
Oman Reinsurance Company SAOG

**Condensed interim financial information
for the three-month period ended 31
March 2023 (un-audited)**

Oman Reinsurance Company SAOG

Condensed interim financial information for the three-month period ended 31 March 2023 (un-audited)

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Oman Reinsurance Company SAOG

Condensed interim statement of financial position as at 31 March 2023

(Expressed in Omani Rial)

		31 March 2023	31 December 2022
	Notes	(Un-audited)	(Audited)
ASSETS			
Non-current assets		31 March 2023 (un-audited)	
Property, plant and equipment	5	88,695	92,568
Investment property	7	1,900,000	1,900,000
Investment property under development	8	184,592	184,592
Intangible assets	6	105,244	120,887
Investments at fair value through other comprehensive income	9	30,548,710	29,191,780
Non-current portion of bank deposits	21	16,288,000	6,590,268
Deferred Tax asset	24	415,157	339,946
Total non-current assets		49,530,398	38,420,041
Current assets			
Investments at fair value through profit or loss	10	531,375	637,539
Insurance and other receivables	11	11,741,916	11,025,292
Accrued income	12	23,288,900	13,964,880
Deferred policy acquisition costs	19	6,049,114	3,936,555
Reinsurers' share of insurance funds	17	26,923,040	23,015,386
Current portion of bank deposits	21	5,473,764	15,826,000
Cash and cash equivalents	22	3,238,297	2,755,277
Total current assets		77,246,406	71,160,929
Total assets		126,776,804	109,580,970
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	13	32,615,926	32,615,926
Legal reserve	14	641,431	641,431
Investment fair value reserve	9	(1,387,029)	(1,738,919)
Contingency reserve	15	5,681,236	5,681,236
Accumulated losses		(8,460,929)	(8,110,588)
Total capital and reserves		29,090,635	29,089,086
Non-current liabilities			
Employees' benefit liabilities	16	341,455	324,998
Total non-current liabilities		341,455	324,998
Current liabilities			
Technical provisions	17	84,838,619	67,541,322
Reinsurers' premium and other payables	18	12,267,459	12,356,990
Deferred commission income	19	238,636	268,574
Total current liabilities		97,344,714	80,166,886
Total liabilities		97,686,169	80,491,884
Total equity and liabilities		126,776,804	109,580,970
Net assets per share	29	0.0879	0.0879

The financial statements, were approved and authorised for issue by the Board of Directors on 30 April 2023 and were signed on their behalf by:

Director

Director

CEO

CFO

The attached notes 1 to 31 form part of these financial statements.

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Condensed interim statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2023 (un-audited) (Expressed in Omani Rial)

		Period from 1 January 2022 to 31 March 2022 (Un-audited)	Period from 1 January 2021 to 31 March 2021 31 March 2022
Income			
Gross premiums written	24	18,910,448	15,255,650
Net underwriting results	24	(120,711)	675,832
Investment and other income, net	25	628,499	470,433
		507,788	1,146,265
Expenses			
General and administrative expenses	27	(792,245)	(613,887)
Foreign exchange losses, net		(216,949)	(190,882)
		(1,009,194)	(804,769)
Net (loss)/profit before tax for the period		(501,406)	341,496
Income tax expense	23	75,211	(51,224)
Net (loss)/profit after tax for the period		(426,195)	290,272
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Valuation (losses)/gain on fair value through other comprehensive income on equity investments		247,086	(132,039)
<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		180,658	(471,598)
Other comprehensive income for the period	9	427,744	(603,637)
Total comprehensive income for the period		1,549	(313,365)
Earnings per share - basic and diluted	28	(0.001)	0.001

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Condensed interim statement of changes in shareholders' equity for the three-month period ended 31 March 2023 (un-audited)
(Expressed in Omani Rial)

	Notes	Share capital	Legal reserve	Investment fair value reserve	Contingency reserve	Accumulated losses	Total
As at 31 December 2021 (audited)		32,615,926	478,729	(102,368)	4,216,914	(7,948,515)	29,260,686
Net profit after tax for the period		-	-	-	-	290,272	290,272
Other comprehensive income for the period		-	-	(603,637)	-	-	(603,637)
As at 31 March 2022 (un-audited)		32,615,926	478,729	(706,005)	4,216,914	(7,658,243)	28,947,321
Net profit after tax for the period		-	-	-	-	1,336,752	1,336,752
Additional shares issued through IPO		-	-	-	-	-	-
Transfer of IPO related cost to equity		-	-	-	-	-	-
Net change in fair value of investments at fair value through other comprehensive income, net of deferred tax		-	-	(1,194,987)	-	-	(1,194,987)
Realised gains on sale of equity instrument at fair value through other comprehensive income	9	-	-	162,073	-	(162,073)	-
Transferred to legal reserve	14	-	162,702	-	-	(162,702)	-
Transferred to contingency reserve	15	-	-	-	1,464,322	(1,464,322)	-
As at 31 December 2022 (audited)		32,615,926	641,431	(1,738,919)	5,681,236	(8,110,588)	29,089,086
Net profit after tax for the period		-	-	-	-	(426,195)	(426,195)
Net change in fair value of investments at fair value through other comprehensive income, net of deferred tax		-	-	427,744	-	-	427,744
Realised gains on sale of equity instrument at fair value through other comprehensive income		-	-	(75,854)	-	75,854	-
As at 31 March 2022 (un-audited)		32,615,926	641,431	(1,387,029)	5,681,236	(8,460,929)	29,090,635

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Condensed interim statement of cash flows for the three-month period ended 31 March 2023 (un-audited)
(Expressed in Omani Rial)

	Notes	Period from 1 January 2022 to 31 March 2022 (un-audited)	Period from 1 January 2022 to 31 March 2022 (un-audited)
Operating activities			
Net (loss)/profit after tax for the period		(426,195)	290,272
Adjustments for:			
Depreciation on property, plant and equipment	5	14,655	15,833
Loss on sale of investments at fair value through other comprehensive income		4,459	425
Amortisation of intangible assets	6	16,765	15,517
Gain on disposal of property, plant and equipment		-	(529)
Unrealised fair value loss on investments at fair value through profit or loss	10	(18,809)	20,139
Provision for employees' benefit liabilities	16	16,457	14,840
Interest income from bank deposits	25	(615,771)	(484,527)
Dividend income	25	(3,663)	(8,117)
Operating loss before working capital changes		(1,012,102)	(136,147)
Working capital changes			
Insurance and other receivables		(716,624)	(510,234)
Accrued income		(9,315,747)	(5,957,994)
Deferred policy acquisition costs		(2,142,497)	(2,343,204)
Insurance funds		13,389,643	11,225,795
Reinsurers' premium and other payables		(89,531)	142,448
Deferred tax		(75,211)	-
Cash generated from operating activities		37,931	2,420,664
Employees' benefit liabilities paid	16	-	-
Net cash generated from operating activities		37,931	2,420,664
Investing activities			
Purchase of property, plant and equipment	5	(10,848)	(6,377)
Proceeds from disposal of property, plant and equipment		66	529
Purchase of investments at fair value through other comprehensive income	9	(3,449,104)	(2,577,608)
Purchase of investments at fair value through profit or loss	10	(384,500)	(288,376)
Proceeds from disposal of investments at fair value through other comprehensive income		2,536,620	445,206
Proceeds from disposal of investments at fair value through profit or loss		509,473	288,375
Cost of acquisition of intangible assets	6	(1,122)	-
Net change in bank deposits		654,504	(2,500,000)
Interest income received from bank deposits		586,337	549,035
Dividend income received	25	3,663	8,117
Net cash generated from/(used in) investing activities		445,089	(4,081,099)
Net decrease in cash and cash equivalents		483,020	(1,660,435)
Cash and cash equivalents, beginning of the period		2,755,277	5,556,548
Cash and cash equivalents, end of the period	22	3,238,297	3,896,113

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Notes to the condensed interim financial information for the three-month period ended 31 March 2022 (un-audited) (Expressed in Omani Rial)

1 Legal status and principal activities

Oman Reinsurance Company SAOG ("the Company") is a publicly listed Omani joint stock company (SAOG) registered with the Ministry of Commerce, Industry and Investment Promotion, in accordance with the provisions of the Commercial Companies Law and Regulations and the Insurance Companies Law of the Sultanate of Oman. The Company was registered on 4 August 2008 and obtained a license to operate reinsurance business on 2 July 2009 from the Capital Market Authority (CMA). The Company is principally engaged in underwriting reinsurance business including fire, engineering, accident, medical, motor and aviation classes. The Company changed its legal structure from a closed Omani joint stock company (SAOC) to an SAOG during the financial year ended 31 December 2021 through an Initial Public Offering (IPO).

The Company's principal place of business is located at Al Khuwair, Muscat, Sultanate of Oman. The Company is also registered and has started operations through a Branch in Qatar. The Branch is registered in the Qatar Investment and Financial Center (QIFC). These financial statements include the combined operations and assets and liabilities of the Company and the Branch.

The condensed interim financial information was approved for issue by the Board of Directors on 30 April 2023.

2 Basis of preparation

(a) Statement of compliance

The condensed interim financial information for the three-month period ended 31 March 2023 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 2022. 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 2022, which have been prepared in accordance with the International Financial Reporting Standards (IFRS). The changes of IFRS 17 are not taken into account in this financial information.

(b) Basis of presentation

The condensed interim financial information for the three-month period ended 31 March 2023 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 2023

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 adopted at 1 January 2023

The following new/amended accounting standards and interpretations have been issued, but are not mandatory and have not been adopted in preparing the financial statements for the year ended 31 March 2023:

IFRS 17 "Insurance Contracts"

IFRS 17 supersedes IFRS 4 "Insurance Contracts" and establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. The Company also needs to implement IFRS 9 "Financial Instruments" along with IFRS 17.

In June 2020, the IASB issued amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments deferred the date of initial application of IFRS 17 to annual reporting periods beginning on or after 1 January 2023, along with the application of IFRS 9. To ensure the systematic implementation, the Company is following the three-phased approach which is "Phase 1 - Evaluation", "Phase 2- Design" and "Phase 3 - Implementation and Commissioning" and is currently in Phase 3.

Notes to the condensed interim financial information for the three-month period ended 31 March 2022 (un-audited)
(Expressed in Omani Rial)

3 Adoption of new and revised IFRS (continued)

Standards, amendments and interpretations issued but not yet adopted at 1 January 2023 (continued)

IFRS 17 "Insurance Contracts" (continued)

The implementation of IFRS 17 and IFRS 9 requires the Company to perform complex and technical analysis/assessments for selection of measurement models (General Measurement Model, Premium Allocation Approach, Variable Fee Approach), classification of insurance contracts into groups, discount rates used, risk adjustment factors, reserving levels, distinction of expenses, basis of segregation of the cohorts, assessment of coverage periods, assessment of expected credit losses on insurance receivables, transition adjustments and assessment of liabilities at each reported period-end, including the comparatives for the year 2022.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. After careful consideration and necessary consultations, the Company has decided to adopt the modified retrospective approach and the changes in the accounting policies will be based on this approach.

There would have been a material change in the operational results of the Company for the period ended 31 March 2023 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 to annual reporting of December 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 2022.

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 2022. There has been no change in the risk management policies since 31 December 2022.

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**Notes to the condensed interim financial information for the three-month period ended
31 March 2023 (un-audited)
(Expressed in Omani Rial)**

5 Property, plant and equipment

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

	31 A	Motor vehicles	Furniture and fixtures	3 Office equipment	Total
2023					
Cost					
At 1 January 2023		74,122	227,713	214,200	516,035
Additions during the period		7,817	-	3,031	10,848
Disposals during the period		-	-	(319)	(319)
At 31 March 2023 (un-audited)		<u>81,939</u>	<u>227,713</u>	<u>216,912</u>	<u>526,564</u>
Accumulated depreciation					
At 1 January 2023		47,870	201,686	173,911	423,467
Charge for the period		5,121	4,508	5,026	14,655
Relating to disposals		-	-	(253)	(253)
At 31 March 2023 (un-audited)		<u>52,991</u>	<u>206,194</u>	<u>178,684</u>	<u>437,869</u>
Net book amount					
At 31 March 2023 (un-audited)		<u>28,948</u>	<u>21,519</u>	<u>38,228</u>	<u>88,695</u>
2022					
Cost					
At 1 January 2022		68,624	228,502	215,922	513,048
Additions during the year		5,498	353	8,226	14,077
Disposals during the year		-	(1,142)	(9,948)	(11,090)
At 31 December 2022 (audited)		<u>74,122</u>	<u>227,713</u>	<u>214,200</u>	<u>516,035</u>
Accumulated depreciation					
At 1 January 2022		29,569	182,945	162,891	375,405
Charge for the year		18,301	19,883	20,814	58,998
Relating to disposals		-	(1,142)	(9,794)	(10,936)
At 31 December 2022 (audited)		<u>47,870</u>	<u>201,686</u>	<u>173,911</u>	<u>423,467</u>
Net book amount					
At 31 December 2022 (audited)		<u>26,252</u>	<u>26,027</u>	<u>40,289</u>	<u>92,568</u>

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Notes to the condensed interim financial information for the three-month period ended 31 March 2023 (un-audited) (Expressed in Omani Rial)

6 Intangible assets	Period from 1 January 2023 to 31 March 2023 (un-audited)	Year ended 31 December 2022 (audited)
The movement in intangible assets		
Cost		
As at 1 January	410,965	390,456
Additions during the period/year	1,122	20,509
As at 31 March/31 December	412,087	410,965
Accumulated amortisation		
As at 1 January	290,078	226,543
Charge for the period/year	16,765	63,535
As at 31 March/31 December	306,843	290,078
Net book amount		
As at 31 March/31 December	105,244	120,887

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 software license fees and, concluded that, no impairment is considered necessary.

7 Investment property	Period from 1 January 2023 to 31 March 2023 (un-audited)	Year ended 31 December 2022 (audited)
Cost		
At 1 January and at 31 March/31 December	1,900,000	1,900,000

The carrying amount of the investment properties is the aggregate fair value (Level-3 fair value hierarchy) as determined by an independent property valuer on the basis of unobservable inputs. 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 31 December 2022 at RO 2,100,000. However, based on current market situation and managements estimate of costs involved in disposing-off the property (land), management considers that the fair market value of the investment property of RO 1,900,000 is appropriate. The land located at Ghala, Muscat, Sultanate of Oman is currently under development

8 Investment property under development	Period from 1 January 2023 to 31 March 2023 (un-audited)	Year ended 31 December 2022 (audited)
Opening balance	184,592	184,592
Additions during the period/year	-	-
Closing balance	184,592	184,592

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.

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Notes to the condensed interim financial information for the three-month period ended 31 March 2023 (un-audited) (Expressed in Omani Rial)

9 Investments at fair value through other comprehensive income

	Fair value		Average cost	
	31 March 2023 (un-audited)	31 December 2022 (audited)	31 March 2023 (un-audited)	31 December 2022 (audited)
Bonds	27,256,745	25,700,597	27,355,624	25,921,162
Equity securities	3,291,965	3,491,183	4,890,582	3,975,249
	<u>30,548,710</u>	<u>29,191,780</u>	<u>32,246,206</u>	<u>29,896,411</u>
(a) Movement in investments at fair value through other comprehensive income can be summarised as below:	Period from 1 January 2023 to 31 March 2023 (un-audited)		Year ended 31 December 2022 (audited)	
At 1 January	29,191,780		19,788,547	
Acquisitions during the period/year	3,449,104		14,868,874	
Disposals during the period/year	(2,465,225)		(3,577,373)	
Net realised change in fair value	(75,854)		162,073	
Net unrealised change in fair value	427,744		(2,086,852)	
Amortisation charge for the period/year	21,161		36,511	
At 30 June/31 December	<u>30,548,710</u>		<u>29,191,780</u>	
(b) Investment fair value reserve:	Period from 1 January 2023 to 31 March 2023 (un-audited)		Year ended 31 December 2022 (audited)	
Movement in the investment fair value reserve can be summarised as below:				
Opening balance	(1,738,919)		(102,368)	
Net change in fair value during the period/year	427,744		(2,086,852)	
Deferred tax charge	-		288,228	
Net realised loss transferred to retained earnings	(75,854)		162,073	
Closing balance	<u>(1,387,029)</u>		<u>(1,738,919)</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	
	31 March 2023 (un-audited)	31 December 2022 (audited)	31 March 2023 (un-audited)	31 December 2022 (audited)
Multi-reverse callable notes	531,375	637,539	519,075	627,930
	<u>531,375</u>	<u>637,539</u>	<u>519,075</u>	<u>627,930</u>

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Notes to the condensed interim financial information for the three-month period ended 31 March 2023 (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 2023 to 31 March 2023 (un-audited)	Year ended 31 December 2022 (audited)
At 1 January	637,539	576,615
Acquisitions during the period/year	384,500	627,632
Disposals during the period/year	(509,473)	(576,317)
Net unrealised change in fair value recognised in profit or loss	18,809	9,609
At 31 March/31 December	<u>531,375</u>	<u>637,539</u>

Multi-reverse callable notes issued and distributed by an international bank, which are denominated in United States Dollars (USD) and Euros, have a nominal redemption value of the investment (equivalent to RO 531,375, 2022: RO 637,539), subject to certain conditions being met. The notes carry fixed income coupon rates ranging between 12.59% and 15.88% per annum (2022: 10.08% and 15.88% per annum). These notes have a maturity date of 2023, 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

	31 March 2023 (un-audited)	31 December 2022 (audited)
Due from insurance and reinsurance companies (gross)	9,427,725	8,832,485
Less: provision for impaired insurance and reinsurance receivables	(1,053,719)	(1,053,719)
Due from insurance and reinsurance companies (net)	<u>8,374,006</u>	<u>7,778,766</u>
Loans and advances (gross)	438,039	425,573
Less: provision for impaired loans and advances	(18,380)	(18,380)
Loans and advances (net)	<u>419,659</u>	<u>407,193</u>
Reserves withheld by cedents	2,766,148	2,664,845
Prepaid expenses	<u>182,103</u>	<u>174,488</u>
	<u>11,741,916</u>	<u>11,025,292</u>

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

	Period from 1 January 2023 to 31 March 2023 (un-audited)	Year ended 31 December 2022 (audited)
At 1 January and at 31 March/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 2023 to 31 March 2023 (un-audited)	Year ended 31 December 2022 (audited)
At 1 January and at 31 March/31 December	<u>18,380</u>	<u>18,380</u>

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Notes to the condensed interim financial information for the three-month period ended 31 March 2023 (un-audited) (Expressed in Omani Rial)

12 Accrued income	31 March 2023 (un-audited)	31 December 2022 (audited)
Accrued insurance premium	22,255,069	12,939,322
Impairment provision	(15,000)	(15,000)
	<u>22,240,069</u>	<u>12,924,322</u>
Interest accrued on investments	1,048,831	1,040,558
	<u>23,288,900</u>	<u>13,964,880</u>
The movement in provision for impaired accrued insurance premium is as follows:	Period from 1 January 2023 to 31 March 2023 (un-audited)	Year ended 31 December 2022 (audited)
At 1 January and at 31 March/31 December	<u>15,000</u>	<u>15,000</u>

13 Share capital

The authorised share capital of the Company is RO 40 million. The issued and fully paid-up share capital of the Company, registered with the Ministry of Commerce, Industry and Investment Promotion, is RO 32,615,926 (2022: RO 32,615,926), comprising of 330,775,600 shares (2022: 330,775,600).

The shareholders of the Company who own 5% or more of the Company's shares, in their name under Muscat Clearing and Deposit Company, and the percentage of shares held by them are as follows:

	31 March 2023 (un-audited)	31 December 2022 (audited)
Trust International Insurance fit Reinsurance Company B.S.C. (Bahrain)	27.18%	27.18%
Qatar General Insurance fit Reinsurance Company S.A.Q.	22.30%	22.30%
Ziliano Investments	9.07%	9.07%
Al Zawawi Trading Company LLC	8.62%	8.62%
Omar Zawawi Establishment LLC	<u>8.36%</u>	<u>8.36%</u>

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 2023 to 31 March 2023, the Company has not transferred any amount to the legal reserve as this will be transferred at the year-end (31 December 2022: RO 162,702).

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 2023 to 31 March 2023, no amount has been transferred to the contingency reserve as the Company intends to transfer this amount at the year-end (31 December 2022: RO 1,464,322).

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**Notes to the condensed interim financial information for the three-month period ended 31 March 2023 (un-audited)
(Expressed in Omani Rial)**

16 Employees' benefit liabilities

	Period from 1 January 2023 to 31 March 2023 (un-audited)	Year ended 31 December 2022 (audited)
As at 1 January	324,998	243,373
Provision for the period/year	16,457	89,709
Payments during the period/year	-	(8,084)
As at 31 March/31 December	<u>341,455</u>	<u>324,998</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.

31 March 2023 (un-audited)	Gross	Reinsurance	Net
Claims			
At 1 January 2023	51,487,590	20,558,374	30,929,216
Increase in provision during the period	13,803,725	9,490,185	4,313,540
Claims settled during the period	(5,149,482)	(4,121,624)	(1,027,858)
At 31 March 2023	<u>60,141,833</u>	<u>25,926,935</u>	<u>34,214,898</u>
Unearned premium	Gross	Reinsurance	Net
At 1 January 2023	16,053,732	2,457,012	13,596,720
Increase in provision during the period	24,696,786	996,105	23,700,681
Release of unearned premium	(16,053,732)	(2,457,012)	(13,596,720)
At 31 March 2023	<u>24,696,786</u>	<u>996,105</u>	<u>23,700,681</u>
Total technical provisions	<u>84,838,619</u>	<u>26,923,040</u>	<u>57,915,579</u>
31 December 2022 (audited)	Gross	Reinsurance	Net
Claims			
At 1 January 2022	49,977,309	27,379,561	22,597,748
Increase in provision during the year	14,438,951	(382,479)	14,821,430
Claims settled during the year	(12,928,670)	(6,438,708)	(6,489,962)
At 31 December 2022	<u>51,487,590</u>	<u>20,558,374</u>	<u>30,929,216</u>
Unearned premium	Gross	Reinsurance	Net
At 1 January 2022	12,482,980	2,518,648	9,964,332
Increase in provision during the year	16,053,732	2,457,012	13,596,720
Release of unearned premium	(12,482,980)	(2,518,648)	(9,964,332)
At 31 December 2022	<u>16,053,732</u>	<u>2,457,012</u>	<u>13,596,720</u>
Total technical provisions	<u>67,541,322</u>	<u>23,015,386</u>	<u>44,525,936</u>

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

31 March 2023 (un-audited)	Gross	Reinsurance	Net
IBNR			
At the beginning of the period	13,704,661	1,498,948	12,205,713
Movement of IBNR during the period	7,059,702	5,972,163	1,087,539
At the end of the period	<u>20,764,363</u>	<u>7,471,111</u>	<u>13,293,252</u>

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Notes to the condensed interim financial information for the three-month period ended 31 March 2023 (un-audited) (Expressed in Omani Rial)

17	Reinsurers share of insurance funds and technical provisions (continued)			
	31 December 2022 (audited)	Gross	Reinsurance	Net
	IBNR			
	At the beginning of the year	8,799,336	1,619,951	7,179,385
	Movement of IBNR during the year	4,905,325	(121,003)	5,026,328
	At the end of the year	<u>13,704,661</u>	<u>1,498,948</u>	<u>12,205,713</u>
18	Reinsurance premium and other payables		31 March 2023 (un-audited)	31 December 2022 (audited)
	Reinsurance premium accrued		3,984,276	5,474,063
	Payable to cedents and retro-cessionaires		6,611,531	5,207,033
	Advances and deposits retained		752,612	786,291
	Other payables		919,040	889,603
			<u>12,267,459</u>	<u>12,356,990</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 2023 to 31 March 2023 (un-audited)	Year ended 31 December 2022 (audited)
	As at 1 January		3,936,555	3,081,338
	Charge for the period/year		(2,263,939)	(7,754,108)
	Payments during the period/year		4,376,498	8,609,325
	As at 31 March/31 December (a)		<u>6,049,114</u>	<u>3,936,555</u>
(b)	The movement in deferred commission income is as follows:		Period from 1 January 2023 to 31 March 2023 (un-audited)	Year ended 31 December 2022 (audited)
	As at 1 January		268,574	357,811
	Income during the period/year		(91,521)	(561,948)
	Received during the period/year		61,583	472,711
	As at 31 March/31 December (b)		<u>238,636</u>	<u>268,574</u>
	Deferred policy acquisition costs, net (c)= (a) - (b)		<u>5,810,478</u>	<u>3,667,981</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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20 Related party transactions and balances (continued)

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

	Period from 1 January 2023 to 31 March 2023 (un-audited)	Period from 1 January 2022 to 31 March 2022 (audited)
Shareholders with significant influence:		
Gross		
Gross premium	621,470	1,173,909
Commission expense	133,120	298,653
Claims expense	55,527	114,795
Reinsurance		
Premium ceded	2,829,627	98,479
Commission income	11,957	21,060
Claims recovery	287,547	(739,420)
(b) Key management compensation:		
Directors' remuneration		
Directors' sitting fees	-	-
Key management remuneration		
Salaries and employment benefits	88,023	79,302

(c) Related party balances

Shareholders with significant influence:

	31 March 2023 (un-audited)	31 December 2022 (audited)
Gross		
Premiums receivables, net of commissions and claims	(2,185,670)	(2,490,303)
Outstanding claims payable	5,900,832	8,424,589
Reinsurance		
Premiums payable, net of commissions and claims	129,655	218,419
Outstanding claims receivable	1,965,459	2,076,543

21 Bank deposits

	31 March 2023 (un-audited)	31 December 2022 (audited)
Non-current portion of bank deposits	16,288,000	6,590,268
Current portion of bank deposits	5,473,764	15,826,000
	21,761,764	22,416,268

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 4.10% and 6.00% per annum (31 December 2022: between 4.10% and 5.76% 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 within 1 year.

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22 Cash and cash equivalents

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

	31 March 2023 (un-audited)	31 December 2022 (audited)
Cash on hand	2,133	1,980
Current and call account balances with banks	3,236,164	2,753,297
	<u>3,238,297</u>	<u>2,755,277</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 2.5% per annum (31 December 2021: between 0.1% and 2.5% per annum).

23 Taxation

Tax assessments of the Company for the years upto 2018 have been finalised. Tax assessments for the years 2019 to 2021 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 31 March 2023.

Provision for income tax has not been made in the current period due to loss incurred (31 March 2022: RO 51,224) eafter giving due consideration to adjustments for potential allowances and disallowances.

(i) Tax expense	31 March 2023 (un-audited)	31 March 2022 (un-audited)
Current tax		
Charge for the current period	-	51,224
Charge for prior periods	-	-
	<u>-</u>	<u>51,224</u>
	31 March 2023 (un-audited)	31 December 2022 (audited)
(ii) Movement in current tax liability is as under:		
At the beginning of the period/year	368,864	244,852
Charge for the period	-	374,023
Paid during the period	-	(250,011)
At the end of the period/year	<u>368,864</u>	<u>368,864</u>

(iii) Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 15% (2022: 15%). Deferred tax arises on account of temporary differences between the tax base of assets, liabilities and losses and their carrying values in the statement of financial position. Deferred tax asset and liabilities are attributable as under:

	31 March 2023 (un-audited)	31 December 2022 (audited)
As at 1 January	339,946	(68,358)
Credit recognised in profit or loss	75,211	120,076
Credit recognised in other comprehensive income	-	288,228
At 31 March / 31 December	<u>415,157</u>	<u>339,946</u>

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24 Net underwriting results	Period from 1 January 2023 to 31 March 2023 (un-audited)	Period from 1 January 2022 to 31 March 2022 (un-audited)
Income		
Gross premiums written	18,910,448	15,255,650
Movement in unearned premium reserve	(8,643,054)	(8,416,175)
Insurance premium revenue (a)	10,267,394	6,839,475
Reinsurance premium ceded	(2,441,239)	(229,575)
Movement in unearned premium reserve	(1,460,907)	(1,153,364)
Insurance premium retroceded to reinsurers (b)	(3,902,146)	(1,382,939)
Net insurance premium earned (c) = (a) + (b)	6,365,248	5,456,536
Gross claims paid	(5,149,482)	(2,341,823)
Reinsurance recoveries	4,121,624	776,036
Net claims paid	(1,027,858)	(1,565,787)
Change in provision for outstanding claims, gross	(8,654,243)	189,319
Change in provision for outstanding claims, reinsurance	5,368,560	(1,845,585)
Claims and related expenses (d)	(4,313,541)	(3,222,053)
Policy acquisition costs	(4,384,564)	(3,990,581)
Policy acquisition costs recovered from reinsurers	61,583	83,713
Change in deferred policy acquisition costs	2,142,497	2,343,202
Interest on premium reserve	8,066	5,015
Total policy acquisition costs (e)	(2,172,418)	(1,558,651)
Net insurance benefits and claims (f) = (d) + (e)	(6,485,959)	(4,780,704)
Net underwriting results (g) = (c) + (f)	(120,711)	675,832
25 Investment and other income - net	Period from 1 January 2023 to 31 March 2023 (un-audited)	Period from 1 January 2022 to 31 March 2022 (un-audited)
Interest on term deposits and bonds	615,771	484,527
Dividend income	3,663	8,117
Realised (loss) on sale of investments at fair value through other comprehensive income	(4,459)	(425)
Unrealised fair value gains / (loss) on investments at fair value through profit or loss	18,809	(20,139)
Gain on sale of property, plant and equipment	-	529
Investment expenses	(5,285)	(2,176)
	628,499	470,433

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(Expressed in Omani Rial)

26 Salaries and other related staff costs	Period from 1 January 2023 to 31 March 2023 (un-audited)	Period from 1 January 2022 to 31 March 2022 (un-audited)
Salaries and allowances	457,741	392,391
Provision for leave salary	21,158	31,367
Contribution to employees' benefits	16,457	14,840
Social security costs	21,048	18,347
Other staff costs	9,377	14,394
	<u>525,781</u>	<u>471,339</u>

27 General and administrative expenses	Period from 1 January 2023 to 31 March 2023 (un-audited)	Period from 1 January 2022 to 31 March 2022 (un-audited)
Salaries and other related staff costs (Note 26)	525,781	471,339
Consultancy	74,939	12,888
Depreciation and amortisation (Notes 5 and 6)	31,420	31,350
Meeting related expenses	12,575	6,438
Rent (short-term leases)	18,348	6,426
Advertising and business promotion expenses	24,728	24,699
Legal and professional fees	33,534	(7,276)
Computer expenses	12,811	15,302
Telephone, fax and postage	5,559	4,920
Office maintenance	1,898	2,373
Business travel expenses	14,686	8,809
Miscellaneous expenses	35,966	36,619
	<u>792,245</u>	<u>613,887</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 2023 to 31 March 2023 (un-audited)	Period from 1 January 2022 to 31 March 2022 (un-audited)
Weighted average number of shares (number)	<u>330,775,600</u>	<u>330,775,600</u>
Net profit for the period	<u>(426,195)</u>	<u>290,272</u>
Earnings per share - Basic and diluted	<u>(0.001)</u>	<u>0.001</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.

Oman Reinsurance Company SAOG**Notes to the condensed interim financial information for the three-month period ended 31 March 2023 (un-audited)**
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29 Net assets per share

The calculation of the net assets per share is based on net assets as at 31 March 2022/31 December 2021 attributable to ordinary shareholders divided by the number of shares outstanding at the period-end.

	31 March 2023 (un-audited)	31 December 2022 (audited)
Net assets as at the period/year-end (RO)	<u>29,090,635</u>	<u>29,089,086</u>
Number of shares outstanding	<u>330,775,600</u>	<u>330,775,600</u>
Net assets per share (RO)	<u>0.09</u>	<u>0.09</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.

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Notes to the condensed interim financial information for the three-month period ended 31 March 2023 (un-audited) (Expressed in Omani Rial)

30 Operating segment (continued)

The Company has the following operating segments:

	31 March 2023 (un-audited)			31 March 2022 (un-audited)		
	Facultative	Treaty	Total	Facultative	Treaty	Total
Reinsurance revenue:						
Gross written premiums	4,769,051	14,141,397	18,910,448	4,819,052	10,436,598	15,255,650
Less: premiums ceded	226,350	(2,667,589)	(2,441,239)	(175,130)	(54,445)	(229,575)
Net written premium (a)	4,995,401	11,473,808	16,469,209	4,643,922	10,382,153	15,026,075
Gross unearned premium (movement)	(223,117)	(8,419,937)	(8,643,054)	(970,330)	(7,445,845)	(8,416,175)
Less: reinsurance unearned premiums (movement)	(879,827)	(581,080)	(1,460,907)	(758,460)	(394,904)	(1,153,364)
Net unearned premiums (b)	(1,102,944)	(9,001,017)	#####	(1,728,790)	(7,840,749)	(9,569,539)
Net insurance premium earned (c) = (a) + (b)	3,892,457	2,472,791	6,365,248	2,915,132	2,541,404	5,456,536
Cost of reinsurance revenue:						
Commission and tax paid	(984,099)	(3,400,465)	(4,384,564)	(1,015,521)	(2,975,060)	(3,990,581)
Reinsurance commission and tax recoveries	27,438	34,146	61,584	30,765	52,948	83,713
Net commission (d)	(956,661)	(3,366,319)	(4,322,980)	(984,756)	(2,922,112)	(3,906,868)
Deferred acquisition costs (movement)	48,913	2,063,646	2,112,559	236,735	2,086,319	2,323,054
Reinsurance deferred acquisition costs (movement)	19,705	10,232	29,937	38,050	(17,902)	20,148
Net deferred acquisition costs (e)	68,618	2,073,878	2,142,496	274,785	2,068,417	2,343,202
Interest on premium reserves (net)(f)	-	8,066	8,066	-	5,015	5,015
Net incurred acquisition costs (g) = (d) + (e) + (f)	(888,043)	(1,284,375)	(2,172,418)	(709,971)	(848,680)	(1,558,651)
Gross claims paid	(2,811,823)	(2,337,660)	(5,149,483)	(1,077,503)	(1,264,320)	(2,341,823)
Less: reinsurance claims recovered	2,783,074	1,338,550	4,121,624	503,049	272,987	776,036
Net claims paid (h)	(28,749)	(999,110)	(1,027,859)	(574,454)	(991,333)	(1,565,787)
Change in gross out-standing claims	2,376,953	(3,971,494)	(1,594,541)	932,850	(1,009,914)	(77,064)
Less: change in reinsurance claims	(2,722,440)	2,118,838	(603,602)	(1,311,907)	(181,970)	(1,493,877)
Net out-standing claims (i)	(345,487)	(1,852,656)	(2,198,143)	(379,057)	(1,191,884)	(1,570,941)
IBNR movement (j)	(665,969)	(421,570)	(1,087,539)	(445,669)	360,344	(85,325)
Net incurred claims (k) = (h) + (i) + (j)	(1,040,205)	(3,273,336)	(4,313,541)	(1,399,180)	(1,822,873)	(3,222,053)
Total cost of insurance (l) = (k) + (g)	(1,928,248)	(4,557,711)	(6,485,959)	(2,109,151)	(2,671,553)	(4,780,704)
Net underwriting (loss)/profit (m) = (c) + (l)	1,964,209	(2,084,920)	(120,711)	805,980	(130,149)	675,832
Loss ratio	27%	132%	68%	48%	72%	59.0%

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

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.