

**Oman Reinsurance Company SAOC**  
**Condensed interim financial information**  
**for the six-month period ended 30 June**  
**2021 (un-audited)**

**Oman Reinsurance Company SAOC**

**Condensed interim financial information for the six-month period ended 30 June 2021  
(un-audited)**

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## Report of Review of the Condensed Interim Financial Information to the Board of Directors of Oman Reinsurance Company SAOC

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of Oman Reinsurance Company SAOC ("the Company") as at 30 June 2021, and the related 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-month period then ended and other explanatory notes ("the condensed interim financial information"). Management is responsible for the preparation and fair presentation of the condensed interim financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting", and for such internal control as management determines is necessary to enable the preparation of condensed interim financial information that are free from material misstatement, whether due to fraud or error. 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 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.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting".

**BDO**

Muscat

18 August 2021



*B. Kapur*  
**Bipin Kapur**  
Partner

**Oman Reinsurance Company SAOC**  
**Condensed interim statement of financial position as at 30 June 2021**  
**(Expressed in Omani Rial)**

		30 June 2021	31 December 2020
	Notes	(Un-audited)	(audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	158,168	109,536
Investment property	7	1,900,000	1,900,000
Investment property under development	8	184,592	184,592
Intangible assets	6	175,136	35,186
Investments at fair value through other comprehensive income	9	18,557,950	17,377,803
Non-current portion of bank deposits	21	8,538,000	6,000,000
<b>Total non-current assets</b>		<u>29,513,846</u>	<u>25,607,117</u>
<b>Current assets</b>			
Investments at fair value through profit or loss	10	582,200	871,000
Insurance and other receivables	11	8,248,584	6,884,831
Accrued income	12	14,997,612	10,390,102
Deferred policy acquisition costs	19	4,100,410	2,702,382
Reinsurers' share of insurance funds	17	34,681,939	32,428,370
Current portion of bank deposits	21	9,915,268	7,415,268
Cash and cash equivalents	22	5,034,865	8,662,776
<b>Total current assets</b>		<u>77,560,878</u>	<u>69,354,729</u>
<b>Total assets</b>		<u>107,074,724</u>	<u>94,961,846</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	13	30,000,000	30,000,000
Legal reserve	14	343,183	343,183
Investment fair value reserve	9	90,146	47,846
Contingency reserve	15	2,997,005	2,997,005
Accumulated losses		(7,037,139)	(7,783,880)
<b>Total capital and reserves</b>		<u>26,393,195</u>	<u>25,604,154</u>
<b>Non-current liabilities</b>			
Employees' benefit liabilities	16	203,680	188,961
<b>Total non-current liabilities</b>		<u>203,680</u>	<u>188,961</u>
<b>Current liabilities</b>			
Technical provisions	17	65,271,171	55,898,461
Reinsurers' premium and other payables	18	14,479,026	12,316,554
Deferred commission income	19	727,652	953,716
<b>Total current liabilities</b>		<u>80,477,849</u>	<u>69,168,731</u>
<b>Total liabilities</b>		<u>80,681,529</u>	<u>69,357,692</u>
<b>Total equity and liabilities</b>		<u>107,074,724</u>	<u>94,961,846</u>
<b>Net assets per share</b>	29	<u>0.09</u>	<u>0.85</u>

The unaudited condensed interim financial information, as set out on pages 2 to 20, were approved and authorised for issue by the Board of Directors on 18 August 2021 and were signed on their behalf by:

Director

Oman Reinsurance Company SAOC

Condensed interim statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2021 (un-audited)

(Expressed in Omani Rial)

	Notes	Period from 1 January 2021 to 30 June 2021 (Un-audited)	Period from 1 January 2020 to 30 June 2020 (Un-audited)
<b>Income</b>			
Gross premiums written	24	18,217,934	16,352,990
Net underwriting results	24	1,215,678	1,058,033
Investment and other income, net	25	1,032,123	935,807
		<u>2,247,801</u>	<u>1,993,840</u>
<b>Expenses</b>			
General and administrative expenses	27	(1,348,292)	(1,245,971)
Foreign exchange losses, net		(110,967)	(83,615)
		<u>(1,459,259)</u>	<u>(1,329,586)</u>
<b>Net profit before tax for the period</b>		788,542	664,254
Income tax expense	23	(119,900)	-
<b>Net profit after tax for the period</b>		<u>668,642</u>	<u>664,254</u>
<b>Other comprehensive income:</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Valuation gains / (losses) on fair value through other comprehensive income equity investments		299,720	(69,205)
<i>Items that will or may be reclassified to profit or loss:</i>			
Valuation (losses)/gains on fair value through other comprehensive income on debt instruments		(179,321)	263,076
<b>Other comprehensive income for the period</b>	9	<u>120,399</u>	<u>193,871</u>
<b>Total comprehensive income for the period</b>		<u>789,041</u>	<u>858,125</u>
<b>Earnings per share - basic and diluted</b>	28	<u>0.002</u>	<u>0.022</u>

**Oman Reinsurance Company SAOC**  
**Condensed interim statement of changes in shareholders' equity for the six-month period ended 30 June 2021 (un-audited)**  
**(Expressed in Omani Rial)**

	Notes	Share capital	Legal reserve	Investment fair value reserve	Contingency reserve	Accumulated losses	Total
As at 31 December 2019 (audited)		30,000,000	198,160	(975,464)	1,691,799	(7,835,206)	23,079,289
Net profit after tax for the period		-	-	-	-	664,254	664,254
Other comprehensive income for the period		-	-	193,871	-	-	193,871
As at 30 June 2020 (un-audited)		30,000,000	198,160	(781,593)	1,691,799	(7,170,952)	23,937,414
Net profit after tax for the period		-	-	-	-	785,975	785,975
Other comprehensive income for the period		-	-	880,765	-	-	880,765
Realised gains on sale of investments at fair value through other comprehensive income	9	-	-	(51,326)	-	51,326	-
Transferred to legal reserve	14	-	145,023	-	-	(145,023)	-
Transferred to contingency reserve	15	-	-	-	1,305,206	(1,305,206)	-
As at 31 December 2020 (audited)		30,000,000	343,183	47,846	2,997,005	(7,783,880)	25,604,154
Net profit after tax for the period		-	-	-	-	668,642	668,642
Other comprehensive income for the period		-	-	120,399	-	-	120,399
Realised gains on sale of investments at fair value through other comprehensive income	9	-	-	(78,099)	-	78,099	-
As at 30 June 2021 (un-audited)		30,000,000	343,183	90,146	2,997,005	(7,037,139)	26,393,195

**Oman Reinsurance Company SAOC**  
**Condensed interim statement of cash flows for the six-month period ended 30 June 2021**  
**(un-audited)**  
**(Expressed in Omani Rial)**

	Notes	Period from 1 January 2021 to 30 June 2021 (un-audited)	Period from 1 January 2020 to 30 June 2020 (un-audited)
<b>Operating activities</b>			
Net profit after tax for the period		668,642	664,254
<b>Adjustments for:</b>			
Depreciation on property, plant and equipment	5	37,185	31,160
Gain on sale of investments at fair value through other comprehensive income		(129,248)	(178,001)
Amortisation of intangible assets	6	27,484	6,993
Gain on disposal of property, plant and equipment		-	(49)
Unrealised fair value gains on investments at fair value through profit or loss	10	(5,450)	-
Provision for employees' benefit liabilities	16	24,379	23,613
Interest income from bank deposits	25	(850,951)	(725,246)
Dividend income	25	(49,504)	(33,867)
<b>Operating loss before working capital changes</b>		<u>(277,463)</u>	<u>(211,143)</u>
<b>Working capital changes</b>			
Insurance and other receivables		(1,363,753)	(332,683)
Accrued income		(4,629,344)	(6,375,528)
Deferred policy acquisition costs		(1,624,092)	(877,980)
Insurance funds		7,119,141	4,987,981
Reinsurers' premium and other payables		2,162,472	4,387,763
<b>Cash generated from operating activities</b>		<u>1,386,961</u>	<u>1,578,410</u>
Employees' benefit liabilities paid	16	(9,660)	(23,297)
<b>Net cash generated from operating activities</b>		<u>1,377,301</u>	<u>1,555,113</u>
<b>Investing activities</b>			
Purchase of property, plant and equipment	5	(85,817)	(15,218)
Proceeds from disposal of property, plant and equipment		-	80
Purchase of investments at fair value through other comprehensive income	9	(3,953,542)	(4,812,521)
Purchase of investments at fair value through profit or loss	10	(576,750)	-
Proceeds from disposal of investments at fair value through other comprehensive income		3,023,042	3,069,989
Proceeds from disposal of investments at fair value through profit or loss		871,000	-
Cost of acquisition of intangible assets	6	(167,434)	(3,185)
Net change in bank deposits		(5,038,000)	(2,500,000)
Interest income received from bank deposits		872,785	668,856
Dividend income received	25	49,504	33,867
<b>Net cash used in investing activities</b>		<u>(5,005,212)</u>	<u>(3,558,132)</u>
<b>Net decrease in cash and cash equivalents</b>		(3,627,911)	(2,003,019)
Cash and cash equivalents, beginning of the period		8,662,776	6,360,654
<b>Cash and cash equivalents, end of the period</b>	22	<u>5,034,865</u>	<u>4,357,635</u>

## Oman Reinsurance Company SAOC

### Notes to the condensed interim financial information for the six-month period ended 30 June 2021 (un-audited) (Expressed in Omani Rial)

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#### 1 Legal status and principal activities

Oman Reinsurance Company SAOC ("the Company") is a closely held Omani joint stock company registered on 4 August 2008 with the Ministry of Commerce, Industry and Investment Promotion, in accordance with the provisions of the Commercial Companies Law 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 18 August 2021.

#### 2 Basis of preparation

##### (a) Statement of compliance

The condensed interim financial information for the six-month period ended 30 June 2021 has been presented in accordance with International Accounting Standard 34 - "Interim Financial Reporting". The accounting policies adopted in preparation of the condensed interim financial information are the same that were followed as at, and for the year ended, 31 December 2020. These condensed interim financial information should therefore be read in conjunction with the audited annual financial statements prepared as at, and for the year ended, 31 December 2020, which have been prepared in accordance with the International Financial Reporting Standards (IFRS).

##### (b) Basis of presentation

The condensed interim financial information for the six-month period ended 30 June 2021 has been prepared in accordance with IAS 34 "Interim Financial Reporting".

##### (c) Functional currencies

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

#### 3 Adoption of new and revised IFRS

##### New and amended standards effective and adopted at 1 January 2021

A number of new or amended standards became applicable for the current reporting period. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

##### Standards, amendments and interpretations issued but not yet effective at 1 January 2021

The Company has not early adopted any standard, interpretation or amendment that has been issued by the International Accounting Standards Board but is not yet effective.

##### Standards, amendments and interpretations issued but not yet effective in the period 2021

###### IFRS 17 "Insurance Contracts"

IFRS 17, "Insurance Contracts" requires entities to identify portfolios of insurance contracts, which comprises contracts that are subject to similar risks and are managed together. Each portfolio of insurance contracts issued shall be divided into a minimum of three groups:

- a group of contracts that are onerous at initial recognition, if any;
- a group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any; and
- a group of the remaining contracts in the portfolio, if any.



## Oman Reinsurance Company SAOC

### Notes to the condensed interim financial information for the six-month period ended 30 June 2021 (un-audited) (Expressed in Omani Rial)

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

##### Standards, amendments and interpretations issued but not yet effective in the period 2021 (continued) IFRS 17 "Insurance Contracts" (continued)

The Company is not permitted to include contracts issued more than one year apart in the same group. Furthermore, if a portfolio would fall into different groups only because law or regulation constrains the Company's practical ability to set a different price or level of benefits for policyholders with different characteristics, the Company may include those contracts in the same group.

There would have been a material change in the operational results of the Company for the period ended 30 June 2021 had the Company early adopted the above standard as the Company is engaged in underwriting reinsurance business. However, the management is expected to apply the standard from its effective date of 1 January 2023.

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

The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual figures may differ from these estimates and judgements. While preparing the unaudited condensed interim financial information, the significant judgements 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 annual audited financial statements prepared as at, and for the year ended, 31 December 2020.

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 2020. There has been no change in the risk management policies since 31 December 2020.

Oman Reinsurance Company SAOC

Notes to the condensed interim financial information for the six-month period ended  
30 June 2021 (un-audited)

(Expressed in Omani Rial)

**5 Property, plant and equipment**

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

2021	Motor vehicles	Furniture and fixtures	Office equipment	Total
<b>Cost</b>				
At 1 January 2021	37,260	206,439	171,140	414,839
Additions during the period	31,364	829	53,624	85,817
At 30 June 2021 (un-audited)	<u>68,624</u>	<u>207,268</u>	<u>224,764</u>	<u>500,656</u>
<b>Accumulated depreciation</b>				
At 1 January 2021	14,373	152,806	138,124	305,303
Charge for the period	6,617	17,238	13,330	37,185
At 30 June 2021 (un-audited)	<u>20,990</u>	<u>170,044</u>	<u>151,454</u>	<u>342,488</u>
<b>Net book amount</b>				
At 30 June 2021 (un-audited)	<u>47,634</u>	<u>37,224</u>	<u>73,310</u>	<u>158,168</u>
<b>2020</b>				
<b>Cost</b>				
At 1 January 2020	37,260	201,372	154,841	393,473
Additions during the year	-	5,067	16,544	21,611
Disposals during the year	-	-	(245)	(245)
At 31 December 2020 (audited)	<u>37,260</u>	<u>206,439</u>	<u>171,140</u>	<u>414,839</u>
<b>Accumulated depreciation</b>				
At 1 January 2020	5,058	118,122	118,603	241,783
Charge for the year	9,315	34,684	19,735	63,734
Relating to disposals	-	-	(214)	(214)
At 31 December 2020 (audited)	<u>14,373</u>	<u>152,806</u>	<u>138,124</u>	<u>305,303</u>
<b>Net book amount</b>				
At 31 December 2020 (audited)	<u>22,887</u>	<u>53,633</u>	<u>33,016</u>	<u>109,536</u>

## Oman Reinsurance Company SAOC

### Notes to the condensed interim financial information for the six-month period ended 30 June 2021 (un-audited) (Expressed in Omani Rial)

6 Intangible assets	Period from 1 January 2021 to 30 June 2021 (un-audited)	Year ended 31 December 2020 (audited)
The movement in intangible assets is as follows:-		
<b>Cost</b>		
As at 1 January	198,243	195,058
Additions during the period/year	167,434	3,185
As at 30 June/31 December	<u>365,677</u>	<u>198,243</u>
<b>Accumulated amortisation</b>		
As at 1 January	163,057	148,811
Charge for the period/year	27,484	14,246
As at 30 June/31 December	<u>190,541</u>	<u>163,057</u>
<b>Net book amount</b>		
As at 30 June/31 December	<u>175,136</u>	<u>35,186</u>

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

7 Investment property	Period from 1 January 2021 to 30 June 2021 (un-audited)	Year ended 31 December 2020 (audited)
<b>Cost</b>		
At 1 January and at 30 June/31 December	<u>1,900,000</u>	<u>1,900,000</u>

Investment property represents a property located at Ghala, Muscat, Sultanate of Oman which is currently under development (Note 8). The carrying amount of the investment property 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 January 2021 at RO 2,000,000. However, based on current market situation and management's estimate of costs involved in disposing-off the property (land), management considers that the fair market value of investment property of RO 1,900,000 is appropriate.

8 Investment property under development	Period from 1 January 2021 to 30 June 2021 (un-audited)	Year ended 31 December 2020 (audited)
Opening balance	184,592	125,192
Additions during the period/year	-	59,400
Closing balance	<u>184,592</u>	<u>184,592</u>

Investment property under development represents amounts spent on designing and planning of the office building and other costs directly attributable towards the development of the investment property located in Ghala, Muscat, Sultanate of Oman.

Oman Reinsurance Company SAOC

Notes to the condensed interim financial information for the six-month period ended 30 June 2021 (un-audited)

(Expressed in Omani Rial)

9 Investments at fair value through other comprehensive income

	Fair value		Average cost	
	30 June 2021 (un-audited)	31 December 2020 (audited)	30 June 2021 (un-audited)	31 December 2020 (audited)
Bonds	14,528,540	16,538,091	15,106,805	15,180,799
Equity securities	4,029,410	839,712	3,282,900	2,244,853
	<u>18,557,950</u>	<u>17,377,803</u>	<u>18,389,705</u>	<u>17,425,652</u>

(a) Movement in investments at fair value through other comprehensive income can be summarised as below:

	Period from 1 January 2021 to 30 June 2021 (un-audited)	Year ended 31 December 2020 (audited)
At 1 January	17,377,803	13,272,373
Purchases during the period/year	3,953,542	7,231,082
Sales during the period/year	(2,893,794)	(4,185,363)
Net change in fair value	120,399	1,023,310
Amortisation charge for the period/year	-	36,401
At 30 June/31 December	<u>18,557,950</u>	<u>17,377,803</u>

(b) Investment fair value reserve:

Movement in the investment fair value reserve can be summarised as

	Period from 1 January 2021 to 30 June 2021 (un-audited)	Year ended 31 December 2020 (audited)
Opening balance	47,846	(975,464)
Net change in fair value during the period/year	120,399	1,074,636
Realised gains on sale of investments at fair value through other comprehensive income	(78,099)	(51,326)
Closing balance	<u>90,146</u>	<u>47,846</u>

10 Investments at fair value through profit or loss

Debt instruments that do not qualify for measurement at either amortised cost or fair value through other comprehensive income are as follows:

	Fair value		Average cost	
	30 June 2021 (un-audited)	31 December 2020 (audited)	30 June 2021 (un-audited)	31 December 2020 (audited)
Multi-reverse callable notes	582,200	871,000	576,750	845,900
	<u>582,200</u>	<u>871,000</u>	<u>576,750</u>	<u>845,900</u>

Oman Reinsurance Company SAOC

Notes to the condensed interim financial information for the six-month period ended 30 June 2021 (un-audited)  
(Expressed in Omani Rial)

10 Investments at fair value through profit or loss (continued)

(a) Movement in investments at fair value through profit or loss can be summarised as below:	Period from 1 January 2021 to 30 June 2021 (un-audited)	Year ended 31 December 2020 (audited)
At 1 January	871,000	-
Purchases during the period/year	576,750	845,900
Sales during the period/year	(871,000)	-
Net change in fair value recognised in profit or loss	5,450	25,100
At 30 June/31 December	<u>582,200</u>	<u>871,000</u>

Multi-Reverse callable notes are denominated in US Dollars, have a nominal redemption value of the investment (equivalent to RO 576,750), subject to certain conditions being met. The notes carry fixed income coupon rates ranging between 7.55% and 10.24% per annum. These notes have a maturity date of 04 March 2022, unless auto recalled at an earlier date based on the terms agreed upon.

The maximum exposure to credit risk at the reporting date is the fair value of the investments classified as investments at fair value through profit or loss.

11 Insurance and other receivables

	30 June 2021 (un-audited)	31 December 2020 (audited)
Due from insurance and reinsurance companies (gross)	6,731,978	5,123,175
Less: provision for impaired insurance and reinsurance receivables	(1,053,719)	(1,053,719)
Due from insurance and reinsurance companies (net)	5,678,259	4,069,456
Loans and advances (gross)	328,072	446,488
Less: provision for impaired loans and advances	(18,380)	(18,380)
Loans and advances (net)	309,692	428,108
Reserves withheld by cedents	2,160,601	2,289,519
Prepaid expenses	100,032	97,748
	<u>8,248,584</u>	<u>6,884,831</u>

The movement in provision for impaired insurance and reinsurance receivables is as follows:

	Period from 1 January 2021 to 30 June 2021 (un-audited)	Year ended 31 December 2020 (audited)
At 1 January and 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:

	Period from 1 January 2021 to 30 June 2021 (un-audited)	Year ended 31 December 2020 (audited)
At 1 January and at 30 June/31 December	<u>18,380</u>	<u>18,380</u>

## Oman Reinsurance Company SAOC

### Notes to the condensed interim financial information for the six-month period ended 30 June 2021 (un-audited) (Expressed in Omani Rial)

12 Accrued income	30 June 2021 (un-audited)	31 December 2020 (audited)
Accrued insurance premium	14,194,131	9,564,787
Impairment provision	(15,000)	(15,000)
	<u>14,179,131</u>	<u>9,549,787</u>
Interest accrued on investments	818,481	840,315
	<u>14,997,612</u>	<u>10,390,102</u>
The movement in provision for impaired accrued insurance premium is as follows:	<b>Period from 1 January 2021 to 30 June 2021 (un-audited)</b>	<b>Year ended 31 December 2020 (audited)</b>
At 1 January and at 30 June/31 December	<u>15,000</u>	<u>15,000</u>

### 13 Share capital

The authorised, issued and fully paid-up share capital of the Company, registered with the Ministry of Commerce, Industry and Investment Promotion, is RO 30,000,000 (2020: RO 30,000,000), comprising of 300,000,000 shares of Baiza 100 each (2020: 30,000,000 shares of RO 1 each). During the period ended 30 June 2021, the Company agreed to split the nominal value per share to 100 Baiza each share from RO 1 per share based on the decision of EGM. The application was submitted to the Capital Market Authority and was approved and registered.

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:

	30 June 2021 (un-audited)	31 December 2020 (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%

### 14 Legal reserve

In accordance with Article 106 of the Commercial Companies Law 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 2021 to 30 June 2021, the Company has not transferred any amount to the legal reserve as this will be transferred at the year-end (31 December 2020: RO 145,023).

### 15 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 2021 to 30 June 2021, no amount has been transferred to the contingency reserve as the Company intends to transfer this amount at the year-end (31 December 2020: RO 1,305,206).

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Notes to the condensed interim financial information for the six-month period ended 30 June 2021 (un-audited)

(Expressed in Omani Rial)

16 Employees' benefit liabilities	Period from 1 January 2021 to 30 June 2021 (un-audited)	Year ended 31 December 2020 (audited)
As at 1 January	188,961	156,531
Provision for the period/year	24,379	55,727
Payments during the period/year	(9,660)	(23,297)
As at 30 June/31 December	<u>203,680</u>	<u>188,961</u>

17 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 2021 (un-audited)	Gross	Reinsurance	Net
<b>Claims</b>			
At 1 January 2021	44,479,752	28,392,727	16,087,025
Increase in provision during the period	9,376,621	4,319,407	5,057,214
Claims settled during the period	(5,011,915)	(2,983,199)	(2,028,716)
At 30 June 2021	<u>48,844,458</u>	<u>29,728,935</u>	<u>19,115,523</u>
<b>Unearned premium</b>	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>
At 1 January 2021	11,418,709	4,035,643	7,383,066
Increase in provision during the period	16,426,713	4,953,004	11,473,709
Release of unearned premium	(11,418,709)	(4,035,643)	(7,383,066)
At 30 June 2021	<u>16,426,713</u>	<u>4,953,004</u>	<u>11,473,709</u>
Total technical provisions	<u>65,271,171</u>	<u>34,681,939</u>	<u>30,589,232</u>
<b>31 December 2020 (audited)</b>	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>
<b>Claims</b>			
At 1 January 2020	30,834,082	18,774,545	12,059,537
Increase in provision during the year	21,332,419	13,981,710	7,350,709
Claims settled during the year	(7,686,749)	(4,363,528)	(3,323,221)
At 31 December 2020	<u>44,479,752</u>	<u>28,392,727</u>	<u>16,087,025</u>
<b>Unearned premium</b>	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>
At 1 January 2020	10,631,105	5,404,762	5,226,343
Increase in provision during the year	11,418,709	4,035,643	7,383,066
Release of unearned premium	(10,631,105)	(5,404,762)	(5,226,343)
At 31 December 2020	<u>11,418,709</u>	<u>4,035,643</u>	<u>7,383,066</u>
Total technical provisions	<u>55,898,461</u>	<u>32,428,370</u>	<u>23,470,091</u>

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

30 June 2021 (un-audited)	Gross	Reinsurance	Net
<b>IBNR</b>			
At the beginning of the period	8,452,440	3,264,042	5,188,398
Movement of IBNR during the period	1,005,455	(140,850)	1,146,305
At the end of the period	<u>9,457,895</u>	<u>3,123,192</u>	<u>6,334,703</u>

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Notes to the condensed interim financial information for the six-month period ended 30 June 2021 (un-audited)

(Expressed in Omani Rial)

17 Reinsurers share of insurance funds and technical provisions (continued)			
31 December 2020 (audited)	Gross	Reinsurance	Net
<b>IBNR</b>			
At the beginning of the year	7,419,138	3,820,032	3,599,106
Movement of IBNR during the year	1,033,302	(555,990)	1,589,292
At the end of the year	<u>8,452,440</u>	<u>3,264,042</u>	<u>5,188,398</u>

18 Reinsurance premium and other payables	30 June 2021 (un-audited)	31 December 2020 (audited)
Reinsurance premium accrued	6,403,685	4,442,167
Payable to cedents and retro-cessionaires	6,571,635	6,302,156
Advances and deposits retained	1,019,168	1,195,426
Other payables	484,538	376,805
	<u>14,479,026</u>	<u>12,316,554</u>

19 Deferred policy acquisition costs and deferred commission income

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

	Period from 1 January 2021 to 30 June 2021 (un-audited)	Year ended 31 December 2020 (audited)
As at 1 January	2,702,382	2,553,591
Charge for the period/year	(3,167,763)	(5,322,192)
Payments during the period/year	4,565,791	5,470,983
As at 30 June/31 December (a)	<u>4,100,410</u>	<u>2,702,382</u>

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

	Period from 1 January 2021 to 30 June 2021 (un-audited)	Year ended 31 December 2020 (audited)
As at 1 January	953,716	1,390,919
Income during the period/year	(1,091,347)	(2,799,879)
Received during the period/year	865,283	2,362,676
As at 30 June/31 December (b)	<u>727,652</u>	<u>953,716</u>
<b>Deferred policy acquisition costs, net (c)= (a) - (b)</b>	<u>3,372,758</u>	<u>1,748,666</u>

20 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 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, are at arms length and approved by the management. During the period, the following transactions were carried out with the related parties:



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Notes to the condensed interim financial information for the six-month period ended 30 June 2021 (un-audited)

(Expressed in Omani Rial)

20 Related party transactions and balances (continued)

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

	Period from 1 January 2021 to 30 June 2021 (un-audited)	Period from 1 January 2020 to 30 June 2020 (audited)
<b>Shareholders with significant influence:</b>		
<b>Gross</b>		
Gross premium	519,776	2,837,338
Commission expense	211,442	498,232
Claims expense	1,390,009	225,267
<b>Reinsurance</b>		
Premium ceded	230,550	718,547
Commission income	39,460	68,957
Claims recovery	287,173	224,707
<b>Management fees</b>		
Management fees	-	42,993

(b) Key management compensation:

<b>Directors' remuneration</b>		
Directors' sitting fees	28,800	15,000
<b>Key management remuneration</b>		
Salaries and employment benefits	204,950	137,400

(c) Related party balances

	30 June 2021 (un-audited)	31 December 2020 (audited)
<b>Shareholders with significant influence:</b>		
<b>Gross</b>		
Premiums receivables, net of commissions and claims	(343,263)	139,014
Outstanding claims payable	8,957,759	8,426,718
<b>Reinsurance</b>		
Premiums payable, net of commissions and claims	21,588	54,451
Outstanding claims receivable	1,471,223	1,354,255

21 Bank deposits

	30 June 2021 (un-audited)	31 December 2020 (audited)
Non-current portion of bank deposits	8,538,000	6,000,000
Current portion of bank deposits	9,915,268	7,415,268
	18,453,268	13,415,268

Bank deposits represent deposits placed with a commercial bank in the Sultanate of Oman, which are denominated in RO and earn interest at commercial rates ranging between 4.00% and 4.90% per annum (31 December 2020: between 3.75% and 4.90% 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-month period ended 30 June 2021 (un-audited) (Expressed in Omani Rial)

#### 22 Cash and cash equivalents

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

	30 June 2021 (un-audited)	31 December 2020 (audited)
Cash on hand	350	379
Current and call account balances with banks	4,034,515	4,124,397
Short-term fixed deposits	1,000,000	4,538,000
	<u>5,034,865</u>	<u>8,662,776</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% and 4.0% per annum (31 December 2020: between 0.1% and 4.0% per annum).

#### 23 Taxation

Tax assessments of the Company for the years upto 2016 have been finalised. Tax assessments for the years 2017 to 2020 have not yet been agreed with the Oman Tax Authority. 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 2021.

Provision for income tax amounting to RO 119,900 (30 June 2020: RO Nil) has been made after giving due consideration to adjustments for potential allowances and disallowances.

Deferred tax asset is prudently not recognised as management is of the view that the Company's operations, by their inherent nature, are exposed to certain variables that create uncertainty over availability of sufficient future taxable profits against which deferred tax assets can be utilised prior to its expiry.

#### 24 Net underwriting results

	Period from 1 January 2021 to 30 June 2021 (un-audited)	Period from 1 January 2020 to 30 June 2020 (un-audited)
<b>Income</b>		
Gross premiums written	18,217,934	16,352,990
Movement in unearned premium reserve	(5,008,003)	(4,756,070)
<b>Insurance premium revenue (a)</b>	<u>13,209,931</u>	<u>11,596,920</u>
Reinsurance premium ceded	(5,777,982)	(7,689,168)
Movement in unearned premium reserve	917,361	1,817,984
<b>Insurance premium retroceded to reinsurers (b)</b>	<u>(4,860,621)</u>	<u>(5,871,184)</u>
<b>Net insurance premium earned (c) = (a) + (b)</b>	<u>8,349,310</u>	<u>5,725,736</u>

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Notes to the condensed interim financial information for the six-month period ended 30 June 2021 (un-audited)

(Expressed in Omani Rial)

24 Net underwriting results (continued)	Period from 1 January 2021 to 30 June 2021 (un-audited)	Period from 1 January 2020 to 30 June 2020 (un-audited)
Gross claims paid	(5,011,915)	(3,172,695)
Reinsurance recoveries	2,983,199	1,703,527
Net claims paid	(2,028,716)	(1,469,168)
Change in provision for outstanding claims, gross	(4,364,706)	(7,360,263)
Change in provision for outstanding claims, reinsurance	1,336,208	5,310,368
Claims and related expenses (d)	<u>(5,057,214)</u>	<u>(3,519,063)</u>
Policy acquisition costs	(4,573,768)	(3,114,593)
Policy acquisition costs recovered from reinsurers	865,283	1,080,905
Change in deferred policy acquisition costs	1,624,090	877,980
Interest on premium reserve	7,977	7,068
Total policy acquisition costs (e)	<u>(2,076,418)</u>	<u>(1,148,640)</u>
Net insurance benefits and claims (f) = (d) + (e)	<u>(7,133,632)</u>	<u>(4,667,703)</u>
Net underwriting results (g) = (c) + (f)	<u>1,215,678</u>	<u>1,058,033</u>
25 Investment and other income - net	Period from 1 January 2021 to 30 June 2021 (un-audited)	Period from 1 January 2020 to 30 June 2020 (un-audited)
Interest on term deposits and bonds	850,951	725,246
Dividend income	49,504	33,867
Realised gains on sale of investments at fair value through other comprehensive income	129,248	178,001
Unrealised fair value gains on investments at fair value through profit or loss	5,450	-
Gain on sale of property, plant and equipment	-	49
Investment expenses	(3,030)	(1,921)
Miscellaneous income	-	565
	<u>1,032,123</u>	<u>935,807</u>
26 Salaries and other related staff costs	Period from 1 January 2021 to 30 June 2021 (un-audited)	Period from 1 January 2020 to 30 June 2020 (un-audited)
Salaries and allowances	857,106	773,560
Provision for leave salary	65,761	50,723
Contribution to employees' benefits	24,379	23,613
Social security costs	34,804	30,311
Other staff costs	18,997	14,567
	<u>1,001,047</u>	<u>892,774</u>

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### Notes to the condensed interim financial information for the six-month period ended 30 June 2021 (un-audited) (Expressed in Omani Rial)

27 General and administrative expenses	Period from 1 January 2021 to 30 June 2021 (un-audited)	Period from 1 January 2020 to 30 June 2020 (un-audited)
Salaries and other related staff costs (Note 26)	1,001,047	892,774
Consultancy	109,537	82,798
Depreciation and amortisation (Notes 5 and 6)	64,669	38,153
Meeting related expenses	38,724	22,112
Rent (short-term leases)	36,687	29,933
Advertising and business promotion expenses	19,606	12,272
Legal and professional fees	14,855	59,717
Computer expenses	15,115	24,569
Telephone, fax and postage	11,535	10,744
Office maintenance	3,759	5,395
Business travel expenses	2,995	4,718
Miscellaneous expenses	29,763	62,786
	<u>1,348,292</u>	<u>1,245,971</u>

### 28 Earnings 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.

	Period from 1 January 2021 to 30 June 2021 (un-audited)	Period from 1 January 2020 to 30 June 2020 (un-audited)
Weighted average number of shares (number)	<u>300,000,000</u>	<u>30,000,000</u>
Net profit for the period	<u>668,642</u>	<u>664,254</u>
Earnings per share - Basic and diluted	<u>0.002</u>	<u>0.022</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.

### 29 Net assets per share

The calculation of the net assets per share is based on net assets as at 30 June 2021/31 December 2020 attributable to ordinary shareholders divided by the number of shares outstanding at the period-end.

	30 June 2021 (un-audited)	31 December 2020 (audited)
Net assets as at the period/year-end (RO)	<u>26,393,195</u>	<u>25,604,154</u>
Number of shares outstanding	<u>300,000,000</u>	<u>30,000,000</u>
Net assets per share (RO)	<u>0.09</u>	<u>0.85</u>

### 30 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.

## Oman Reinsurance Company SAOC

### Notes to the condensed interim financial information for the six-month period ended audited)

(Expressed in Omani Rial)

#### 30 Operating segment (continued)

The Company has the following operating segments:

	30 June 2021 (un-audited)			30 June 2020 (un-audited)		
	Facultative	Treaty	Total	Facultative	Treaty	Total
<b>Reinsurance revenue:</b>						
Gross written premiums	6,978,754	11,239,180	18,217,934	8,088,026	8,264,964	16,352,990
Less: premiums ceded	(3,002,387)	(2,775,595)	(5,777,982)	(5,447,556)	(2,241,612)	(7,689,168)
Net written premium (a)	3,976,367	8,463,585	12,439,952	2,640,470	6,023,352	8,663,822
Gross unearned premium (movement)	(9,128)	(4,998,875)	(5,008,003)	(947,455)	(3,808,615)	(4,756,070)
Less: reinsurance unearned premiums (movement)	(186,395)	1,103,756	917,361	999,669	818,315	1,817,984
Net unearned premiums (b)	(195,523)	(3,895,119)	(4,090,642)	52,214	(2,990,300)	(2,938,086)
<b>Net insurance premium earned (c) = (a) + (b)</b>	<b>3,780,844</b>	<b>4,568,466</b>	<b>8,349,310</b>	<b>2,692,684</b>	<b>3,033,052</b>	<b>5,725,736</b>
<b>Cost of reinsurance revenue:</b>						
Commission and tax paid	(1,555,596)	(3,018,172)	(4,573,768)	(1,026,444)	(2,088,149)	(3,114,593)
Reinsurance commission and tax recoveries	401,177	464,106	865,283	518,344	562,561	1,080,905
Net commission (d)	(1,154,419)	(2,554,066)	(3,708,485)	(508,100)	(1,525,588)	(2,033,688)
Deferred acquisition costs (movement)	49,933	1,348,093	1,398,026	(155,410)	973,069	817,659
Reinsurance deferred acquisition costs (movement)	306,137	(80,073)	226,064	202,592	(142,271)	60,321
Net deferred acquisition costs (e)	356,070	1,268,020	1,624,090	47,182	830,798	877,980
Interest on premium reserves (net)(f)	-	7,977	7,977	-	7,068	7,068
Net incurred acquisition costs (g) = (d) + (e) + (f)	(798,349)	(1,278,069)	(2,076,418)	(460,918)	(687,722)	(1,148,640)
Gross claims paid	(2,781,539)	(2,230,376)	(5,011,915)	(1,081,525)	(2,091,170)	(3,172,695)
Less: reinsurance claims recovered	2,001,453	981,746	2,983,199	762,383	941,145	1,703,528
Net claims paid (h)	(780,086)	(1,248,630)	(2,028,716)	(319,142)	(1,150,025)	(1,469,167)
Change in gross out-standing claims	(2,117,530)	(1,241,721)	(3,359,251)	(5,770,934)	(954,746)	(6,725,680)
Less: change in reinsurance claims	878,277	598,781	1,477,058	5,054,469	515,628	5,570,097
Net out-standing claims (i)	(1,239,253)	(642,940)	(1,882,193)	(716,465)	(439,118)	(1,155,583)
IBNR movement (j)	7,456	(1,153,761)	(1,146,305)	(290,913)	(603,400)	(894,313)
Net incurred claims (k) = (h) + (i) + (j)	(2,011,883)	(3,045,331)	(5,057,214)	(1,326,520)	(2,192,543)	(3,519,063)
Total cost of insurance (l) = (k) + (g)	(2,810,232)	(4,323,400)	(7,133,632)	(1,787,438)	(2,880,265)	(4,667,703)
<b>Net underwriting profit (m) = (c) + (l)</b>	<b>970,612</b>	<b>245,066</b>	<b>1,215,678</b>	<b>905,245</b>	<b>152,787</b>	<b>1,058,033</b>
<b>Loss ratio</b>	<b>53%</b>	<b>67%</b>	<b>61%</b>	<b>49%</b>	<b>72%</b>	<b>61.5%</b>

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

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### Notes to the condensed interim financial information for the six-month period ended audited)

(Expressed in Omani Rial)

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#### 31 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 period's condensed interim financial information. Such regrouping or reclassification did not affect previously reported net profit or shareholders' equity.

#### 32 Significant events and transactions

##### COVID-19 impact

The outbreak of COVID-19, declared as a global pandemic by the World Health Organisation in March 2020, continues to spread across the world. The pandemic had significant impact on the Sultanate of Oman and other world economies and this is expected to continue for the near future.

The ongoing COVID-19 pandemic is a concern for reinsurers as the market is expected to be exposed across many lines of business. However, the robust risk adjusted capitalisation will ensure that the reinsurers are in a good position to absorb any potential COVID-19 losses on both the underwriting and investments of the Company.

The Company's management has prudently and with a conservative approach, reviewed the potential impact of COVID-19 on its operations and is confident that most of the business areas are not expected to have any material impact from COVID-19 related stress.