condensed interim statement of profit or loss and other comprehensive income.

*Debt instruments*

The Company measures a debt instrument, that meets the following two conditions, at amortised cost (net of any write-down for impairment) unless the asset is designated at FVTPL under the fair value option:

a. Business model test: The objective of the Company's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes).

b. Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company measures a debt instrument, that meets the following two conditions, at FVTOCI unless the asset is designated at FVTPL under the fair value option:

a. Business model test: The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

b. Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other debt instruments are measured at FVTPL.

The Company's financial assets include fair value through other comprehensive income investments, cash and cash equivalents and bank deposits. Due to the short-term nature of cash and cash equivalents and bank deposits, the carrying value of the financial assets of the Company approximate their fair value, hence these financial assets qualify for and are classified as debt instruments measured at amortised cost.

The assessment of the Company's business model was made as of the date of initial application i.e. 1 January 2019. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

*Fair value option*

The Company measures a financial asset at FVTPL at initial recognition even if it meets the two requirements to be measured at amortised cost or FVTOCI if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different basis.

## Oman Reinsurance Company SAOC

### Notes to the condensed interim financial information for the six months period ended 30 June 2019

(Expressed in Omani Rial)

#### 3 Adoption of new and revised IFRS (continued)

Standards, amendments and interpretations effective and adopted in the year 2018 (continued)

##### IFRS 9 Financial Instruments (continued)

In summary, upon the adoption of IFRS 9, the Company had the following required or elected reclassifications as at 1 January 2019.

	IFRS 9 measurement category			FVTOCI
	Amount	FVTPL	Amortised cost	
Fair value through other comprehensive income (available-for-sale 2018) investments	13,679,809	-	-	13,679,809
Cash and cash equivalents	8,678,952	-	8,678,952	-
Bank deposits	11,128,268	-	11,128,268	-
	<u>33,487,029</u>	<u>-</u>	<u>19,807,220</u>	<u>13,679,809</u>

##### *Subsequent measurement of financial liabilities*

Financial liabilities not held at FVTPL are subsequently measured at amortised cost using the effective interest rate (EIR) method.

The Company's financial liabilities consists of reinsurers' premium and other payables which are short-term in nature and their carrying values approximate their fair values, and hence are measured at amortised cost.

##### *Derecognition of financial assets*

The Company determines if the asset under consideration for derecognition is:

- an asset in its entirety; or
- specifically identified cash flows from an asset (or a group of similar financial assets); or
- a fully proportionate (pro-rata) share of the cash flows from an asset (or a group of similar financial assets); or
- a fully proportionate (pro-rata) share of specifically identified cash flows from a financial asset (or a group of similar financial assets).

Once the asset under consideration for derecognition has been determined, the Company performs an assessment as to whether the asset has been transferred and, if so, whether the transfer of that asset is subsequently eligible for derecognition. An asset is transferred if either the Company has transferred the contractual rights to receive the cash flows, or the Company has retained the contractual rights to receive the cash flows from the asset, but has assumed a contractual obligation to pass those cash flows under an arrangement that meets the following three conditions:

- a. the Company has no obligation to pay amounts to the eventual recipient unless it collects equivalent amounts on the original asset;
- b. the Company is prohibited from either selling or pledging the original asset; and
- c. the Company has an obligation to remit those cash flows without material delay.

Once the Company has determined that the asset has been transferred, it then determines whether or not it has transferred substantially all of the risks and rewards of ownership of the asset. If substantially all the risks and rewards have been transferred, the asset is derecognised. If substantially all the risks and rewards have been retained, derecognition of the asset is precluded.

##### *Impairment*

The Company assesses whether there is objective evidence that financial assets carried at amortised cost are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

## Oman Reinsurance Company SAOC

### Notes to the condensed interim financial information for the six months period ended 30 June 2019 (Expressed in Omani Rial)

#### 3 Basis of preparation (continued)

Standards, amendments and interpretations effective and adopted in the year 2018 (continued)

IFRS 9 Financial Instruments (continued)

*Impairment (continued)*

Objective evidence that financial assets are impaired can include significant financial difficulty of the issuer, default or delinquency by an issuer, indications that an issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of issuers, or economic conditions that correlate with defaults in the Company.

IFRS 9 defines expected credit losses (ECL) as the weighted average of credit losses with the respective risks of a default occurring as the weightings.

At each reporting date the Company provides for ECL on all of the following using reasonable and supportable information about past events, current conditions and reasonable and supportable forecasts of future economic conditions when measuring ECL:

- financial assets measured at amortised cost;
- financial assets mandatorily measured at FVTOCI; and
- loan commitments when there is a present obligation to extend credit.

The Company measures ECL through a loss allowance at an amount equal to:

- the 12-month ECL (ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- full lifetime ECL (ECL that result from all possible default events over the life of the financial instrument).

The Company provides for a loss allowance for full lifetime ECL for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECL is measured at an amount equal to the 12-month ECL.

The Company determines the amount of ECL by evaluating the range of possible outcomes as well as incorporating the time-value of money. These expected losses are discounted to the reporting date using the EIR of the asset (or an approximation thereof) that was determined at initial recognition.

Upon adoption of IFRS 9, the Company has performed an impairment testing based on the ECL approach and no additional provision is considered necessary as at 1 January 2019.

IFRS 9.2.1(e) scopes out rights and obligations arising under an insurance contract as defined in IFRS 4 "Insurance Contracts", other than an issuer's rights and obligations arising under an insurance contract that meets the definition of a financial guarantee contract. Accordingly, insurance/reinsurance receivables and payables are scoped out of IFRS 9. Further, in the absence of guidance of impairment of assets under an insurance contract in IFRS 4, including premiums receivable the existing impairment accounting policy of the Company continue to apply in respect of these assets.

Set out below is the reconciliation of the ending impairment allowances in accordance with IAS 39 to the opening loss allowances determined in accordance with IFRS 9:

	Allowance for impairment under IAS 39 as at 31 December 2018	Re- measurement	ECL under IFRS 9 as at 1 January 2019
Fair value through other comprehensive income (available-for-sale 2018) investments	-	-	-
Cash and cash equivalents	-	-	-
Bank deposits	-	-	-
	-	-	-

## Oman Reinsurance Company SAOC

### Notes to the condensed interim financial information for the six months period ended 30 June 2019

(Expressed in Omani Rial)

#### 3 Basis of preparation (continued)

Standards, amendments and interpretations effective and adopted in the year 2018 (continued)

IFRS 9 Financial Instruments (continued)

Impairment (continued)

\* The Company has regular dealings with banks and all the bank accounts are active. Moreover, there are no indicators of any significant increase in credit risk and the probability of default is very low. Therefore, no impairment provision is required to be created on these balances and debt instruments.

Set out below, are the amounts by which each relevant financial statement line item is affected as at, and for the year ended, 31 December 2018, as a result of the adoption of IFRS 9. The adoption of IFRS 9 did not have a material impact on either other comprehensive income or the Company's operating, investing and financing cash flows. The first column below shows amounts prepared under IFRS 9 and the second column shows what the amounts would have been had IFRS 9 not been adopted:

#### Statement of financial position as at 31 December 2018

	Amounts prepared under		Increase / (decrease)
	IFRS 9	Previous IFRS	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fair value through other comprehensive income (available-for-sale 2018) investments	13,679,809	13,679,809	-
Non-current portion of bank deposits	3,500,000	3,500,000	-
<b>Total non-current assets</b>	<b>17,179,809</b>	<b>17,179,809</b>	<b>-</b>
<b>Current assets</b>			
Current portion of bank deposits	7,628,268	7,628,268	-
Cash and cash equivalents	5,178,952	5,178,952	-
<b>Total current assets</b>	<b>12,807,220</b>	<b>12,807,220</b>	<b>-</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Investment fair value reserve	(914,300)	(534,389)	(379,911)
Accumulated losses	(7,835,209)	(8,215,120)	379,911
<b>Total capital and reserves</b>	<b>(8,749,509)</b>	<b>(8,749,509)</b>	<b>-</b>

#### 4 Significant accounting policies, critical accounting estimates and key source of estimation uncertainty

##### (a) Significant accounting policies

The accounting policies used in the preparation of the condensed interim financial information are consistent with those used in the annual audited financial statements of the Company prepared as at, and for the year ended, 31 December 2018, as described in those annual audited financial statements, except for the change arising due to adoption of IFRS 16 and IFRS 9, as stated in Note 3.

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual figures may differ from these estimates and judgments. While preparing the unaudited condensed interim financial information, the significant judgments made by the management in applying the accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the financial statements as at 31 December 2018.

## Oman Reinsurance Company SAOC

### Notes to the condensed interim financial information for the six months period ended 30 June 2019

(Expressed in Omani Rial)

#### 4 Significant accounting policies, critical accounting estimates and key source of estimation uncertainty (continued)

##### (b) Critical accounting estimates and key source of estimation uncertainty

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The condensed interim financial information does not include all financial risk management information and disclosures required in the annual audited financial statements, and should therefore be read in conjunction with the annual audited financial statements prepared as at, and for the year ended, 31 December 2018. There have been no changes in the risk management policies since 31 December 2018.

#### 5 Property, plant and equipment

##### (a) The movement in property and equipment is as set out below:

2019	Motor vehicles	Furniture and fixtures	Office equipment	Total
<b>Cost</b>				
At 1 January 2019	16,300	156,722	142,389	315,411
Additions during the period	37,260	250	7,058	44,568
At 30 June 2019	<u>53,560</u>	<u>156,972</u>	<u>149,447</u>	<u>359,979</u>
<b>Accumulated depreciation</b>				
At 1 January 2019	16,300	95,197	99,374	210,871
Charge for the period	400	11,599	9,788	21,787
At 30 June 2019	<u>16,700</u>	<u>106,796</u>	<u>109,162</u>	<u>232,658</u>
<b>Net book amount</b>				
At 30 June 2019	<u>36,860</u>	<u>50,176</u>	<u>40,285</u>	<u>127,321</u>
<b>2018</b>				
<b>Cost</b>				
At 1 January 2018	16,300	136,094	131,233	283,627
Additions during the year	-	25,407	11,781	37,188
Disposals during the year	-	(4,779)	(625)	(5,404)
At 31 December 2018	<u>16,300</u>	<u>156,722</u>	<u>142,389</u>	<u>315,411</u>
<b>Accumulated depreciation</b>				
At 1 January 2018	16,300	78,120	80,321	174,741
Charge for the year	-	21,730	19,535	41,265
Relating to disposals	-	(4,653)	(482)	(5,135)
At 31 December 2018	<u>16,300</u>	<u>95,197</u>	<u>99,374</u>	<u>210,871</u>
<b>Net book amount</b>				
At 31 December 2018	<u>-</u>	<u>61,525</u>	<u>43,015</u>	<u>104,540</u>

(b) The Company is operating from premises leased at a half-yearly rental of RO 33,899 (2018: RO 33,899 half-yearly).

## Oman Reinsurance Company SAOC

### Notes to the condensed interim financial information for the six months period ended 30 June 2019

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#### 6 Intangible assets

The movement in intangible assets is as follows:-

	30 June 2019 (Un-audited)	31 December 2018 (audited)
<b>Cost</b>		
As at 1 January	143,486	142,188
Acquisitions during the period/year	25,572	1,298
As at 30 June/31 December	<u>169,058</u>	<u>143,486</u>
<b>Accumulated amortisation</b>		
As at 1 January	140,146	136,036
Charge for the period/year	2,793	4,110
As at 30 June/31 December	<u>142,939</u>	<u>140,146</u>
<b>Net book amount</b>		
As at 30 June/31 December	<u>26,119</u>	<u>3,340</u>

Intangible assets comprise of a software license which is being amortised over a period of 4 years. The management of the Company has performed an impairment testing of the license fee and, concluded that, no such impairment is considered necessary.

#### 7 Investment property

	30 June 2019 (Un-audited)	31 December 2018 (audited)
<b>Cost</b>		
At 1 January and at 30 June/31 December	<u>1,900,000</u>	<u>1,900,000</u>
	<u>1,900,000</u>	<u>1,900,000</u>

The carrying amount of the investment properties is the aggregate fair value (Level-3 fair value hierarchy) as determined by the independent property valuer. Fair value was determined as being the most probable price the property can fetch in a competitive open market. The property has been valued by an independent valuer on an open market basis as at 10 January 2019. Based on current market situation and management's estimate of costs involved in disposing-off the property, management considers that the fair market value of investment property of RO 1,900,000 is appropriate. Further, the management believes that the fair valuation as at 30 June 2019 is not significantly different from the valuation as at 10 January 2019.

#### 8 Fair value through other comprehensive income (available-for-sale 2018) investments

	Fair value		Average cost	
	30 June 2019 (Un-audited)	31 December 2018 (audited)	30 June 2019 (Un-audited)	31 December 2018 (audited)
Bonds	12,625,587	11,988,883	11,931,174	12,232,100
Equity shares	1,517,699	1,690,926	2,025,181	2,025,181
	<u>14,143,286</u>	<u>13,679,809</u>	<u>13,956,355</u>	<u>14,257,281</u>

Oman Reinsurance Company SAOC

Notes to the condensed interim financial information for the six months period ended 30 June 2019

(Expressed in Omani Rial)

**8 Fair value through other comprehensive income (available-for-sale 2018) investments (continued)**

(a) Movement in investments can be summarised as below:

	Six months period ended 30 June 2019 (Un-audited)	Year ended 31 December 2018 (audited)
At 1 January	13,679,809	8,122,890
Purchases during the period/year	1,017,055	7,036,082
Sales during the period/year	(798,373)	(541,513)
Net change in fair value	248,350	(908,222)
Amortisation during the period/year	(3,555)	(29,428)
At 30 June/31 December	<u>14,143,286</u>	<u>13,679,809</u>

**(b) Investment fair value reserve:**

Movement in the fair value reserve can be summarised as below:

	Six months period ended 30 June 2019 (Un-audited)	Year ended 31 December 2018 (audited)
Opening balance	(534,389)	(237,252)
Effect of first-time adoption of IFRS 9	(379,911)	-
At 1 January	<u>(914,300)</u>	<u>(237,252)</u>
Net change in fair value during the period/year	248,350	(908,222)
Impairment during the period/year	-	611,085
Closing balance	<u>(665,950)</u>	<u>(534,389)</u>

**9 Insurance and other receivables**

	30 June 2019 (Un-audited)	31 December 2018 (audited)
Due from insurance and reinsurance companies	5,282,912	4,514,694
Less: provision for impaired debts	(1,053,719)	(1,053,719)
	<u>4,229,193</u>	<u>3,460,975</u>
Loans and advances	129,565	202,743
Less: provision for impaired loans and advances	(18,380)	(18,380)
	<u>111,185</u>	<u>184,363</u>
Reserves withheld by cedents	1,654,994	1,373,925
Prepaid expenses	22,244	44,334
	<u>6,017,616</u>	<u>5,063,597</u>



## Oman Reinsurance Company SAOC

### Notes to the condensed interim financial information for the six months period ended 30 June 2019

(Expressed in Omani Rial)

#### 9 Insurance and other receivables (continued)

The movement in provision for impaired debts is as follows:

	Six months period ended 30 June 2019 (Un-audited)	Year ended 31 December 2018 (audited)
At 1 January	1,053,719	824,319
Charge during the period/year	-	229,400
At 30 June/31 December	<u>1,053,719</u>	<u>1,053,719</u>

The movement in impaired loans and advances is as follows:

	Six months period ended 30 June 2019 (Un-audited)	Year ended 31 December 2018 (audited)
At 1 January and at 30 June/31 December	<u>18,380</u>	<u>18,380</u>

#### 10 Accrued income

	30 June 2019 (Un-audited)	31 December 2018 (audited)
Accrued insurance premium	13,265,969	8,651,856
Impairment provision	(15,000)	(15,000)
	<u>13,250,969</u>	<u>8,636,856</u>
Interest accrued on deposits	588,911	502,213
	<u>13,839,880</u>	<u>9,139,069</u>

The movement in provision for impaired accrued insurance premium is as follows:

	Six months period ended 30 June 2019 (Un-audited)	Year ended 31 December 2018 (audited)
At 1 January and at 30 June/31 December	<u>15,000</u>	<u>15,000</u>

#### 11 Share capital

The authorised, issued and fully paid-up share capital of the Company, registered with the Ministry of Commerce and Industry, is RO 30,000,000 (2018:RO 30,000,000), comprising of 30,000,000 shares of RO 1 each (2018: 30,000,000 shares of RO 1 each).

The 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 percentage of shares held by them are as follows:

## Oman Reinsurance Company SAOC

### Notes to the condensed interim financial information for the six months period ended 30 June 2019

(Expressed in Omani Rial)

11 Share capital (continued)	30 June 2019 (Un-audited)	31 December 2018 (audited)
Trust International Insurance & Reinsurance Company B.S.C. (Bahrain)	29.97%	29.97%
Qatar General Insurance & Reinsurance Company S.A.Q.	24.58%	24.58%
Omar Zawawi Establishment LLC	15.50%	15.50%
Ziliano Investments	10.00%	10.00%

#### 12 Legal reserve

In accordance with Article 106 of the Commercial Companies Law 1974, as amended, of the Sultanate of Oman, 10% of the Company's net profit for the year is to be transferred to a non-distributable legal reserve until such time as the amount of the legal reserve becomes equal to one-third of the Company's issued and fully paid-up share capital. During the period from 1 January 2019 to 30 June 2019, the Company has not transferred any amount to the legal reserve as this will be transferred at the year-end (2018: RO 66,056).

#### 13 Contingency reserve

In accordance with the Capital Market Authority Decision No. 19/2007, issued on 4 June 2007 as authorised by Royal Decree number 34/2007, 10% of the outstanding claims at the reporting date is required to be transferred to a contingency reserve which is not distributable without the prior approval of the Capital Market Authority. The Company may discontinue such annual transfers when the contingency reserve equals the Company's paid-up share capital.

For the period from 1 January 2019 to 30 June 2019, no amount has been transferred to the contingency reserve as the Company intends to transfer this amount at the year-end (2018: RO 594,504).

#### 14 Employee's benefit liabilities

	Six months period ended 30 June 2019 (Un-audited)	Year ended 31 December 2018 (audited)
As at 1 January	90,462	61,408
Provision for the period/year	46,779	29,654
Payments during the period/year	-	(600)
As at 30 June/31 December	<u>137,241</u>	<u>90,462</u>

#### 15 Reinsurers share of insurance funds and technical provisions

The movement in reinsurer's share of insurance funds and technical provisions is given below.

30 June 2019	Gross	Reinsurance	Net
<b>Claims</b>			
At 1 January	23,435,411	13,313,017	10,122,394
Increase in the provision during the period	7,761,258	4,988,705	2,772,553
Claims settled during the period	(3,128,311)	(1,519,668)	(1,608,643)
Balance at 30 June	<u>28,068,358</u>	<u>16,782,054</u>	<u>11,286,304</u>

# Oman Reinsurance Company SAOC

## Notes to the condensed interim financial information for the six months period ended 30 June 2019

(Expressed in Omani Rial)

### 15 Reinsurers share of insurance funds and technical provisions (continued)

	Gross	Reinsurance	Net
<b>Unearned premium</b>			
At 1 January	10,410,126	5,505,237	4,904,889
Increase in the provision during the period	14,006,447	8,225,712	5,780,735
Release of unearned premium	(10,410,126)	(5,505,237)	(4,904,889)
Balance at 30 June	<u>14,006,447</u>	<u>8,225,712</u>	<u>5,780,735</u>
<b>Total technical provisions</b>	<u>42,074,805</u>	<u>25,007,766</u>	<u>17,067,039</u>

### 31 December 2018

	Gross	Reinsurance	Net
<b>Claims</b>			
At 1 January	18,653,913	9,537,278	9,116,635
Increase in the provision during the year	12,908,221	8,639,009	4,269,212
Claims settled during the year	(8,126,723)	(4,863,270)	(3,263,453)
Balance at 31 December	<u>23,435,411</u>	<u>13,313,017</u>	<u>10,122,394</u>

### Unearned premium

At 1 January	6,517,830	3,133,449	3,384,381
Increase in the provision during the year	10,410,126	5,505,237	4,904,889
Release of unearned premium	(6,517,830)	(3,133,449)	(3,384,381)
Balance at 31 December	<u>10,410,126</u>	<u>5,505,237</u>	<u>4,904,889</u>
<b>Total technical provisions</b>	<u>33,845,537</u>	<u>18,818,254</u>	<u>15,027,283</u>

Claims include incurred but not reported (IBNR) provision is as follows:

30 June 2019	Gross	Reinsurance	Net
<b>IBNR</b>			
At the beginning of the period	8,517,860	4,522,929	3,994,931
Movement of IBNR	(311,705)	65,065	(376,770)
Balance at the end of the period	<u>8,206,155</u>	<u>4,587,994</u>	<u>3,618,161</u>

### 31 December 2018

	Gross	Reinsurance	Net
<b>IBNR</b>			
At the beginning of the year	6,748,282	2,933,347	3,814,935
Movement of IBNR	1,769,578	1,589,582	179,996
Balance at the end of the year	<u>8,517,860</u>	<u>4,522,929</u>	<u>3,994,931</u>

### 16 Reinsurance premium and other payables

	30 June 2019 (Un-audited)	31 December 2018 (audited)
Reinsurance premium accrued	8,226,857	4,740,711
Payable to cedents and retro-cessionaires	4,412,192	4,171,384
Advances and deposits retained	974,378	793,746
Other payables	136,037	119,775
	<u>13,749,464</u>	<u>9,825,616</u>

## Oman Reinsurance Company SAOC

### Notes to the condensed interim financial information for the six months period ended 30 June 2019

(Expressed in Omani Rial)

#### 17 Deferred policy acquisition costs and deferred commission income

(a) The movement in deferred policy acquisition cost is as follows:

	Six months period ended 30 June 2019 (Un-audited)	Year ended 31 December 2018 (audited)
As at 1 January	2,657,000	1,778,600
Charge for the period/year	(2,167,242)	(4,491,379)
Payments during the period/year	2,820,917	5,369,779
As at 30 June/31 December	<u>3,310,675</u>	<u>2,657,000</u>

(b) The movement in deferred commission income is as follows:

	30 June 2019 (Un-audited)	31 December 2018 (audited)
As at 1 January	1,585,101	989,477
Commission income during the period/year	(1,501,414)	(2,877,977)
Commission income received during the period/year	1,995,106	3,473,601
As at 30 June/31 December	<u>2,078,793</u>	<u>1,585,101</u>
	<u>1,231,882</u>	<u>1,071,899</u>

#### 18 Related party transactions and balances

Related parties comprise the shareholders, directors, business entities in which they have the ability to control or exercise significant influence in financial and operating decisions and with senior management. The Company has entered into transactions with entities related to the shareholders or directors. In the ordinary course of business, such related parties provide services to the Company. The transactions are carried on mutually agreed terms and are at arms length. During the period, the following transactions were carried out with the related parties:

(a) Significant transactions during the period with related parties are as follows:

	Six months period ended 30 June 2019 (Un-audited)	Six months period ended 30 June 2018 (audited)
<b>Shareholders with significant influence:</b>		
Gross premium	<u>2,280,056</u>	<u>10,079,096</u>
Commission	<u>199,138</u>	<u>2,349,225</u>
Claims	<u>197,296</u>	<u>2,001,737</u>

Oman Reinsurance Company SAOC

Notes to the condensed interim financial information for the six months period ended 30 June 2019

(Expressed in Omani Rial)

18 Related party transactions and balances (continued)

(b) Key management compensation:

	Six months period ended 30 June 2019 (Un-audited)	Six months period ended 30 June 2018 (audited)
Directors' remuneration		
Directors' sitting fees	17,600	8,600
Key management remuneration		
	(Un-audited)	(audited)
Salaries and employment benefits	119,900	131,504

(c) Related party balances

Shareholders with significant influence:

Premiums receivable

	30 June 2019 (Un-audited)	31 December 2018 (audited)
Premiums receivable	3,031,086	2,477,975

Outstanding claims

Outstanding claims	4,820,358	5,801,664
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19 Bank deposits

Non-current portion of bank deposits

Current portion of bank deposits

	30 June 2019 (Un-audited)	31 December 2018 (audited)
Non-current portion of bank deposits	2,500,000	3,500,000
Current portion of bank deposits	9,165,268	7,628,268
	11,665,268	11,128,268

Bank deposits represent deposits placed with a commercial bank in the Sultanate of Oman, which are denominated in Omani Rial and earn interest at commercial rates ranging between 3.75% to 4.1% per annum (31 December 2018: 3.6% to 4% per annum). The deposits which are due for maturity after one year have been disclosed as part of non-current assets.

The current portion of bank deposits represents deposits which will mature after 3 months but before 1 year. Deposits maturing within 3 months have been disclosed as part of cash and cash equivalents.

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### Notes to the condensed interim financial information for the six months period ended 30 June 2019

(Expressed in Omani Rial)

#### 20 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	30 June 2019 (Un-audited)	31 December 2018 (audited)
Current and call account balances with banks	825,752	2,178,952
Short-term fixed deposits	4,038,000	3,000,000
	<u>4,863,752</u>	<u>5,178,952</u>

The current account balances with banks are non-interest bearing.

Balances in call accounts and short-term fixed deposits with local commercial banks earn interest rates ranging between 0.1% to 3.8% per annum (31 December 2018: 0.1% to 3.9% per annum).

#### 21 Taxation

- (a) Tax assessments of the Company for the years 2009 to 2012 have been finalised. Tax assessments for the years 2013 to 2018 have not yet been agreed with the Secretariat General of Taxation in the Ministry of Finance. The Company's management is of the opinion that additional taxes, if any, assessed for the open tax years would not be material to the Company's financial position as at 30 June 2018.

Deferred tax asset is not recognised as a matter of prudence as management is of the view that the Company's operations, by their inherent nature, are exposed to certain variables that have a bearing on the management's ability to determine with certainty whether it is probable that sufficient future taxable income will arise to derive the benefits therefrom prior to their expiry.

	30 June 2019 (Un-audited)	30 June 2018 (Un-audited)
<b>22 Net underwriting results</b>		
<b>Income</b>		
Gross premium written	13,470,127	15,109,448
Movement in unearned premium reserve	(3,596,322)	(6,473,964)
<b>Insurance premium revenue</b>	<u>9,873,805</u>	<u>8,635,484</u>
Reinsurance premium ceded	(8,674,650)	(9,191,677)
Movement in unearned premium reserve	2,720,475	4,224,036
<b>Insurance premium retroceded to reinsurers</b>	<u>(5,954,175)</u>	<u>(4,967,641)</u>
<b>Net insurance premium earned</b>	<u>3,919,630</u>	<u>3,667,843</u>
Gross claims paid	(3,128,311)	(4,938,013)
Reinsurance recoveries	1,519,668	2,931,369
<b>Net claims paid</b>	<u>(1,608,643)</u>	<u>(2,006,644)</u>
Change in provision for outstanding claims, gross	(4,632,947)	(1,346,318)
Change in provision for outstanding claims, reinsurance	3,469,037	945,731
<b>Claims and related expenses</b>	<u>(2,772,553)</u>	<u>(2,407,231)</u>
Policy acquisition costs	(2,860,922)	(3,807,161)
Policy acquisition costs recovered from reinsurers	1,995,106	2,374,591
Change in deferred policy acquisition costs	159,981	605,380
Interest on premium reserve	40,006	12,168
<b>Total policy acquisition costs</b>	<u>(665,829)</u>	<u>(815,022)</u>
<b>Net insurance benefits and claims</b>	<u>(3,438,382)</u>	<u>(3,222,253)</u>
<b>Net underwriting results</b>	<u>481,248</u>	<u>445,590</u>

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Notes to the condensed interim financial information for the six months period ended 30 June 2019

(Expressed in Omani Rial)

<b>23 Investment and other income - net</b>	<b>Six months period ended 30 June 2019 (Un-audited)</b>	<b>Six months period ended 30 June 2018 (Un-audited)</b>
Interest on term deposits	593,002	439,852
Dividend income	34,245	78,025
Gain on sale of fair value through other comprehensive income investments	22,951	-
Loss on sale of property, plant and equipment	-	(206)
Investment expenses	(2,372)	(652)
Miscellaneous income	192	648
	<u>648,018</u>	<u>517,667</u>
<b>24 General and administrative expenses</b>	<b>Six months period ended 30 June 2019 (Un-audited)</b>	<b>Six months period ended 30 June 2018 (Un-audited)</b>
Salaries and other related staff costs (Note 25)	656,792	494,600
Legal and professional fees	34,845	21,939
Rent	33,899	33,899
Meeting related expenses	32,590	24,389
Business travel expenses	28,203	17,863
Depreciation and amortisation (Notes 5 and 6)	24,580	21,721
Advertising and business promotion expenses	18,012	8,663
Computer expenses	13,323	9,361
Telephone, fax and postage	8,472	7,888
Office maintenance	2,382	3,639
Miscellaneous expenses	24,412	68,507
	<u>877,510</u>	<u>712,469</u>
<b>25 Salaries and other related staff costs</b>	<b>Six months period ended 30 June 2019 (Un-audited)</b>	<b>Six months period ended 30 June 2018 (Un-audited)</b>
Salaries and allowances	487,107	405,546
Provision for leave salary	49,304	37,171
Employee's benefit liabilities	45,624	13,671
Social security costs	24,643	20,981
Other staff costs	50,114	17,231
	<u>656,792</u>	<u>494,600</u>

## Oman Reinsurance Company SAOC

### Notes to the condensed interim financial information for the six months period ended 30 June 2019

(Expressed in Omani Rial)

#### 26 Earnings per share per share

Earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months period ended 30 June 2019 (Un-audited)	Six months period ended 30 June 2018 (un-audited)
Weighted average number of shares	<u>30,000,000</u>	<u>30,000,000</u>
Net profit for the period	<u>286,917</u>	<u>136,528</u>
Earnings per share - Basic and diluted	<u>0.010</u>	<u>0.005</u>

As there are no dilutive potential shares issued by the Company, the diluted earnings per share is same as the basic earnings per share.

#### 27 Net assets per share

The calculation of the net assets per share is based on net assets as at 30 June 2019 attributable to ordinary shareholders of OMR 22,861,380 (31 December 2018: OMR 22,326,113) divided by the number of shares outstanding at the year end of 30,000,00 ordinary shares (31 December 2018: 30,000,00 ordinary shares).

	30 June 2019	31 December 2018
Net assets as at the year end (OMR)	22,861,380	22,326,113
Number of shares outstanding at the year end	30,000,000	30,000,000
Net assets per share (OMR)	<u>0.76</u>	<u>0.74</u>

#### 28 Operating segment

The Company has two reportable 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 technology and marketing strategies. For each of the strategic units, the Company's Board of Directors and senior management reviews internal management reports on at least a quarterly basis.



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### Notes to the condensed interim financial information for the six months period ended 30 June 2019

(Expressed in Omani Rial)

#### 28 Operating segment (continued)

The Company has the following operating segments:

	30 June 2019			30 June 2018		
	Facultative	Treaty	Total	Facultative	Treaty	Total
<b>Reinsurance revenue:</b>						
Gross written premiums	9,357,958	4,112,169	13,470,127	7,506,784	7,602,664	15,109,448
Less: premiums ceded	(6,632,750)	(2,041,900)	(8,674,650)	(5,342,576)	(3,849,101)	(9,191,677)
Net written premium	2,725,208	2,070,269	4,795,477	2,164,208	3,753,563	5,917,771
Gross unearned premium (movement)	(3,388,578)	(207,744)	(3,596,322)	(3,297,866)	(3,176,098)	(6,473,964)
Less: Reinsurance unearned premiums (movement)	2,761,130	(40,655)	2,720,475	2,440,823	1,783,213	4,224,036
Net unearned premiums	(627,448)	(248,399)	(875,847)	(857,043)	(1,392,885)	(2,249,928)
<b>Total insurance revenue</b>	<b>2,097,760</b>	<b>1,821,870</b>	<b>3,919,630</b>	<b>1,307,165</b>	<b>2,360,678</b>	<b>3,667,843</b>
<b>Cost of reinsurance revenue:</b>						
Commission and tax paid	(1,932,407)	(928,515)	(2,860,922)	(1,589,094)	(2,218,067)	(3,807,161)
Reinsurance commission and tax recoveries	1,536,193	458,913	1,995,106	1,216,538	1,158,053	2,374,591
Net commission	(396,214)	(469,602)	(865,816)	(372,556)	(1,060,014)	(1,432,570)
Deferred acquisition cost movement	669,329	(15,655)	653,674	607,563	982,515	1,590,078
Reinsurance deferred acquisition cost (movement)	(600,554)	106,861	(493,693)	(498,423)	(486,275)	(984,698)
	68,775	91,206	159,981	109,140	496,240	605,380
Interest on premium reserves (net)	-	40,006	40,006	-	12,168	12,168
Net incurred acquisition cost	(327,439)	(338,390)	(665,829)	(263,416)	(551,606)	(815,022)
Gross claims paid	(884,085)	(2,244,226)	(3,128,311)	(2,433,569)	(2,504,444)	(4,938,013)
Less: Reinsurance claims recovered	495,118	1,024,550	1,519,668	1,435,448	1,495,921	2,931,369
Net claims paid	(388,967)	(1,219,676)	(1,608,643)	(998,121)	(1,008,523)	(2,006,644)
Change in gross out-standing claims	(4,227,401)	(1,184,983)	(5,412,384)	476,023	(414,307)	61,716
Less: change in reinsurance claims	3,289,861	723,867	4,013,728	(103,079)	222,736	119,657
Net out-standing claims	(937,540)	(461,116)	(1,398,656)	372,944	(191,571)	181,373
IBNR movement	(200,514)	435,260	234,746	(97,586)	(484,374)	(581,960)
Net incurred claims	(1,527,021)	(1,245,532)	(2,772,553)	(722,763)	(1,684,468)	(2,407,231)
Total cost of insurance	(1,854,460)	(1,583,922)	(3,438,382)	(986,179)	(2,236,074)	(3,222,253)
<b>Net underwriting profit</b>	<b>243,300</b>	<b>237,948</b>	<b>481,248</b>	<b>320,985</b>	<b>124,604</b>	<b>445,590</b>

Assets and liabilities of the Company are commonly used across the primary segments.

## Oman Reinsurance Company SAOC

### Notes to the condensed interim financial information for the six months period ended 30 June 2019

(Expressed in Omani Rial)

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#### 29 Comparative figures

Certain comparative figures of the previous period/year have been either regrouped or reclassified, wherever necessary, in order to conform with the presentation adopted in the current year's condensed interim financial information. Such regrouping or reclassification did not affect previously reported net profit or statement of changes in shareholders' equity, except for the effect of adoption of IFRS 9 which has been adjusted through the opening retained earnings. As the corresponding previous years figures are not restated to give this impact, they are not comparable.