



المدينة تكافل
Al Madina Takaful

Dear Shareholders,

Assalamu alaikum wa rahamatullahi wa Barakatuh!
(May the Peace, Mercy and Blessing of Allah be with you!)

On behalf of the Board of Directors, and Management team of Al Madina Insurance Co, I am pleased to present to you a report on the performance of the Company for the period ending on 31st March 2019.

Operating Environment

Your company achieved Gross written contribution of RO 6.56mn during first quarter of 2019 as against RO 7.99mn during same period of 2018. It was mainly due to the rescheduling of the Policy period of 2 very large Corporate Renewals. This was in addition to the impact of difficult macroeconomic environment that witnessed a significant fall particularly in the Motor Retail business.

Results from Operations

Despite the challenges, the Company has been consistent in delivering stable growth while maintaining strong reserves. This discipline has reflected in the 3% increase in Surplus from Takaful operations before investment income, mudarib share and Wakala fees (Underwriting surplus) of RO 1.11mn during the quarter ending March 2019 as against RO 1.08mn during the same period of 2018.

Investment Income

Investment income has been in-line with budget despite weak economic sentiments. The company continues to monitor its investment book well while ensuring that all the investments are diversified and constantly monitored for Shariah' Compliance. Despite the continuing pressure on the stock markets due to oil prices, the company has been prudently managing its investments and has earned an Investment Income of RO 308 K as at March 2019 (March 2018: - RO 320K). The company will continue to look at growing opportunities within the Islamic Finance space for optimizing the Investment Income in line with the company's risk appetite.



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Shareholders' profit

In spite of challenging economic environment affecting the insurance sector and stock markets, the company reported a profit attributable to the shareholders of RO 495K, compared to RO 793K for the corresponding period in 2018.

Risk Management

The company constantly evaluates its risks associated with the insurance business as well as its investments and adopts necessary measures to manage these risks.

Company's Outlook & Vision

The Company continues to maintain its excellent track record of having always been in compliance with the Omanization requirements. The company continuously seeks ways to introduce new kinds of products and schemes to enhance the quality and reach of customer service as well as to improve income streams.

The company continues to invest in Information Technology (IT). Several new projects are under development and these are expected to bring further efficiency in operations and will enhance customer experience.

The company continues to demonstrate a disciplined approach in Underwriting and exercises effective control on cost. It endeavors to constantly improve its customer service by way of higher efficiency and increased productivity.

Acknowledgements

On behalf of the Board, we extend our thanks to our customers, business partners, shareholders and staff members for their support. We also thank and appreciate the Capital Market Authority for their constant support and their initiatives oriented towards the Insurance Market, with special emphasis on the development of Takaful Insurance in the country.



المدينة تكافل
Al Madina Takaful

We extend our gratitude and appreciation to His Majesty Sultan Qaboos Bin Said for his vision and leadership.

May God Bless you all.

Dr. Mohammed Ali Al Barwani
Chairman of the Board.

AL MADINA INSURANCE COMPANY SAOG

UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Note	Shareholders' fund		Participants' fund						Grand total	
		Unaudited 31 March 2019 RO	Audited 31 December 2018 RO	General takaful		Family takaful		Total participants' fund		Unaudited 31 March 2019 RO	Audited 31 December 2018 RO
				Unaudited 31 March 2019 RO	Audited 31 December 2018 RO	Unaudited 31 March 2019 RO	Audited 31 December 2018 RO	Unaudited 31 March 2019 RO	Audited 31 December 2018 RO		
ASSETS											
Cash and bank balances	5	1,348,021	535,336	992,895	2,634,095	12,159	26,211	1,005,054	2,660,306	2,353,075	3,195,642
Investments carried at fair value through profit or loss	7	1,583,564	1,710,928	-	-	-	-	-	-	1,583,564	1,710,928
Takaful balance receivable	8	-	-	8,889,500	9,145,445	934,859	994,405	9,824,359	10,139,850	9,824,359	10,139,850
Retakaful / reinsurance balance receivable	8	-	-	1,511,716	404,696	206,244	195,219	1,717,960	599,915	1,717,960	599,915
Receivable from shareholders' fund		-	-	661,364	-	-	-	661,364	-	661,364	-
Receivable from family takaful		-	-	538,890	787,033	-	-	538,890	787,033	538,890	787,033
Receivable from participants fund	9	1,678,796	1,566,915	-	-	-	-	-	-	1,678,796	1,566,915
Due from retakaful / reinsurance companies in connection with takaful liabilities	10	-	-	26,257,797	31,804,558	1,328,098	1,113,057	27,585,895	32,917,615	27,585,895	32,917,615
Deferred policy acquisition cost	11	-	-	716,743	715,283	57,302	59,867	774,045	775,150	774,045	775,150
Other receivables and takaful assets	12	1,365,550	953,055	661,837	660,358	326,299	307,520	988,136	967,878	2,353,686	1,920,933
Investments at fair value through equity	13	2,191,921	2,178,384	-	-	-	-	-	-	2,191,921	2,178,384
Bank deposits	6	5,781,500	5,781,500	5,476,416	5,476,416	947,084	947,084	6,423,500	6,423,500	12,205,000	12,205,000
Investments carried at amortised cost	14	4,753,561	4,753,654	-	-	-	-	-	-	4,753,561	4,753,654
Deferred tax asset		118,717	118,717	-	-	-	-	-	-	118,717	118,717
Investment in real estate	15	5,997,586	5,997,586	-	-	-	-	-	-	5,997,586	5,997,586
Property and equipment	16	896,021	930,587	-	-	-	-	-	-	896,021	930,587
Total assets		25,715,237	24,526,662	45,707,158	51,627,884	3,812,045	3,643,363	49,519,203	55,271,247	75,234,440	79,797,909

The notes on pages 8 to 22 form an integral part of this unaudited condensed interim financial information.

AL MADINA INSURANCE COMPANY SAOG

UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019 (CONTINUED)

	Note	Shareholders' fund		Participants' fund						Grand total	
		Unaudited 31 March 2019 RO	Audited 31 December 2018 RO	General takaful		Family takaful		Total participants' fund		Unaudited 31 March 2019 RO	Audited 31 December 2018 RO
				Unaudited 31 March 2019 RO	Audited 31 December 2018 RO	Unaudited 31 March 2019 RO	Audited 31 December 2018 RO	Unaudited 31 March 2019 RO	Audited 31 December 2018 RO		
LIABILITIES, PARTICIPANTS' FUND AND SHAREHOLDERS' EQUITY											
LIABILITIES											
Takaful liabilities	10	-	-	39,043,406	44,970,099	1,731,624	1,464,256	40,775,030	46,434,355	40,775,030	46,434,355
Unearned retakaful commission	18	-	-	112,012	50,629	-	-	112,012	50,629	112,012	50,629
Retakaful/reinsurance payables		-	-	4,130,948	4,957,763	803,363	795,425	4,934,311	5,753,188	4,934,311	5,753,188
Accounts and other payables		553,834	717,104	2,934,226	2,068,754	981,680	868,056	3,915,906	2,936,810	4,469,740	3,653,914
Charity fund payable		18,763	18,763	-	-	-	-	-	-	18,763	18,763
Payable to shareholders	9	-	-	1,183,956	1,189,876	494,840	377,039	1,678,796	1,566,915	1,678,796	1,566,915
Payable to participants' fund - general takaful		661,364	-	-	-	538,890	787,033	538,890	787,033	1,200,254	787,033
Employees' end of service benefits		402,688	364,915	-	-	-	-	-	-	402,688	364,915
Total liabilities		1,636,649	1,100,782	47,404,548	53,237,121	4,550,397	4,291,809	51,954,945	57,528,930	53,591,594	58,629,712
PARTICIPANTS' FUND											
Deficit in participants' fund		-	-	(5,736,568)	(5,083,412)	(900,313)	(804,773)	(6,636,881)	(5,888,185)	(6,636,881)	(5,888,185)
Contingency reserve	17	-	-	4,039,178	3,474,175	161,961	156,327	4,201,139	3,630,502	4,201,139	3,630,502
Total participants' fund		-	-	(1,697,390)	(1,609,237)	(738,352)	(648,446)	(2,435,742)	(2,257,683)	(2,435,742)	(2,257,683)
SHAREHOLDERS' EQUITY											
Capital and reserves											
Share capital		17,500,000	17,500,000	-	-	-	-	-	-	17,500,000	17,500,000
Share premium		1,380,151	1,380,151	-	-	-	-	-	-	1,380,151	1,380,151
Legal reserve		958,727	909,244	-	-	-	-	-	-	958,727	909,244
Investment fair value reserve		412,758	254,891	-	-	-	-	-	-	412,758	254,891
Property fair value reserve		213,924	213,924	-	-	-	-	-	-	213,924	213,924
Retained earnings		3,613,028	3,167,670	-	-	-	-	-	-	3,613,028	3,167,670
Total shareholders' equity		24,078,588	23,425,880	-	-	-	-	-	-	24,078,588	23,425,880
Total liabilities, participants' fund and shareholders' equity		25,715,237	24,526,662	45,707,158	51,627,884	3,812,045	3,643,363	49,519,203	55,271,247	75,234,440	79,797,909

Director

Director

The notes on pages 8 to 22 form an integral part of this unaudited condensed interim financial information.

AL MADINA INSURANCE COMPANY SAOG

UNAUDITED CONDENSED INTERIM STATEMENT OF PARTICIPANTS' REVENUE AND EXPENSES FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

Note	General takaful		Family takaful		Total	
	Unaudited 31 March 2019 RO	Unaudited 31 March 2018 RO	Unaudited 31 March 2019 RO	Unaudited 31 March 2018 RO	Unaudited 31 March 2019 RO	Unaudited 31 March 2018 RO
Takaful revenue						
Gross contributions	5,995,166	7,443,741	563,437	546,535	6,558,603	7,990,276
Retakaful/reinsurance share	(2,209,344)	(3,107,971)	(404,488)	(391,921)	(2,613,832)	(3,499,892)
Retained contributions	3,785,822	4,335,770	158,949	154,614	3,944,771	4,490,384
Movement in unearned contributions reserve	(39,994)	(136,440)	(46,476)	(49,787)	(86,470)	(186,227)
Net earned contributions	3,745,828	4,199,330	112,473	104,827	3,858,301	4,304,157
come earned from retakaful contracts	32,345	40,594	-	-	32,345	40,594
	3,778,173	4,239,924	112,473	104,827	3,890,646	4,344,751
Takaful expenses						
Gross claims settled	(8,106,903)	(20,814,221)	(283,907)	(533,047)	(8,390,810)	(21,347,268)
Claims recovered from retakaful/reinsurance	5,450,393	18,934,322	227,320	433,970	5,677,713	19,368,292
Net claims settled	(2,656,510)	(1,879,899)	(56,587)	(99,077)	(2,713,097)	(1,978,976)
Net movement in outstanding claims	419,925	(765,109)	(5,850)	(10,416)	414,075	(775,525)
Net claims incurred	(2,236,585)	(2,645,008)	(62,437)	(109,493)	(2,299,022)	(2,754,501)
Commission expense	(390,075)	(396,139)	(31,719)	(28,662)	(421,794)	(424,801)
	(2,626,660)	(3,041,147)	(94,156)	(138,155)	(2,720,816)	(3,179,302)
	1,151,513	1,198,777	18,317	(33,328)	1,169,830	1,165,449
Takaful income	7,276	19,527	101	132	7,377	19,659
Provision for impairment of receivable	(30,000)	(30,000)	-	-	(30,000)	(30,000)
Takaful expense	(36,314)	(63,258)	180	(16,904)	(36,134)	(80,162)
Surplus from takaful operations	1,092,475	1,125,046	18,598	(50,100)	1,111,073	1,074,946
Investment income – net	40,901	38,810	9,297	12,559	50,198	51,369
Mudarib share	(22,496)	(21,345)	(5,114)	(6,908)	(27,610)	(28,253)
Wakala fees	(1,199,033)	(1,488,748)	(112,687)	(109,307)	(1,311,720)	(1,598,055)
Deficit from takaful operations	(88,153)	(346,237)	(89,906)	(153,756)	(178,059)	(499,993)

The notes on pages 8 to 22 form an integral part of this unaudited condensed interim financial information.

AL MADINA INSURANCE COMPANY SAOG

UNAUDITED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

	Note	Shareholders' fund	
		Unaudited 31 March 2019 RO	Unaudited 31 March 2018 RO
Wakala fees	20	1,311,720	1,598,055
Investment income (net)	21	257,858	268,318
Mudarib share	20	27,610	28,253
		<u>1,597,188</u>	<u>1,894,626</u>
General and administrative expenses		(1,050,715)	(1,024,919)
Other income		67	104
		<u>(1,050,648)</u>	<u>(1,024,815)</u>
Profit before tax		546,540	869,811
Taxation		(51,699)	(77,216)
Profit for the period		494,841	792,595
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Net change in fair value of investments at fair value through equity		215,714	(73,223)
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to profit or loss		(57,847)	-
Total comprehensive income for the period		652,708	719,372
Earnings per share - basic and diluted	24	0.003	0.004

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AL MADINA INSURANCE COMPANY SAOG

UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

	Share capital RO	Share premium RO	Legal reserve RO	Fair value reserve RO	Property fair value reserve RO	Retained earnings RO	Total RO
At 1 January 2019 (audited)	17,500,000	1,380,151	909,244	254,891	213,924	3,167,670	23,425,880
Comprehensive income:							
Profit for the period	-	-	-	-	-	494,841	494,841
Other comprehensive income – change in fair value of investments at fair value through equity	-	-	-	215,714	-	-	215,714
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to profit or loss	-	-	-	(57,847)	-	-	(57,847)
	-	-	-	157,867	-	494,841	652,708
Transaction with owners:							
Transfer to legal reserve	-	-	49,483	-	-	(49,483)	-
	-	-	49,483	-	-	(49,483)	-
At 31 March 2019 (unaudited)	17,500,000	1,380,151	958,727	412,758	213,924	3,613,028	24,078,588
	Share capital RO	Share premium RO	Legal reserve RO	Fair value reserve RO	Property fair value reserve RO	Retained earnings RO	Total RO
At 1 January 2018 (audited)	17,500,000	1,380,151	837,275	148,901	123,949	3,219,944	23,210,220
Comprehensive income:							
Profit for the period	-	-	-	-	-	792,595	792,595
Other comprehensive loss – net change in fair value of investments at fair value through equity	-	-	-	(73,223)	-	-	(73,223)
	-	-	-	(73,223)	-	792,595	719,372
Transaction with owners:							
Transfer to legal reserve	-	-	79,259	-	-	(79,259)	-
Dividend paid	-	-	-	-	-	(700,000)	(700,000)
	-	-	79,259	-	-	(779,259)	(700,000)
At 31 March 2018 (unaudited)	17,500,000	1,380,151	916,534	75,678	123,949	3,233,280	23,229,592

The notes on pages 8 to 22 form an integral part of this unaudited condensed interim financial information.

AL MADINA INSURANCE COMPANY SAOG

UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN PARTICIPANTS' FUND FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

	Deficit in participants' fund		Contingency reserve		Total RO
	General takaful RO	Family takaful RO	General takaful RO	Family takaful RO	
At 1 January 2019 (audited)	(5,083,412)	(804,773)	3,474,175	156,327	(2,257,683)
Deficit for the period	(88,153)	(89,906)	-	-	(178,059)
Transfer to contingency reserve	(565,003)	(5,634)	565,003	5,634	-
At 31 March 2019 (unaudited)	(5,736,568)	(900,313)	4,039,178	161,961	(2,435,742)
At 1 January 2018 (audited)	(4,672,388)	(754,599)	2,855,555	126,544	(2,444,888)
Deficit for the period	(346,237)	(153,756)	-	-	(499,993)
Transfer to contingency reserve	(632,495)	(5,465)	632,495	5,465	-
At 31 March 2018 (unaudited)	(5,651,120)	(913,820)	3,488,050	132,009	(2,944,881)

The notes on pages 8 to 22 form an integral part of this unaudited condensed interim financial information.

AL MADINA INSURANCE COMPANY SAOG

UNAUDITED CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019

	Note	Unaudited 31 March 2019 RO	Unaudited 31 March 2018 RO
Operating activities			
Profit before tax for the period		546,540	869,811
Deficit from takaful operations		(178,059)	(499,993)
Adjustments for:			
Depreciation	16	46,770	63,454
Dividend income	21	(205,983)	(168,962)
Income from bank deposit	21	(81,254)	(99,885)
Profit from investments carried out at amortised cost		(52,844)	(75,200)
Amortisation of investments carried at amortised cost		93	2,124
End of service benefits charge for the period		38,443	23,977
Rental income on investment in real estate	21	(111,665)	(96,970)
Unrealised loss on investments at fair value through profit or loss	7	127,364	99,579
Provision for doubtful debt		30,000	(30,000)
Realised loss on investments carried at fair value through profit or loss	21	40,445	(18,005)
Payment of end of service benefits		(670)	-
		<u>199,180</u>	<u>69,930</u>
Working capital changes:			
Takaful and retakaful/reinsurance balance receivables		(832,554)	(280,357)
Retakaful / reinsurance share of outstanding claims and unearned contribution reserve		5,331,720	39,753,396
Other receivables, prepayments and other assets		(432,753)	(270,853)
Deferred policy acquisition cost		1,105	(10,743)
Outstanding claims and unearned premium reserve		(5,659,325)	(38,791,642)
Accounts and other payables		815,831	(1,650)
Due to retakaful / reinsurance		(818,880)	(720,530)
Unearned retakaful/reinsurance commission		61,383	(1,690)
Net cash used in operating activities		<u>(1,334,293)</u>	<u>(254,139)</u>
Investing activities			
Purchase of property and equipment	16	(12,204)	(25,700)
Purchases of investments carried at fair value through equity	13	-	(774,418)
Proceeds from disposal of investments at fair value through equity	13	103,885	463,654
Purchases of investments carried at fair value through profit or loss	7	-	(202,659)
Proceeds from disposal of investments at fair value through profit or loss	7	49	79,521
Placement of bank deposits – net		-	(2,000,000)
Rent on investment in real estate received		34,590	8,080
Profit on bank deposits received		159,423	152,732
Dividends received		205,983	168,962
Net cash used in investing activities		<u>491,726</u>	<u>(2,129,828)</u>
Net change in cash and cash equivalents		<u>(842,567)</u>	<u>(2,383,967)</u>
Cash and cash equivalents at the beginning of the period	5	3,195,642	4,425,902
Cash and cash equivalents at the end of the period	5	<u>2,353,075</u>	<u>2,041,935</u>

The notes on pages 8 to 22 form an integral part of this unaudited condensed interim financial information.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**1 Legal status and principal activities**

Al Madina Insurance Company SAOG (the “Company”) was incorporated on 15 May 2006 as a closed joint stock company in the Sultanate of Oman. On 10 December 2013, the Company became a public joint stock company. The Company operates in Oman and is engaged in the business of General and Family Takaful activities and investments by adopting wakala and mudarabha model respectively, on behalf of the participants in accordance with the Islamic Sharia’ principles. The retakaful/reinsurance activities organised on an underwriting period basis with the participants pooling their contributions to compensate for losses suffered in the pool on occurrence of a defined event.

The Company commenced commercial operations from 1 August 2006. The Company was granted license from Capital Market Authority (CMA) on 15 July 2006. The Company started Takaful operations on 1 January 2014 after being granted the Takaful license by the CMA.

2 Summary of significant accounting policies

(a) This unaudited condensed interim financial information for the three month period ended 31 March 2019 has been prepared in accordance with Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). In line with the requirement of AAOIFI, for matters that are not covered by AAOIFI standards, the Company uses guidance from the relevant International Financial Reporting Standards (IFRS). Accordingly, the interim condensed financial information has been presented in condensed form in accordance with the guidance provided by International Accounting Standard 34 – ‘Interim Financial Reporting’.

(b) This unaudited condensed interim financial information do not contain all information and disclosures required for full financial statements prepared in accordance with FAS issued by AAOIFI and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2018.

(c) The accounting policies adopted in the preparation of this unaudited condensed interim financial information is consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2018. In addition, results for the three month period ended 31 March 2019 are not necessarily indicative of the results that may be expected for the financial for the year ending 31 December 2019.

(d) The unaudited condensed interim financial information is prepared in Rial Omani which is the Company’s functional and presentation currency.

(e) The unaudited condensed interim financial information has been prepared using historical cost convention except for investments at fair value through profit or loss, investments at fair value through equity and investment in real estate which are measured at fair value and investment carried at amortised cost which is measured using amortised cost. The accounting policies adopted are consistent with those of the previous financial year. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

3 Critical accounting estimates and judgements

The preparation of unaudited condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this unaudited condensed interim financial information, the significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2018.

4 Financial risk factors

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019 (Continued)

5 Cash and cash equivalents

	Shareholders		Participants		Total
	RO	General RO	Family RO	RO	
31 March 2019 (Unaudited)					
Cash at bank in current accounts	62,186	492,329	3,829		496,158
Cash at bank in call accounts	1,266,372	497,177	8,330		505,507
Cash balances with investment managers	16,165	-	-		-
Cash in hand	3,298	3,389	-		3,389
	1,348,021	992,895	12,159		1,005,054
31 December 2018 (audited)					
Cash at bank in current accounts	31,275	563,766	17,737		581,503
Cash at bank in call accounts	393,334	2,029,396	8,460		2,037,856
Cash balances with investment managers	107,427	-	-		-
Cash in hand	3,300	40,933	14		40,947
	535,336	2,634,095	26,211		2,660,306

6 Bank deposits

	Shareholders	Participants		
	RO	General RO	Family RO	Total RO
31 March 2019 (Unaudited)				
Bank deposits with maturity of more than three months	5,781,500	5,476,416	947,084	6,423,500
31 December 2018 (audited)				
Bank deposits with maturity of more than three months	5,781,500	5,476,416	947,084	6,423,500

6.1 There is no bank deposit denominated in foreign currencies as at 31 March 2019 (31 December 2018 – nil). Bank deposits carry profit rates in range of 3.5% to 4.2% per annum (31 December 2018 – 3.5% to 4.2% per annum).

6.2 *Restrictions on transfer of assets*

In accordance with the law governing the operation of insurance companies within the Sultanate of Oman, the Company identified certain specific bank deposits with carrying value of RO 12,155,000 (31 December 2018 - RO 12,155,000) to the CMA. The Company can only transfer these assets with the prior approval of the CMA.

6.3 The Company has kept a deposit of RO 50,000 (31 December 2018 - RO 50,000) which is under lien with Omani Unified Bureau for Orange Card Company SAOC in the Sultanate of Oman, against settlement of claims.

7 Investments carried at fair value through profit or loss

(a)

	Shareholders		Shareholders	
	31 March 2019		31 December 2018	
	Unaudited Fair value	Unaudited Cost	Audited Fair value	Audited Cost
	RO	RO	RO	RO
Local quoted				
Service sector	569,087	659,763	659,763	790,905
Industrial sector	1,012,077	1,048,915	1,048,915	1,433,437
Financial sector	2,400	2,250	2,250	2,508
Total investments	1,583,564	1,710,928	1,710,928	2,226,850

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019 (Continued)

7 Investments carried at fair value through profit or loss (continued)

(b) *Movement in investments at fair value through profit or loss*

	Shareholders	
	Unaudited 31 March 2019 RO	Audited 31 December 2018 RO
At 1 January	1,710,928	2,098,401
Purchases during the period	-	202,659
Disposals during the period	-	(80,517)
Realised (loss) / gain on disposal	-	6,306
Net change in fair value	(127,364)	(515,921)
At 31 March / 31 December	1,583,564	1,710,928

(c) Details of the Company's investments carried at fair value through profit or loss for which the Company's holding exceeds 10% of the fair value of investments held at fair value through profit or loss at 31 March 2019 / 31 December 2018 are:

	% of Portfolio	Number of Securities	Fair value RO	Cost RO
31 March 2019 (unaudited)				
Salalah Mills Company SAOG	10	256,556	165,223	191,904
Oman Oil Marketing Company SAOG	10	144,410	153,797	163,183
Al Maha Petroleum Products Marketing Company SAOG	10	188,800	155,571	175,962
Oman Refreshment Company SAOG	11	99,802	169,663	169,663
31 December 2018 (audited)				
Salalah Mills Company SAOG	11	256,556	191,904	341,219
Oman Oil Marketing Company SAOG	10	144,410	163,183	209,395
Oman Refreshment Company SAOG	10	99,802	169,663	204,594
Al Maha Petroleum Products Marketing Company SAOG	10	188,800	175,962	188,800

(c) Restrictions on transfer of assets

In accordance with the law governing the operation of insurance companies within the Sultanate of Oman, the Company identified certain specific investments with the carrying value of RO 1,448,842 (31 December 2018 - RO 1,548,848) to the CMA. The Company can only transfer these assets with the prior approval of the CMA.

8 Takaful and retakaful / reinsurance balance receivable

	Participants		
	General RO	Family RO	Total RO
31 March 2019 (Unaudited)			
Takaful receivable including due from related parties	9,600,902	969,604	10,570,506
Less: specific and portfolio provision for impairment	(711,402)	(34,745)	(746,147)
	8,889,500	934,859	9,824,359
Retakaful / reinsurance balances receivable	1,791,665	227,109	2,018,774
Less: specific and portfolio provision for impairment	(279,949)	(20,865)	(300,814)
	1,511,716	206,244	1,717,960
	10,401,216	1,141,103	11,542,319

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019 (Continued)

8 Takaful and retakaful / reinsurance balance receivable (continued)

	Participants		
	General RO	Family RO	Total RO
31 December 2018 (Audited)			
Takaful receivable including due from related parties	9,826,847	1,029,150	10,855,997
Less: specific and portfolio provision for impairment	(681,402)	(34,745)	(716,147)
	<u>9,145,445</u>	<u>994,405</u>	<u>10,139,850</u>
Retakaful / reinsurance balances receivable	684,645	216,084	900,729
Less: specific and portfolio provision for impairment	(279,949)	(20,865)	(300,814)
	<u>404,696</u>	<u>195,219</u>	<u>599,915</u>
	<u>9,550,141</u>	<u>1,189,624</u>	<u>10,739,765</u>

Normal credit period allowed to takaful debtors and retakaful / reinsurance companies is 120 days after which amounts are considered as past due. As at 31 March 2019, receivables past due above 121 days amounting to RO 5,221,692 (31 December 2018 - RO 4,587,244) are not considered impaired as these are due from government, quasi-government entities, brokers and corporate clients with which the Company deals in the normal course of business and with which there is no recent history of default.

(a) An analysis of takaful balances receivable including due from related parties and retakaful / reinsurance balances receivable as at year end is as under:

	Participants		
	General RO	Family RO	Total RO
31 March 2019 (Unaudited)			
Neither past due nor impaired	6,709,405	658,183	7,367,588
Past due but not impaired	3,691,811	482,920	4,174,731
Past due and impaired	991,351	55,610	1,046,961
	<u>11,392,567</u>	<u>1,196,713</u>	<u>12,589,280</u>
31 December 2018 (Audited)			
Neither past due nor impaired	6,290,843	878,639	7,169,482
Past due but not impaired	3,259,298	310,985	3,570,283
Past due and impaired	961,351	55,610	1,016,961
	<u>10,511,492</u>	<u>1,245,234</u>	<u>11,756,726</u>

(b) Movement in the provision for impairment of receivables during the period / year is as follows:

	Participants		
	General RO	Family RO	Total RO
31 March 2019 (Unaudited)			
At 1 January 2019	961,351	55,610	1,016,961
Charge for the period	30,000	-	30,000
At 31 March 2019	<u>991,351</u>	<u>55,610</u>	<u>1,046,961</u>
31 December 2018 (Audited)			
At 1 January 2018	795,351	101,610	896,961
Charge for the year	166,000	(46,000)	120,000
At 31 December 2018	<u>961,351</u>	<u>55,610</u>	<u>1,016,961</u>

(c) At 31 March 2019, 22% of the Company's takaful receivable is from 5 customers (31 December 2018- 40% from 5 customers).

(d) At 31 March 2019, 73% of the Company's due from retakaful / reinsurance companies are from 5 retakaful / reinsurance companies (31 December 2018 - 67% from 5 retakaful / reinsurance companies).

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019 (Continued)

9 Receivable from participants and payable to shareholders

	Shareholders	
	Unaudited 31 March 2019 RO	Audited 31 December 2018 RO
At 1 January	1,566,915	1,638,393
Wakala fee income for the year	1,311,720	4,264,714
Mudarib share for the year	27,610	136,520
Amount received from policyholders	(1,230,000)	(4,500,000)
Net movement in policyholders' account	2,551	27,288
Receivable from participants	1,678,796	1,566,915
Qard hassan provided to participants' fund during the year	-	-
At 31 March / 31 December	1,678,796	1,566,915

(a) Receivable from participants' fund includes due from general takaful and family takaful policyholders on account of qard hassan, wakala fees, mudarib share and inter-fund balances.

(b) The break-up of receivable from participants is as follows:

	Shareholders	
	Unaudited 31 March 2019 RO	Audited 31 December 2018 RO
On account of qard hassan		
- From general takaful	1,183,956	1,183,956
- From family takaful	22,597	22,597
	1,206,553	1,206,553
On account of wakala fees, mudarib share and inter-fund balances		
- From general takaful	-	5,920
- From family takaful	472,243	354,442
	472,243	360,362
	1,678,796	1,566,915

10 Takaful liabilities

	Unaudited 31 March 2019 Retakaful / reinsurance			Audited 31 December 2018 Retakaful / reinsurance		
	Gross RO	RO	Net RO	Gross RO	reinsurance RO	Net RO
General takaful						
Claims incurred but not settled	23,032,617	(18,643,881)	4,388,736	28,094,636	(23,278,479)	4,816,157
Claims incurred but not reported	4,127,996	(2,750,454)	1,377,542	4,120,498	(2,750,452)	1,370,046
	27,160,613	(21,394,335)	5,766,278	32,215,134	(26,028,931)	6,186,203
Unearned contributions reserve	11,882,793	(4,863,462)	7,019,331	12,754,965	(5,775,627)	6,979,338
	39,043,406	(26,257,797)	12,785,609	44,970,099	(31,804,558)	13,165,541

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019 (Continued)

10 Takaful liabilities (continued)

	Unaudited 31 March 2019			Audited 31 December 2018		
	Gross RO	Retakaful / reinsurance RO	Net RO	Gross RO	Retakaful / reinsurance RO	Net RO
Family takaful						
Claims incurred but not settled	390,937	(326,356)	64,581	338,300	(279,569)	58,731
Claims incurred but not reported	610,190	(510,614)	99,576	610,190	(510,614)	99,576
	1,001,127	(836,970)	164,157	948,490	(790,183)	158,307
Unearned contributions reserve	730,497	(491,128)	239,369	515,766	(322,874)	192,892
	1,731,624	(1,328,098)	403,526	1,464,256	(1,113,057)	351,199
	40,775,030	(27,585,895)	13,189,135	46,434,355	(32,917,615)	13,516,740

(a) Claims and loss adjustment expenses

	Unaudited 31 March 2019			Audited 31 December 2018		
	Gross RO	Retakaful / reinsurance RO	Net RO	Gross RO	Retakaful / reinsurance RO	Net RO
General takaful						
Notified claims	28,094,636	(23,278,479)	4,816,157	113,710,973	(109,478,424)	4,232,549
Incurred but not reported	4,120,498	(2,750,452)	1,370,046	2,660,341	(1,333,040)	1,327,301
Total at the beginning of the period / year	32,215,134	(26,028,931)	6,186,203	116,371,314	(110,811,464)	5,559,850
Cash paid for claims settled during the period / year	(8,106,903)	5,450,393	(2,656,510)	(74,173,633)	65,561,036	(8,612,597)
Increase in liabilities arising from current and prior period claims	3,052,382	(815,797)	2,236,585	(9,982,547)	19,221,497	9,238,950
Total at the end of the period / year	27,160,613	(21,394,335)	5,766,278	32,215,134	(26,028,931)	6,186,203
Notified claims	23,035,217	(18,643,881)	4,388,736	28,094,636	(23,278,479)	4,816,157
Incurred but not reported	4,125,396	(2,750,454)	1,377,542	4,120,498	(2,750,452)	1,370,046
Total at the end of the period / year	27,160,613	(21,394,335)	5,766,278	32,215,134	(26,028,931)	6,186,203
Family takaful						
Notified claims	338,300	(279,569)	58,731	397,311	(321,807)	75,504
Incurred but not reported	610,190	(510,614)	99,576	642,155	(543,920)	98,235
Total at the beginning of the period / year	948,490	(790,183)	158,307	1,039,466	(865,727)	173,739
Cash paid for claims settled during the period / year	(283,907)	227,320	(56,587)	(2,041,322)	1,705,870	(335,452)
Increase in liabilities arising from current and prior period claims	336,544	(274,107)	62,437	1,950,346	(1,630,326)	320,020
Total at the end of the period / year	1,001,127	(836,970)	164,157	948,490	(790,183)	158,307
Notified claims	390,937	(326,356)	64,581	338,300	(279,569)	58,731
Incurred but not reported	610,190	(510,614)	99,576	610,190	(510,614)	99,576
Total at the end of the period / year	1,001,127	(836,970)	164,157	948,490	(790,183)	158,307

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019 (Continued)

10 Takaful liabilities (continued)

(b) Provisions for unearned contributions and unexpired short term takaful risks

	Unaudited 31 March 2019			Audited 31 December 2018		
	Gross RO	Reinsurance RO	Net RO	Gross RO	Reinsurance RO	Net RO
Unearned contributions reserves	12,754,965	(5,775,627)	6,979,338	11,822,964	(5,273,681)	6,549,283
Mathematical reserves	515,766	(322,874)	192,892	755,597	(485,453)	270,144
Total at the beginning of the period / year	13,270,731	(6,098,501)	7,172,230	12,578,561	(5,759,134)	6,819,427
Gross contributions during the period / year	6,558,603	(2,613,832)	3,944,771	30,474,411	(14,331,128)	16,143,283
Net (release) / increase during the period / year	(7,216,044)	3,357,743	(3,858,301)	(29,782,241)	13,991,761	(15,790,480)
Total at the end of the period / year	12,613,290	(5,354,590)	7,258,700	13,270,731	(6,098,501)	7,172,230
Unearned contributions reserves	11,882,793	(4,863,462)	7,019,331	12,754,965	(5,775,627)	6,979,338
Mathematical reserves	730,497	(491,128)	239,369	515,766	(322,874)	192,892
Total at the end of the period / year	12,613,290	(5,354,590)	7,258,700	13,270,731	(6,098,501)	7,172,230

11 Deferred policy acquisition cost

	General takaful RO	Family takaful RO	Total RO
Unaudited			
At 1 January 2019	715,283	59,867	775,150
Cost incurred during the period	391,535	29,154	420,689
Amortised during the period	(390,075)	(31,719)	(421,794)
At 31 March 2019	716,743	57,302	774,045
Audited			
At 1 January 2018	702,786	103,974	806,760
Cost incurred during the year	1,596,370	164,632	1,761,002
Amortised during the year	(1,583,873)	(208,739)	(1,792,612)
At 31 December 2018	715,283	59,867	775,150

12 Other receivables and takaful assets

	Shareholders	Participants		Total RO
	RO	General takaful RO	Family takaful RO	
Unaudited 2019				
Rent receivable	268,491	-	-	-
Accrued profit on bank deposits	886,107	-	-	-
Advances	62,957	-	326,299	326,299
Prepayments	145,458	43,435	-	43,435
Others	2,537	618,402	-	618,402
	1,365,550	661,837	326,299	988,136

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019 (Continued)

12 Other receivables and takaful assets (continued)

Audited 2018	Shareholders	Participants		
	RO	General takaful RO	Family takaful RO	Total RO
Rent receivable	191,416	-	-	-
Accrued profit on bank deposits	574,313	-	-	-
Advances	62,452	-	307,520	307,520
Prepayments	151,687	42,435	-	42,435
Other	216	617,923	-	617,923
	<u>953,055</u>	<u>660,358</u>	<u>307,520</u>	<u>967,878</u>

13 Investments at fair value through equity

	Shareholders			
	Unaudited 31 March 2019 Fair value RO	Unaudited 31 March 2019 Cost RO	Audited 31 December 2018 Fair value RO	Audited 31 December 2018 Cost RO
<i>Local quoted</i>				
Service sector	211,080	305,010	244,140	305,010
Industrial sector	16,265	35,554	14,998	35,554
	<u>227,345</u>	<u>340,564</u>	<u>259,138</u>	<u>340,564</u>
<i>Local unquoted</i>				
Service sector	306,926	71,428	306,926	71,428
Industrial sector	155,850	157,500	155,850	157,500
	<u>462,776</u>	<u>228,928</u>	<u>462,776</u>	<u>228,928</u>
Total Local	690,121	569,492	721,914	569,492
<i>Foreign quoted</i>				
Financial sector	203,118	233,713	209,400	233,713
Service sector	1,093,239	689,548	928,504	689,549
Real estate development	164,401	221,893	266,216	366,222
Food and beverages	41,042	46,346	52,350	46,346
Total Foreign	1,501,800	1,191,500	1,456,470	1,335,830
Total investments	2,191,921	1,760,992	2,178,384	1,905,322

13.1 Movement in investments at fair value through equity

	Shareholders	
	Unaudited 31 March 2019 RO	Audited 31 December 2018 RO
At the beginning of the period / year	2,178,384	1,820,153
Purchases	-	806,985
Disposal	(103,885)	(595,288)
Realised (loss) / gain on disposal	(40,445)	22,373
Net change in fair value	<u>157,867</u>	<u>124,161</u>
At the end of the period / year	<u>2,191,921</u>	<u>2,178,384</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019 (Continued)

13 Investments at fair value through equity (continued)

13.2 At the reporting date, details of the Company's investments at fair value through equity for which the Company's holding exceeds 10% of investments held at fair value through equity at 31 March 2019 / 31 December 2018 are:

	% of portfolio	Basis of valuation	Number of securities	Fair Value RO
Unaudited				
31 March 2019				
Investment from shareholders' fund				
National Takaful Company (Watania) – listed	<u>50</u>	Fair value	<u>14,303,596</u>	<u>1,093,238</u>
Omani Unified Bureau Orange Card SAOC	<u>14</u>	Fair value	<u>71,428</u>	<u>306,926</u>
Audited				
31 December 2018				
National Takaful Company (Watania) – listed	<u>43</u>	Fair value	<u>14,303,596</u>	<u>928,504</u>
Omani Unified Bureau Orange Card SAOC	<u>14</u>	Fair value	<u>71,428</u>	<u>306,926</u>

13.3 *Movement in investments fair value reserve:*

	Shareholders	
	Unaudited 31 March 2019 RO	Audited 31 December 2018 RO
At 1 January	254,891	148,901
Net change in fair value of investment during the period / year	157,867	124,161
Impact of deferred tax	-	(18,171)
	<u>157,867</u>	<u>105,990</u>
At the end of the period / year	<u>412,758</u>	<u>254,891</u>

13.4 Investments classified as 'investments at fair value through equity' consists of investments in equity securities.

13.5 *Restrictions on transfer of assets*

In accordance with the law governing the operation of insurance companies within the Sultanate of Oman, the Company identified certain specific investments with the carrying value of RO 76,145 (31 December 2018 – RO 88,738) to the CMA. The Company can only transfer these assets with the prior approval of the CMA.

14 Investments carried at amortised cost

The Company has invested in sukuks listed in the local and international markets. The Company has a positive intention and ability to hold sukuks until their maturity in October 2018 and June 2021, respectively.

	Shareholders	
	Unaudited 31 March 2019 RO	Audited 31 December 2018 RO
At 1 January	4,753,654	4,989,600
At the beginning of the period / year	-	2,502,500
Purchased during the period / year	-	(2,730,865)
Amortised during the period / year	(93)	(7,581)
At the end of the period / year	<u>4,753,561</u>	<u>4,753,654</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019 (Continued)

14 Investments carried at amortised cost (continued)

14.1 Restrictions on transfer of assets

In accordance with the law governing the operation of insurance companies within the Sultanate of Oman, the Company identified 2,275,000 units (31 December 2018 – 2,275,000 units) with the carrying value of RO 4,750,000 (31 December 2018 - RO 4,750,000 to the Capital Market Authority. The Company can only transfer these assets with the prior approval of the CMA.

15 Investment in real estate

Movement of carrying amounts of investment in real estate:

	Shareholders	
	Unaudited 31 March 2019 RO	Audited 31 December 2018 RO
At the beginning and end of the period / year	<u>5,997,586</u>	<u>5,997,586</u>

As of 31 March 2019, the Company has investment in investment real estate of RO 5,997,586 (31 December 2018– RO 5,997,586) which is 20.62% of overall investments of the Company, which exceeds the limit prescribed by Regulations for Investing Assets for Insurance Companies issued by CMA. As per the Regulation, investments in real estate should not exceed 20% of the total investments of the insurer. The Company has obtained the approval from CMA for this investment.

At 31 March 2019, the investment in real estate includes a property which is legally owned by a related party on behalf of the Company.

16 Property and equipment

	Shareholders	
	Unaudited 31 March 2019 RO	Audited 31 December 2018 RO
Net book value		
At beginning of the period / year	930,587	1,080,640
Additions during the period / year	12,204	83,496
Depreciation for the period / year	(46,770)	233,949
At the end of the period / year	<u>896,021</u>	<u>930,587</u>

17 Contingency reserve

In accordance with Article 10(bis) (2)(c) and 10(bis) (3)(b) of Regulations for Implementing Insurance Companies Law (Ministerial Order 5/80), as amended, 10% of the net outstanding claims in case of the general insurance business and 1% of the life assurance contributions for the period for life insurance business at the reporting date is transferred from retained earnings to a contingency reserve. The Company may discontinue this transfer when the reserve equals to the issued share capital. No dividend shall be declared in any period until the deficit in the reserve is covered from the retained profits. The reserves shall not be used except by prior approval of the Capital Market Authority.

CMA has issued the Takaful Insurance Law, however, the detailed rules and regulations are not available for the calculation of the contingency reserve for takaful business operations. During the current period, the Company has added an amount of RO 570,637 (31 December 2018 - RO 648,403) to the contingency reserve, with respect to the general and family takaful business. This amount has been charged to the participants' fund.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019 (Continued)

18 Unearned retakaful commission

Movement in unearned retakaful commission is shown below:

	Participants		
	General takaful RO	Family takaful RO	Total RO
At 1 January 2019	50,629	-	50,629
Income from retakaful contracts accrued during the year	93,728	-	93,728
Amortised during the period	(32,345)	-	(32,345)
At 31 March 2019 - Unaudited	112,012	-	112,012

	General takaful RO	Family takaful RO	Total RO
	At 1 January 2018	51,486	-
Income from retakaful contracts accrued during the year	155,996	-	155,996
Amortised during the year	(156,853)	-	(156,853)
At 31 December 2018- Audited	50,629	-	50,629

19 Net claims incurred

	Unaudited 31 March 2019 Retakaful / reinsurances'			Unaudited 31 March 2018 Retakaful / reinsurances'		
	Gross RO	share RO	Net RO	Gross RO	share RO	Net RO
Claims notified and not settled	23,423,554	(18,970,237)	4,453,317	74,388,600	(69,743,361)	4,645,239
Claims incurred but not reported	4,738,186	(3,261,068)	1,477,118	3,788,214	(1,924,339)	1,863,875
Outstanding at end of the period	28,161,740	(22,231,305)	5,930,435	78,176,814	(71,667,700)	6,509,114
Takaful claims paid	8,390,810	(5,677,713)	2,713,097	21,347,268	(19,368,292)	1,978,976
Claims notified and not settled	28,432,936	(23,558,048)	4,874,888	114,108,284	(109,800,231)	4,308,053
Claims incurred but not reported	4,730,688	(3,261,066)	1,469,622	3,302,496	(1,876,960)	1,425,536
Outstanding at beginning of the period	33,163,624	(26,819,114)	6,344,510	117,410,780	(111,677,191)	5,733,589
Claims incurred	3,388,926	(1,089,904)	2,299,022	(17,886,698)	20,641,199	2,754,501

19.1 Takaful / insurance revenue analysis

	Unaudited 31 March 2019		Unaudited 31 March 2018	
	Net contributions RO	Contributions revenue before retakaful / reinsurance RO	Net contributions RO	Contributions revenue before retakaful / reinsurance RO
Motor	1,020,610	(140,700)	2,183,052	628,958
Fire, accidents, engineering and others	2,566,849	(2,222,321)	611,181	24,427,071
Marine cargo and hull	(65,930)	38,371	68,876	242,651
Medical	(125,689)	51,285	1,336,221	121,306
Life	(19,275)	37,873	104,827	(470,640)
	3,376,565	(2,235,492)	4,304,157	24,949,346

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019 (Continued)

19 Net claims incurred (continued)

19.1 Takaful / insurance revenue analysis (continued)

Contributions revenue before retakaful/reinsurance is calculated as the sum of gross contributions and adjustment for unearned contributions reserve thereon, gross claims incurred, commission expense and adjustment for deferred commission expense thereon and policy fee and other income.

20 Wakala fees and mudharaba share

The shareholders manage the general and family takaful operations for the participants and charge 20% (31 December 2018 - 14%) and 20% (31 December 2018 - 14%) respectively of gross contributions as a wakala fees except for a specific customer for which the wakala fee is charged at 5% (2018 – 5%). The shareholders also manage the participants fund as a mudharab and charge 55% (31 December 2018 – 55%) and 55% (31 December 2018 - 55%) of the general takaful and family takaful investment income earned by the participants' investment funds, respectively. The maximum chargeable wakala fee and mudharaba share as approved by the Sharia Supervisory Committee, are 20% and 55% (31 December 2018 – 20% and 55%) respectively.

21 Investment income - net

	Unaudited 31 March 2019 RO	Unaudited 31 March 2018 RO
Investment property rental income	111,665	96,970
Profit from investment carried at amortised cost	52,844	75,200
Dividend income	205,983	168,962
Fair value loss on investments held at fair value through profit or loss	(127,364)	(99,579)
Profit on Wakala deposits	81,254	48,516
Realised (loss) / gain on sale of investments -net	(40,445)	18,005
Investment management costs	(26,079)	(39,756)
	257,858	268,318

22 Sharia Supervisory Committee

The Company business activities are subject to the supervision of a Sharia Supervisory Committee consisting of three members appointed by the Board of Directors. The Sharia Supervisory Committee performs a supervisory role in order to determine whether the operations of the Company are conducted in accordance with Islamic Sharia rules and principles.

23 Takaful reserve

Sharia Board of the Company has formulated a policy for the Takaful Reserve. As per the policy in one period maximum of 50% of the Takaful Surplus for the period can be transferred to the Takaful Reserve until such balance equals the share capital. During the period the Company has not transferred any amount from Takaful Surplus to Takaful Reserve.

24 Earnings per share

	Unaudited 31 March 2019	Unaudited 31 March 2018
Profit for the period - RO	494,841	792,595
Weighted average number of shares outstanding - number	175,000,000	175,000,000
Earnings per share – basic and diluted - RO	0.003	0.005

Basic earnings per share is calculated by dividing the profit for the period by the weighted average number of shares outstanding during the period. There is no effect on diluted earnings per share as the Company does not have any instruments having diluting effects.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019 (Continued)

25 Related parties

These represent transactions with related parties, i.e. parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions and directors of the Company and companies of which they are key management personnel. Related parties comprise the shareholders, directors, key management personnel and business entities in which they are interested or have the ability to control or exercise significant influence in financial and operating decisions. The transactions are entered into at terms and conditions which the directors consider to be comparable with those adopted for arm's length transactions with third parties. The approximate volumes of such transactions involving related parties and holders of 10% or more of the Company's shares or their family members other than those separately disclosed, during the period were as follows:

(a) Transactions with related parties

Transactions with related parties or holders of 10% or more of the Company's shares or their family members, included in the statement of participants' revenue and expenses and statement of profit or loss and comprehensive income are as follows:

	Unaudited 31 March 2019 RO	Unaudited 31 March 2018 RO
Premium	<u>691,235</u>	859,889
Claims paid	<u>771,265</u>	222,477
Claims outstanding	<u>345,796</u>	689,242
Board sitting fees	<u>14,200</u>	19,400
Rental income	<u>-</u>	15,970
Sharia committee fee	<u>2,750</u>	2,750

(b) Balances with related parties

Balances due from related parties or holders of 10% or more of the Company's shares, or their family members, less provisions and write offs, and is analysed as follows:

	Unaudited 31 March 2019 RO	Audited 31 December 2018 RO
Takaful and retakaful / reinsurance contract receivables		
Premium balances receivables from other related parties	<u>1,596,726</u>	2,548,062
Investment receivables		
Rental income receivable	<u>33,626</u>	33,626
Accrued interest on investment in Modern Sukuk Company SAOC	<u>71,637</u>	62,637
Investment in Modern Sukuk SAOC	<u>2,502,500</u>	2,502,500
Investment in Mohammed Al Barwani Sukuk Issue SAOC	<u>1,500,000</u>	1,500,000
Investments at fair value through equity	<u>1,556,014</u>	1,391,280

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019 (Continued)

25 Related parties (continued)

(c) Compensation of key management personnel of the Company

Compensation of key management personnel of the Company, consisting of salaries and benefits, was as follows:

	Unaudited 31 March 2019 RO	Unaudited 31 March 2018 RO
Short-term benefits	146,673	130,141
Employee end of service benefits	141,125	114,986
	<u>287,798</u>	<u>245,127</u>

26 Contingencies

Contingent liabilities

At 31 March 2019, the Company had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business amounts to RO 47,760 (31 December 2018 - RO 22,658).

Capital commitment

At 31 March 2019, the company have capital commitment RO 15,000 (31 December 2018 - Nil) in respect of its office renovation work.

Legal claims

The Company, in common with the significant majority of insurers, is subject to litigation in the normal course of its business. The Company, based on independent legal advice, does not believe that the outcome of these court cases will have a material impact on the Company's financial performance.

27 Segment information

Business segments – primary reporting segment

The Company has two reportable business 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 CEO reviews internal management reports on at least a quarterly basis.

Operating segments

The Company has the following operating segments:

General takaful

General business includes takaful and retakaful/reinsurance of motor; fire and general accident; and marine cargo and hull.

Family takaful

Family business relates to the takaful of the life of an individual.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019 (Continued)

27 Segment information (continued)

Operating segments (continued)

31 March 2019 - unaudited	General takaful RO	Family takaful RO	Total RO
Takaful revenue (net of retakaful / reinsurance)	3,778,173	112,473	3,890,646
Takaful expenses (net of retakaful / reinsurance)	(2,626,660)	(94,156)	(2,720,816)
Segment results	1,151,513	18,317	1,169,830
Takaful income	7,276	101	7,377
Provision for impairment of receivables	(30,000)	-	(30,000)
Takaful expense	(36,314)	180	(36,134)
Investment income	40,901	9,297	50,198
Mudarib share	(22,496)	(5,114)	(27,610)
Wakala fees	(1,199,033)	(112,687)	(1,311,720)
Deficit for the period	(88,153)	(89,906)	(178,059)
Segment assets	45,707,158	3,812,045	49,519,203
Assets allocated to shareholders			25,715,237
Total assets			75,234,440
Segment liabilities	47,404,548	4,550,397	51,954,945
Liabilities allocated to shareholders			1,636,649
Total liabilities			53,591,594

31 December 2018 - Audited	General takaful RO	Family takaful RO	Total RO
Takaful revenue (net of retakaful / reinsurance)	15,068,228	879,105	15,947,333
Takaful expenses (net of retakaful / reinsurance)	(10,822,823)	(528,759)	(11,351,582)
Segment results	4,245,405	350,346	4,595,751
Takaful income	139,193	633	139,826
Provision for impairment of receivables	(166,000)	46,000	(120,000)
Takaful expense	(257,947)	(17,409)	(275,356)
Investment income - net	210,444	37,774	248,218
Mudarib share	(115,744)	(20,776)	(136,520)
Wakala fees	(3,847,755)	(416,959)	(4,264,714)
Surplus for the year	207,596	(20,391)	187,205
Segment assets	51,627,884	3,643,363	55,271,247
Assets allocated to shareholders			24,526,662
Total assets			79,797,909
Segment liabilities	53,237,121	4,291,809	57,528,930
Liabilities allocated to shareholders			1,100,782
Total liabilities			58,629,712

The activities of the Company are restricted to carrying out takaful, on the principles of Sharia'a significant portion of which is concentrated in the GCC countries which are subject to similar risks and rewards. Accordingly, no segmental information relating to products and services has been presented.

Geographical segments – secondary reporting segment

The Company has one geographical segment as all their operations are carried inside the Sultanate of Oman.

28 Earnings prohibited under Sharia'a

Earnings retained during the previous year from transactions which are not permitted under Sharia'a are recorded as part of accounts and other payables amounted to RO 18,763 (31 December 2018 – RO 18,763). As there is no movement in the fund, the 'statement of sources and uses of funds in the charity fund' is not presented in this interim financial information.