

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 SAOG (“the Company”), I am pleased to present to you a report on the performance of the Company for the period ending on 30th June 2020.

Global economies are facing difficult times due to the COVID19 pandemic, which has disrupted businesses in an unprecedented manner. The Company however managed to maintain continuity of its operations under these extraordinary circumstances and provided seamless customer service through its digital platforms.

Operating Environment

The insurance environment has been both volatile & turbulent. The global insurance & reinsurance market witnessed continuing hardening of rates due to Insurers’ performance being under considerable pressure. There are clear signs of price correction across all regions. The COVID related claim liabilities have added to the difficult situation in Insurance market.

However, despite these conditions, your company has been able to show an impressive growth of 9% in the Gross written contributions as compared to the corresponding period last year with a Gross written contribution of RO 16.3 million as of second quarter of 2020 as against RO 15 million during the same period of 2019.

Results from Operations

The Company continues to deliver stable growth across all product lines while strengthening its reserves by adopting quarterly actuarial validation of Company’s reserves. The underwriting surplus from Takaful operations before investment income, mudarib share and Wakala fees registered an 19% growth amounting to RO 2.7mn for the second quarter of 2020 as against RO 2.3mn in the corresponding period of 2019. The growth in underwriting surplus is a result of prudent underwriting, best risk selection policy and ability to react to emerging difficult situation.

Al Madina continues to maintain a healthy and well-balanced portfolio across all lines of business supported by high-quality global Reinsurance arrangements. The Company is constantly enhancing its customer experience through process automation, professional expertise and top of the line claims servicing.

Investment Income

The Company continues to monitor its investment book well while ensuring that investments are diversified and remain compliant to Sharia Principles. The investment environment remains challenging with equity and real estate yields being under pressure. However, your Company has been prudently managing its investments and increased its investment income by 23% to RO 718 K as at June 2020 as against RO 585 K in the corresponding period of 2019.

Profitability of the company

Your Company achieved growth in all operating parameters and reported a 63% increase in total profit after tax of RO 928K, compared to RO 568K for the corresponding period of 2019.

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 operating environment is expected to remain challenging due to Pandemic induced global economic slowdown, low oil prices and hardening Reinsurance market. Your Company will aim to maintain its market position and is fully focused on GWC growth, despite the challenges.

The Company also expects to increase its profitability in 2020 through well-planned sales initiatives, expansion of Direct sales distribution channel, disciplined underwriting & efficient claims administration. The Company will continue to invest on IT upgrades, Process automations and digitization of Insurance processes for a positive engagement with customers. The Company will explore every possible growth opportunity within the Islamic finance space for optimizing the Investment Income in line with the Company's risk appetite.

The Company continues to maintain its steady track record of having always been driven by and supportive of national objectives, such as in job creation and Omanization.

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.

We wish all of you good health and safety.

We extend our gratitude and appreciation to His Majesty Haitham bin Tariq Al Said for his vision and leadership.

May God Bless you all.

Dr. Mohammed Ali Al Barwani

Chairman

AL MADINA INSURANCE COMPANY SAOG

UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	Shareholders' fund		Participants' fund						Grand total	
		Unaudited 30 June 2020 RO	Audited 31 December 2019 RO	General takaful		Family takaful		Total participants' fund		Unaudited 30 June 2020 RO	Audited 31 December 2019 RO
				Unaudited 30 June 2020 RO	Audited 31 December 2019 RO	Unaudited 30 June 2020 RO	Audited 31 December 2019 RO	Unaudited 30 June 2020 RO	Audited 31 December 2019 RO		
ASSETS											
Cash and cash equivalents	5	1,688,335	1,340,320	2,334,002	4,450,957	60,486	181,695	2,394,488	4,632,652	4,082,823	5,972,972
Investments carried at fair value through profit or loss	7	1,158,699	1,308,445	-	-	-	-	-	-	1,158,699	1,308,445
Takaful balance receivable	8	-	-	11,557,085	12,181,562	684,024	965,173	12,241,109	13,146,735	12,241,109	13,146,735
Retakaful / reinsurance balance receivable	8	-	-	915,900	187,049	15,237	40,195	931,137	227,244	931,137	227,244
Receivable from participants' fund - family takaful	-	-	-	714,394	1,598,675	-	-	714,394	1,598,675	714,394	1,598,675
Receivable from shareholders' fund	-	-	-	196,659	-	-	-	196,659	-	196,659	-
Receivable from participants' fund	9	1,630,887	1,524,565	-	-	-	-	-	-	1,630,887	1,524,565
Due from retakaful / reinsurance companies in connection with takaful liabilities	10	-	-	46,461,725	42,900,049	1,203,474	1,198,529	47,665,199	44,098,578	47,665,199	44,098,578
Deferred policy acquisition cost	11	-	-	920,883	732,398	52,044	55,852	972,927	788,250	972,927	788,250
Other receivables and takaful assets	12	819,787	763,185	655,635	628,684	409,822	395,374	1,065,457	1,024,058	1,885,244	1,787,243
Investments at fair value through equity	13	2,517,204	2,282,799	-	-	-	-	-	-	2,517,204	2,282,799
Bank deposits	6	5,576,500	5,526,500	4,876,416	4,876,416	1,247,084	1,247,084	6,123,500	6,123,500	11,700,000	11,650,000
Investments carried at amortised cost	14	5,379,903	5,261,228	-	-	-	-	-	-	5,379,903	5,261,228
Deferred tax asset	-	75,545	75,545	-	-	-	-	-	-	75,545	75,545
Investment in real estate	15	5,946,675	5,946,675	-	-	-	-	-	-	5,946,675	5,946,675
Property and equipment	16	785,039	847,511	-	-	-	-	-	-	785,039	847,511
Total assets		25,578,574	24,876,773	68,632,699	67,555,790	3,672,171	4,083,902	72,304,870	71,639,692	97,883,444	96,516,465

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 (CONTINUED) AS AT 30 JUNE 2020

LIABILITIES, PARTICIPANTS' FUND AND SHAREHOLDERS' EQUITY	Note	Shareholders' fund		Participants' fund						Grand total	
		Unaudited 30 June 2020 RO	Audited 31 December 2019 RO	General takaful		Family takaful		Total participants' fund		Unaudited 30 June 2020 RO	Audited 31 December 2019 RO
				Unaudited 30 June 2020 RO	Audited 31 December 2019 RO	Unaudited 30 June 2020 RO	Audited 31 December 2019 RO	Unaudited 30 June 2020 RO	Audited 31 December 2019 RO		
LIABILITIES											
Takaful liabilities	10	-	-	59,053,072	55,390,384	1,570,548	1,554,168	60,623,620	56,944,552	60,623,620	56,944,552
Unearned retakaful commission	18	-	-	189,354	165,014	-	-	189,354	165,014	189,354	165,014
Retakaful/reinsurance payables		-	-	7,600,469	9,137,624	853,124	601,309	8,453,593	9,738,933	8,453,593	9,738,933
Accounts and other payables		765,106	873,248	2,293,130	2,936,961	826,738	713,220	3,119,868	3,650,181	3,884,974	4,523,429
Charity fund payable		13,970	18,970	-	-	-	-	-	-	13,970	18,970
Payable to shareholders	9	-	-	1,183,956	1,282,079	446,931	242,486	1,630,887	1,524,565	1,630,887	1,524,565
Payable to participants' fund - general takaful		196,659	-	-	-	714,394	1,598,675	714,394	1,598,675	911,053	1,598,675
Employees' end of service benefits		499,324	438,079	-	-	-	-	-	-	499,324	438,079
Total liabilities		1,475,059	1,330,297	70,319,981	68,912,062	4,411,735	4,709,858	74,731,716	73,621,920	76,206,775	74,952,217
PARTICIPANTS' FUND											
Deficit in participants' fund		-	-	(5,767,736)	(5,436,726)	(921,042)	(807,434)	(6,688,778)	(6,244,160)	(6,688,778)	(6,244,160)
Contingency reserve	17	-	-	4,080,454	4,080,454	181,478	181,478	4,261,932	4,261,932	4,261,932	4,261,932
Total participants' fund		-	-	(1,687,282)	(1,356,272)	(739,564)	(625,956)	(2,426,846)	(1,982,228)	(2,426,846)	(1,982,228)
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		1,137,839	1,000,576	-	-	-	-	-	-	1,137,839	1,000,576
Investment fair value reserve		654,517	420,112	-	-	-	-	-	-	654,517	420,112
Property fair value reserve		130,976	130,976	-	-	-	-	-	-	130,976	130,976
Retained earnings		3,300,032	3,114,661	-	-	-	-	-	-	3,300,032	3,114,661
Total shareholders' equity		24,103,515	23,546,476	-	-	-	-	-	-	24,103,515	23,546,476
Total liabilities, participants' fund and shareholders' equity		25,578,574	24,876,773	68,632,699	67,555,790	3,672,171	4,083,902	72,304,870	71,639,692	97,883,444	96,516,465

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 SIX MONTH PERIOD ENDED 30 JUNE 2020

	Note	General takaful		Family takaful		Total	
		Unaudited 30 June 2020 RO	Unaudited 30 June 2019 RO	Unaudited 30 June 2020 RO	Unaudited 30 June 2019 RO	Unaudited 30 June 2020 RO	Unaudited 30 June 2019 RO
Takaful revenue							
Gross contributions		15,148,119	13,800,592	1,145,696	1,111,476	16,293,815	14,912,068
Retakaful/reinsurance share		(8,189,165)	(6,909,677)	(865,662)	(816,746)	(9,054,827)	(7,726,423)
Retained contributions		6,958,954	6,890,915	280,034	294,730	7,238,988	7,185,645
Movement in unearned contributions reserve		23,488	525,749	6,251	5,996	29,739	531,745
Net earned contributions		6,982,442	7,416,664	286,285	300,726	7,268,727	7,717,390
Income earned from retakaful contracts		204,470	122,233	-	-	204,470	122,233
		7,186,912	7,538,897	286,285	300,726	7,473,197	7,839,623
Takaful expenses							
Gross claims settled	10	(5,332,006)	(12,040,844)	(502,727)	(587,687)	(5,834,733)	(12,628,531)
Claims recovered from retakaful/reinsurance	10	1,767,076	7,141,965	430,940	483,932	2,198,016	7,625,897
Net claims settled		(3,564,930)	(4,898,879)	(71,787)	(103,755)	(3,636,717)	(5,002,634)
Net movement in outstanding claims		(124,500)	417,160	(17,685)	(18,326)	(142,185)	398,834
Net claims incurred	19	(3,689,430)	(4,481,719)	(89,472)	(122,081)	(3,778,902)	(4,603,800)
Commission expense		(782,895)	(794,839)	(66,457)	(61,739)	(849,352)	(856,578)
		(4,472,325)	(5,276,558)	(155,929)	(183,820)	(4,628,254)	(5,460,378)
Surplus from Takaful operations before wakala/mudarib fees and other income/expenses		2,714,587	2,262,339	130,356	116,906	2,844,943	2,379,245
Takaful income		69,883	83,103	242	250	70,125	83,353
Provision for impairment of receivable		(75,000)	(60,000)	-	-	(75,000)	(60,000)
Takaful expense		(60,678)	(96,575)	(30,167)	(727)	(90,845)	(97,302)
Surplus from takaful operations		2,648,792	2,188,867	100,431	116,429	2,749,223	2,305,296
Investment income – net		110,716	107,224	33,556	18,049	144,272	125,273
Mudarib share	20	(60,894)	(58,973)	(18,456)	(9,927)	(79,350)	(68,900)
Wakala fees	20	(3,029,624)	(2,760,118)	(229,139)	(222,295)	(3,258,763)	(2,982,413)
Deficit from takaful operations		(331,010)	(523,000)	(113,608)	(97,744)	(444,618)	(620,744)

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 SIX MONTH PERIOD ENDED 30 JUNE 2020

	Note	Shareholders' fund	
		Unaudited 30 June 2020 RO	Unaudited 30 June 2019 RO
Wakala fees	20	3,258,763	2,982,413
Investment income (net)	21	573,278	459,546
Mudarib share	20	79,350	68,900
		3,911,391	3,510,859
General and administrative expenses		(2,426,305)	(2,222,040)
Other income		48	64
		(2,426,257)	(2,221,976)
Profit before tax		1,485,134	1,288,883
Taxation		(112,500)	(99,786)
Profit for the period		1,372,634	1,189,097
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	13	234,405	(126,386)
Total comprehensive income for the period		1,607,039	1,062,711
Earnings per share attributable to shareholders - basic and diluted	24	0.008	0.007

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 SHAREHOLDERS' EQUITY FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

	Share capital	Share premium	Legal reserve	Investment fair value reserve	Property fair value reserve	Retained earnings	Total
	RO	RO	RO	RO	RO	RO	RO
At 1 January 2020 (audited)	17,500,000	1,380,151	1,000,576	420,112	130,976	3,114,661	23,546,476
Comprehensive income:							
Profit for the period	-	-	-	-	-	1,372,634	1,372,634
Other comprehensive income:							
Net change in fair value of investment at fair value through equity	-	-	-	234,405	-	-	234,405
Total comprehensive income for the period	-	-	-	234,405	-	1,372,634	1,607,039
Transaction with owners:							
Transfer to legal reserve	-	-	137,263	-	-	(137,263)	-
Dividend paid	-	-	-	-	-	(1,050,000)	(1,050,000)
	-	-	137,263	-	-	(1,187,263)	(1,050,000)
At 30 June 2020 (unaudited)	17,500,000	1,380,151	1,137,839	654,517	130,976	3,300,032	24,103,515
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	-	-	-	-	-	1,189,097	1,189,097
Other comprehensive income:							
Net change in fair value of investment at fair value through equity	-	-	-	(126,386)	-	-	(126,386)
Transfer to profit or loss on sale of investment in real estate	-	-	-	-	-	-	-
	-	-	-	(126,386)	-	1,189,097	1,062,711
Transaction with owners:							
Transfer to legal reserve	-	-	118,910	-	-	(118,910)	-
Dividend paid	-	-	-	-	-	(875,000)	(875,000)
	-	-	118,910	-	-	(993,910)	(875,000)
At 30 June 2019 (unaudited)	17,500,000	1,380,151	1,028,154	128,505	213,924	3,362,857	23,613,591

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 SIX MONTH PERIOD ENDED 30 JUNE 2020**

	Deficit in participants' fund		Contingency reserve		Total
	General takaful RO	Family takaful RO	General takaful RO	Family takaful RO	RO
At 1 January 2020 (audited)	(5,436,726)	(807,434)	4,080,454	181,478	(1,982,228)
Deficit for the period	(331,010)	(113,608)	-	-	(444,618)
At 30 June 2020 (unaudited)	(5,767,736)	(921,042)	4,080,454	181,478	(2,426,846)
At 1 January 2019 (audited)	(5,083,412)	(804,773)	3,474,175	156,327	(2,257,683)
Deficit for the period	(523,000)	(97,744)	-	-	(620,744)
Transfer to contingency reserve	(567,896)	(11,115)	567,896	11,115	-
At 30 June 2019 (unaudited)	(6,174,308)	(913,632)	4,042,071	167,442	(2,878,427)

AL MADINA INSURANCE COMPANY SAOG

UNAUDITED CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

	Note	Unaudited 30 June 2020 RO	Unaudited 30 June 2019 RO
Operating activities			
Profit before tax for the period		1,485,134	1,288,883
Deficit from takaful operations		(444,618)	(620,744)
Adjustments for:			
Depreciation	16	88,452	92,579
Dividend income	21	(188,438)	(208,980)
Profit on wakala deposits	21	(190,356)	(255,598)
Profit from investments carried out at amortised cost	21	(177,438)	(162,326)
Amortisation of investments carried at amortised cost	14	304	286
End of service benefits charge for the period		61,245	53,070
Rental income on investment in real estate	21	(201,061)	(224,130)
Fair value loss on investments carried at fair value through profit or loss	21	95,905	180,653
Provision for bad and doubtful debt		75,000	(60,000)
Loss on sale of investments	21	2,273	40,445
Operating cash flows before end of service benefits		606,402	124,138
End of service benefits paid		-	(5,407)
Operating cash flows before working capital changes		606,402	118,731
Working capital changes:			
Takaful and retakaful/reinsurance balance receivables		126,733	(1,312,437)
Retakaful / reinsurance share of outstanding claims and unearned contribution reserve		(3,566,621)	2,878,881
Other receivables, prepayments and other assets		(98,001)	297,279
Deferred policy acquisition cost		(184,677)	(39,357)
Outstanding claims and unearned premium reserve		3,679,070	(3,809,458)
Accounts and other payables		(643,458)	98,945
Due to retakaful / reinsurance		(1,285,341)	448,025
Unearned retakaful/reinsurance commission		24,340	107,270
Net cash used in operating activities		(1,341,553)	(1,212,121)
Cash flows from Investing activities			
Purchase of property and equipment	16	(25,980)	(25,198)
Purchase of investments carried at amortised cost	14	(118,979)	-
Proceeds from disposal of investments at fair value through profit or loss	7	51,569	49
Proceeds from redemption of investment at fair value through equity		-	103,885
Movement in bank deposits	6	(50,000)	(445,000)
Rent on investment in real estate received		59,808	377,950
Profit received on bank deposits and Sukuk		396,548	164,318
Dividends received	21	188,438	208,980
Net cash generated from investing activities		501,404	384,984
Cash flow from Financing activity			
Dividends paid		(1,050,000)	(875,000)
Net change in cash and cash equivalents		(1,890,149)	(1,702,137)
Cash and cash equivalents at the beginning of the period		5,972,972	3,195,642
Cash and cash equivalents at the end of the period	5	4,082,823	1,493,505

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020****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, critical accounting estimates and judgements*Summary of significant accounting policies*

(a) This unaudited condensed interim financial information for the six month period ended 30 June 2020 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 unaudited 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 does 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 2019.

(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 2019. In addition, results for the six month period ended 30 June 2020 are not necessarily indicative of the results that may be expected for the year ending 31 December 2020.

(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. 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.

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 2019.

3 Significant event and transactions

The World Health Organization declared coronavirus and COVID-19 a global health emergency on 30 January 2020. Company has been closely monitoring the impact of coronavirus outbreak on the Company’s business and has put in place adequate contingency measures to ensure business continuity. The Company’s business remains largely unaffected by COVID-19, and the Company has successfully been able to maintain operational capability throughout this period, with almost all employees working from home.

4 Financial risk management 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 2019. There have been no changes in the risk management policies since year end.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020 (CONTINUED)

5 Cash and cash equivalents

	Shareholders		Participants	
	RO	General RO	Family RO	Total RO
30 June 2020 (Unaudited)				
Cash at bank in current accounts	56,394	894,565	60,486	955,051
Cash at bank in call accounts	444,031	1,438,693	-	1,438,693
Cash balances with investment managers	1,185,236	-	-	-
Cash in hand	2,674	744	-	744
	1,688,335	2,334,002	60,486	2,394,488
31 December 2019 (audited)				
Cash at bank in current accounts	207,200	439,818	12,107	451,925
Cash at bank in call accounts	16,423	3,998,035	169,588	4,167,623
Cash balances with investment managers	1,113,908	-	-	-
Cash in hand	2,789	13,104	-	13,104
	1,340,320	4,450,957	181,695	4,632,652

6 Bank deposits

	Shareholders		Participants	
	RO	General RO	Family RO	Total RO
30 June 2020 (Unaudited)				
Bank deposits with maturity of more than three months	5,576,500	4,876,416	1,247,084	6,123,500
31 December 2019 (audited)				
Bank deposits with maturity of more than three months	5,526,500	4,876,416	1,247,084	6,123,500

(a) Bank deposits carry profit rates in range of 4.3 % to 5 % per annum (31 December 2019 – 3.75% to 5% per annum).

(b) *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 11,100,000 (31 December 2019 - RO 11,100,000) to the CMA. The Company can only transfer these assets with the prior approval of the CMA.

(c) The Company has kept a deposit of RO 50,000 (31 December 2019 - 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

	Shareholders		Shareholders	
	Unaudited 30 June 2020		Audited 31 December 2019	
	Fair value	Cost	Fair value	Cost
	RO	RO	RO	RO
<i>Local quoted</i>				
Service sector	402,057	484,085	535,685	657,703
Industrial sector	754,142	768,048	770,290	941,052
Financial sector	2,500	2,470	2,470	2,250
Total investments	1,158,699	1,254,603	1,308,445	1,601,005

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

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

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

	Shareholders	
	Unaudited 30 June 2020 RO	Audited 31 December 2019 RO
At 1 January	1,308,445	1,710,928
Disposals during the period/year	(51,569)	(141,240)
Loss on disposal	(2,273)	31,317
Net change in fair value	(95,905)	(292,560)
At 30 June / 31 December	1,158,699	1,308,445

(b) 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 30 June 2020 / 31 December 2019 are:

	% of Portfolio	Number of Securities	Fair value RO	Cost RO
30 June 2020 (unaudited)				
A'Saffa Foods SAOG	13	249,661	149,297	149,297
Salalah Mills Company SAOG	13	256,556	150,342	128,278
31 December 2019 (audited)				
A'Saffa Foods SAOG	11	249,661	149,297	149,297

(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 744,798 (31 December 2019 - RO 843,124) 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
30 June 2020 (Unaudited)			
Takaful receivable including due from related parties	12,397,847	728,769	13,126,616
Less: specific and portfolio provision for impairment	(840,762)	(44,745)	(885,507)
	11,557,085	684,024	12,241,109
Retakaful / reinsurance balances receivable	1,221,489	36,102	1,257,591
Less: specific and portfolio provision for impairment	(305,589)	(20,865)	(326,454)
	915,900	15,237	931,137
	12,472,985	699,261	13,172,246

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

8 Takaful and retakaful / reinsurance balance receivable (continued)

	Participants		
	General RO	Family RO	Total RO
31 December 2019 (Audited)			
Takaful receivable including due from related parties	12,947,324	1,009,918	13,957,242
Less: specific and portfolio provision for impairment	(765,762)	(44,745)	(810,507)
	<u>12,181,562</u>	<u>965,173</u>	<u>13,146,735</u>
Retakaful / reinsurance balances receivable	492,638	61,060	553,698
Less: specific and portfolio provision for impairment	(305,589)	(20,865)	(326,454)
	<u>187,049</u>	<u>40,195</u>	<u>227,244</u>
	<u>12,368,611</u>	<u>1,005,368</u>	<u>13,373,979</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 30 June 2020, receivables past due above 121 days amounting to RO 5,046,301 (31 December 2019 – RO 4,013,567) 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
30 June 2020 (Unaudited)			
Neither past due nor impaired	7,826,556	314,390	8,140,947
Past due but not impaired	4,646,429	384,871	5,031,301
Past due and impaired	1,146,351	65,610	1,211,961
	<u>13,619,336</u>	<u>764,871</u>	<u>14,384,209</u>
31 December 2019 (Audited)			
Neither past due nor impaired	8,576,975	783,437	9,360,412
Past due but not impaired	3,791,636	221,931	4,013,567
Past due and impaired	1,071,351	65,610	1,136,961
	<u>13,439,962</u>	<u>1,070,978</u>	<u>14,510,940</u>

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

	Participants		
	General RO	Family RO	Total RO
30 June 2020 (Unaudited)			
At 1 January 2020	1,071,351	65,610	1,136,961
Charge for the period	75,000	-	75,000
At 30 June 2020	<u>1,146,351</u>	<u>65,610</u>	<u>1,211,961</u>
31 December 2019 (Audited)			
At 1 January 2019	961,351	55,610	1,016,961
Charge for the year	110,000	10,000	120,000
At 31 December 2019	<u>1,071,351</u>	<u>65,610</u>	<u>1,136,961</u>

(c) At 30 June 2020, 37% of the Company's takaful receivable is from 5 customers (31 December 2019- 44% from 5 customers).

(d) At 30 June 2020, 59 % of the Company's due from retakaful / reinsurance companies are from 5 retakaful / reinsurance companies (31 December 2019 – 72% from 5 retakaful / reinsurance companies).

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

9 Receivable from participants and payable to shareholders

	Shareholders	
	Unaudited 30 June 2020 RO	Audited 31 December 2019 RO
At 1 January	1,524,565	1,566,915
Wakala fee income for the year	3,258,763	4,474,940
Mudarib share for the year	79,350	157,938
Amount received from policyholders	(3,103,341)	(4,656,000)
Net movement in policyholders' account	(128,450)	(19,228)
At 30 June / 31 December – net	1,630,887	1,524,565

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

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

	Shareholders	
	Unaudited 30 June 2020 RO	Audited 31 December 2019 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	-	98,123
- From family takaful	424,334	219,889
	424,334	318,012
	1,630,887	1,524,565

10 Takaful liabilities

	Unaudited 30 June 2020 Retakaful / reinsurance			Audited 31 December 2019 Retakaful / reinsurance		
	Gross RO	RO	Net RO	Gross RO	reinsurance RO	Net RO
General takaful						
Claims incurred but not settled	38,614,006	(34,573,233)	4,040,773	32,702,271	(27,877,628)	4,824,643
Claims incurred but not reported	5,757,244	(3,610,733)	2,146,511	4,998,874	(3,760,733)	1,238,141
	44,371,250	(38,183,966)	6,187,284	37,701,145	(31,638,361)	6,062,784
Unearned contributions reserve	14,681,822	(8,277,759)	6,404,063	17,689,239	(11,261,688)	6,427,551
	59,053,072	(46,461,725)	12,591,347	55,390,384	(42,900,049)	12,490,335

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020 (CONTINUED)

10 Takaful liabilities (continued)

	Unaudited 30 June 2020			Audited 31 December 2019		
	Gross RO	Retakaful / reinsurance RO	Net RO	Gross RO	Retakaful / reinsurance RO	Net RO
Family takaful						
Claims incurred but not settled	716,500	(605,834)	110,666	744,494	(621,514)	122,980
Claims incurred but not reported	358,898	(280,656)	78,242	328,898	(280,656)	48,242
	1,075,398	(886,490)	188,908	1,073,392	(902,170)	171,222
Unearned contributions reserve	495,150	(316,984)	178,166	480,776	(296,359)	184,417
	1,570,548	(1,203,474)	367,074	1,554,168	(1,198,529)	355,639
	60,623,620	(47,665,199)	12,958,421	56,944,552	(44,098,578)	12,845,974

(a) Claims and loss adjustment expenses

	Unaudited 30 June 2020			Audited 31 December 2019		
	Gross RO	Retakaful / reinsurance RO	Net RO	Gross RO	Retakaful / reinsurance RO	Net RO
General takaful						
Notified claims	32,702,271	(27,877,628)	4,824,643	28,094,636	(23,278,479)	4,816,157
Incurred but not reported	4,998,874	(3,760,733)	1,238,141	4,120,498	(2,750,452)	1,370,046
Total at the beginning of the period / year	37,701,145	(31,638,361)	6,062,784	32,215,134	(26,028,931)	6,186,203
Cash paid for claims settled during the period / year	(5,332,006)	1,767,076	(3,564,930)	(18,324,373)	9,443,053	(8,881,320)
Increase in liabilities arising from current and prior period claims	12,002,111	(8,312,681)	3,689,430	23,810,384	(15,052,483)	8,757,901
Total at the end of the period / year	44,371,250	(38,183,966)	6,187,284	37,701,145	(31,638,361)	6,062,784
Notified claims	38,614,006	(34,573,233)	4,040,773	32,702,271	(27,877,628)	4,824,643
Incurred but not reported	5,757,244	(3,610,733)	2,146,511	4,998,874	(3,760,733)	1,238,141
Total at the end of the period / year	44,371,250	(38,183,966)	6,187,284	37,701,145	(31,638,361)	6,062,784
Family takaful						
Notified claims	744,494	(621,514)	122,980	338,300	(279,569)	58,731
Incurred but not reported	328,898	(280,656)	48,242	610,190	(510,614)	99,576
Total at the beginning of the period / year	1,073,392	(902,170)	171,222	948,490	(790,183)	158,307
Cash paid for claims settled during the period / year	(502,727)	430,941	(71,786)	(1,217,764)	1,031,704	(186,060)
Increase in liabilities arising from current and prior period claims	504,733	(415,261)	89,472	1,342,666	(1,143,691)	198,975
Total at the end of the period / year	1,075,398	(886,490)	188,908	1,073,392	(902,170)	171,222
Notified claims	716,500	(605,834)	110,666	744,494	(621,514)	122,980
Incurred but not reported	358,898	(280,656)	78,242	328,898	(280,656)	48,242
Total at the end of the period / year	1,075,398	(886,490)	188,908	1,073,392	(902,170)	171,222

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

10 Takaful liabilities (continued)

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

	Unaudited 30 June 2020			Audited 31 December 2019		
	Gross RO	Reinsurance RO	Net RO	Gross RO	Reinsurance RO	Net RO
Unearned contributions reserves	17,689,239	(11,261,688)	6,427,551	12,754,965	(5,775,627)	6,979,338
Mathematical reserves	480,776	(296,359)	184,417	515,766	(322,874)	192,892
Total at the beginning of the period / year	18,170,015	(11,558,047)	6,611,968	13,270,731	(6,098,501)	7,172,230
Gross contributions during the period / year	16,293,815	(9,054,827)	7,238,988	38,912,525	(24,215,621)	14,696,904
Net release during the period / year	(19,286,858)	12,018,131	(7,268,727)	(34,013,241)	18,756,075	(15,257,166)
Total at the end of the period / year	15,176,972	(8,594,743)	6,582,229	18,170,015	(11,558,047)	6,611,968
Unearned contributions reserves	14,681,822	(8,277,759)	6,404,063	17,689,239	(11,261,688)	6,427,551
Mathematical reserves	495,150	(316,984)	178,166	480,776	(296,359)	184,417
Total at the end of the period / year	15,176,972	(8,594,743)	6,582,229	18,170,015	(11,558,047)	6,611,968

11 Deferred policy acquisition cost

	General takaful RO	Family takaful RO	Total RO
At 1 January 2020 (Audited)	732,398	55,852	788,250
Cost incurred during the period	971,380	62,649	1,034,029
Amortised during the period	(782,895)	(66,457)	(849,352)
At 30 June 2020 (Unaudited)	920,883	52,044	972,927
	General takaful RO	Family takaful RO	Total RO
At 1 January 2019 (Audited)	715,283	59,867	775,150
Cost incurred during the year	1,569,901	127,887	1,697,788
Amortised during the year	(1,552,786)	(131,902)	(1,684,688)
At 31 December 2019 (Audited)	732,398	55,852	788,250

12 Other receivables and takaful assets

	Shareholders	Participants		Total RO
	RO	General takaful RO	Family takaful RO	
30 June 2020 (Unaudited)				
Rent receivable	204,668	-	-	-
Accrued income	419,167	-	-	-
Advances	85,879	14,861	409,822	424,683
Prepayments	78,080	33,680	-	33,680
Others	31,993	607,094	-	607,094
	819,787	655,635	409,822	1,065,457

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020 (CONTINUED)

12 Other receivables and takaful assets (continued)

	Shareholders		Participants	
	RO	General Takaful RO	Family takaful RO	Total RO
31 December 2019 (Audited)				
Accrued income	447,653	-	-	-
Prepayments	112,152	43,435	-	43,435
Advances	124,886	14,861	395,374	410,235
Rent receivable	63,415	-	-	-
Other	15,079	570,388	-	570,388
	<u>763,185</u>	<u>628,684</u>	<u>395,374</u>	<u>1,024,058</u>

13 Investments at fair value through equity

	Shareholders			
	Unaudited 30 June 2020 Fair value RO	Unaudited 30 June 2020 Cost RO	Audited 31 December 2019 Fair value RO	Audited 31 December 2019 Cost RO
<i>Local quoted</i>				
Service sector	177,600	223,741	210,300	223,741
Industrial sector	29,573	35,554	28,305	35,554
	<u>207,173</u>	<u>259,295</u>	<u>238,605</u>	<u>259,295</u>
<i>Local unquoted</i>				
Service sector	343,568	71,428	343,569	71,428
Real estate development	152,400	157,500	152,400	157,500
	<u>495,968</u>	<u>228,928</u>	<u>495,969</u>	<u>228,928</u>
Total local	703,141	488,223	734,574	488,223
<i>Foreign quoted</i>				
Financial sector	159,978	233,713	230,759	233,713
Service sector	1,497,586	689,549	1,048,308	689,549
Real estate development	126,869	326,980	231,466	326,980
Food and beverages	29,630	46,346	37,692	46,346
	<u>1,814,063</u>	<u>1,296,588</u>	<u>1,548,225</u>	<u>1,296,588</u>
Total foreign	1,814,063	1,296,588	1,548,225	1,296,588
Total investments	2,517,204	1,784,811	2,282,799	1,784,811

(a) Movement in investments at fair value through equity

	Shareholders	
	Unaudited 30 June 2020 RO	Audited 31 December 2019 RO
At the beginning of the period / year	2,282,799	2,178,384
Purchases during the period / year	-	105,087
Disposals during the period / year	-	(103,885)
Realised (loss) / gain on disposal	-	(40,446)
Net change in fair value	234,405	224,927
Impairment loss on investment	-	(81,269)
At the end of the period / year	<u>2,517,204</u>	<u>2,282,799</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

13 Investments at fair value through equity (continued)

(b) 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 30 June 2020 / 31 December 2019 are:

	% of portfolio	Basis of valuation	Number of securities	Fair value RO
30 June 2020 (Unaudited)				
Investment from shareholders' fund				
National Takaful Company (Watania) – listed	<u>59</u>	Fair value	<u>14,303,596</u>	<u>1,497,587</u>
Omani Unified Bureau Orange Card SAOC	<u>14</u>	Fair value	<u>71,428</u>	<u>343,569</u>
31 December 2019 (Audited)				
Investment from shareholders' fund				
National Takaful Company (Watania) – listed	<u>46</u>	Fair value	<u>14,303,596</u>	<u>1,048,308</u>
Omani Unified Bureau Orange Card SAOC	<u>15</u>	Fair value	<u>71,428</u>	<u>343,569</u>

(c) *Movement in investments fair value reserve:*

	Shareholders	
	Unaudited 30 June 2020 RO	Audited 31 December 2019 RO
At the beginning of the period / year	420,112	254,891
Net change in fair value of investment during the period / year - net of tax	234,405	224,927
Impact of deferred tax	-	(59,706)
	<u>234,405</u>	<u>165,221</u>
At the end of the period / year	<u>654,517</u>	<u>420,112</u>

(d) Investments classified as 'investments at fair value through equity' consists of investments in equity securities.

(e) *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 81,604 (31 December 2019 - RO 81,405) 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 ranging from June 2021 to November 2023, respectively.

(a) *Movement in investments carried at amortised cost*

	Shareholders	
	Unaudited 30 June 2020 RO	Audited 31 December 2019 RO
At the beginning of the period / year	5,261,228	4,753,654
Purchased during the period / year	118,979	508,159
Amortised during the period / year	(304)	(585)
At the end of the period / year	<u>5,379,903</u>	<u>5,261,228</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

14 Investments carried at amortised cost (continued)

(b) Restrictions on transfer of assets

In accordance with the law governing the operation of insurance companies within the Sultanate of Oman, the Company identified 5,252,068 units (31 December 2019 – 2,754,568 units) with the carrying value of RO 5,253,334 (31 December 2019 - 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 30 June 2020 RO	Audited 31 December 2019 RO
At the beginning of the period / year	5,946,675	5,997,586
Addition	-	70,636
(Loss) / gain on revaluation of investment in real estate	-	(97,586)
Impairment on investment in real estate	-	(23,961)
At the end of the period / year	<u>5,946,675</u>	<u>5,946,675</u>

As of 30 June 2020, the Company has investment in investment real estate of RO 5,946,675 (31 December 2019 - RO 5,946,675) which is 19% of overall investments of the Company, which is in line with 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.

16 Property and equipment

	Shareholders	
	Unaudited 30 June 2020 RO	Audited 31 December 2019 RO
Net book value		
At beginning of the period / year	847,511	930,587
Additions during the period / year	25,980	103,620
Depreciation for the period / year	(88,452)	(186,696)
At the end of the period / year	<u>785,039</u>	<u>847,511</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 new 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 not provided any amount to the contingency reserve, with respect to the general and family takaful business. (30 June 2019 - RO 638,355). This amount has been charged to the participants' fund in the previous period.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020 (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 2020 – Audited	165,014	-	165,014
Income from retakaful contracts accrued during the year	228,810	-	228,810
Amortised during the period	(204,470)	-	(204,470)
At 30 June 2020 – Unaudited	189,354	-	189,354

	General takaful RO	Family Takaful RO	Total RO
At 1 January 2019 – Audited	50,629	-	50,629
Income from retakaful contracts accrued during the year	410,181	-	410,181
Amortised during the year	(295,796)	-	(295,796)
At 31 December 2019- Audited	165,014	-	165,014

19 Net claims incurred

	Unaudited 30 June 2020 Retakaful / Reinsurances'			Unaudited 30 June 2019 Retakaful / reinsurances'		
	Gross RO	share RO	Net RO	Gross RO	share RO	Net RO
Claims notified and not settled	39,330,506	(35,179,067)	4,151,439	24,698,613	(20,372,557)	4,326,056
Claims incurred but not reported	6,116,142	(3,891,389)	2,224,753	4,880,688	(3,261,068)	1,619,620
Outstanding at end of the period	45,446,648	(39,070,456)	6,376,192	29,579,301	(23,633,625)	5,945,676
Takaful claims paid	5,834,733	(2,198,017)	3,636,716	12,628,531	(7,625,897)	5,002,634
Claims notified and not settled	33,446,765	(28,499,142)	4,947,623	28,432,936	(23,558,048)	4,874,888
Claims incurred but not reported	5,327,772	(4,041,389)	1,286,383	4,730,688	(3,261,066)	1,469,622
Outstanding at beginning of the period	38,774,537	(32,540,531)	6,234,006	33,163,624	(26,819,114)	6,344,510
Claims incurred	12,506,844	(8,727,942)	3,778,902	9,044,208	(4,440,408)	4,603,800

(a) *Takaful / insurance revenue analysis*

	Unaudited 30 June 2020 Contributions revenue before retakaful / Reinsurance		Unaudited 30 June 2019 Contributions revenue before retakaful / reinsurance	
	Net contributions RO	RO	Net contributions RO	RO
Motor	1,711,353	1,786,706	1,743,666	(141,548)
Fire, accidents, engineering and others	833,792	3,246,122	3,532,303	(2,739,027)
Marine cargo and hull	51,421	131,260	(223,352)	143,338
Medical	127,226	215,640	(128,786)	62,273
Life	100,431	530,207	298,635	(182,206)
	2,824,223	5,909,935	5,222,466	(2,857,170)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

19 Net claims incurred (continued)

(a) 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 Mudarib share

The shareholders manage the general and family takaful operations for the participants and charge 20% (31 December 2019 - 14%) of gross contributions as a wakala fees as approved by the Board of Directors. The shareholders also manage the participants fund as a mudarib and charge 55% (31 December 2019 – 55%) of the general takaful and family takaful investment income earned by the participants' investment funds, respectively. The maximum chargeable wakala fee and mudarib share as approved by the Sharia Supervisory Committee are 20% and 55% (31 December 2019 – 14% and 55%) respectively.

21 Investment income - net

	Unaudited 30 June 2020 RO	Unaudited 30 June 2019 RO
Rental income on investment in real estate	201,061	224,130
Dividend income	188,438	208,980
Profit from investment carried at amortised cost	177,438	162,326
Profit on deposits	190,356	130,325
Realised (loss) on sale of investments	(2,273)	(40,445)
Investment management costs	(85,837)	(45,117)
Fair value loss on investments held at fair value through profit or loss	(95,905)	(180,653)
	<u>573,278</u>	<u>459,546</u>

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 current period the Company has not transferred any amount from Takaful Surplus to Takaful Reserve.

24 Earnings per share

	Unaudited 30 June 2020	Unaudited 30 June 2019
Profit for the period – RO	<u>1,372,634</u>	<u>1,189,097</u>
Weighted average number of shares outstanding – number	<u>175,000,000</u>	<u>175,000,000</u>
Earnings per share attributable to shareholders – basic and diluted – RO	<u>0.008</u>	<u>0.007</u>

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 SIX MONTH PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

25 Related parties

Related parties represent associated companies, major shareholders, directors, Sharia Supervisory Committee members, 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 year 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 30 June 2020 RO	Unaudited 30 June 2019 RO
Gross contributions	<u>762,357</u>	2,469,657
Retakaful/reinsurance contribution ceded	<u>50,377</u>	47,524
Claims - net	<u>5,579,817</u>	923,914
Board sitting fees	<u>26,600</u>	30,556
Sharia supervisory committee fee	<u>14,250</u>	17,750
Dividend paid to shareholders	<u>1,050,000</u>	875,000

(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 30 June 2020 RO	Audited 31 December 2019 RO
Takaful and retakaful / reinsurance contract receivables		
Contribution balances receivables from other related parties	<u>3,279,612</u>	1,596,726
Investment receivables		
Rental income receivable	<u>-</u>	33,626
Accrued interest on investment in Modern Sukuk Company SAOC	<u>-</u>	71,637
Investment in Modern Sukuk Company SAOC	<u>2,501,266</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>1,993,555</u>	1,556,014

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020 (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, is as follows:

	Unaudited 30 June 2020 RO	Unaudited 30 June 2019 RO
Short-term benefits	422,340	368,127
Employee end of service benefits	23,547	18,675
	<u>445,887</u>	<u>386,802</u>

26 Contingencies

Contingent liabilities

At 30 June 2020, 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 85,024 (31 December 2019 – RO 18,715).

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 a regular 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 or group life.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

27 Segment information (continued)

Operating segments (continued)

30 June 2020 – unaudited	General takaful RO	Family takaful RO	Total RO
Takaful revenue (net of retakaful / reinsurance)	7,186,912	286,285	7,473,197
Takaful expenses (net of retakaful / reinsurance)	(4,472,325)	(155,929)	(4,628,254)
Segment results	2,714,587	130,356	2,844,943
Takaful income	69,883	242	70,125
Provision for impairment of receivables	(75,000)	-	(75,000)
Takaful expense	(60,678)	(30,167)	(90,845)
Investment income	110,716	33,556	144,272
Mudarib share	(60,894)	(18,456)	(79,350)
Wakala fees	(3,029,624)	(229,139)	(3,258,763)
Deficit for the period	(331,010)	(113,608)	(444,618)
Segment assets	68,632,699	3,672,171	72,304,870
Assets allocated to shareholders			25,578,574
Total assets			97,883,444
Segment liabilities	70,319,981	4,411,735	74,731,716
Liabilities allocated to shareholders			1,475,059
Total liabilities			76,206,775

30 June 2019 – unaudited	General takaful RO	Family takaful RO	Total RO
Takaful revenue (net of retakaful / reinsurance)	7,538,897	300,726	7,839,623
Takaful expenses (net of retakaful / reinsurance)	(5,276,558)	(183,820)	(5,460,378)
Segment results	2,262,339	116,906	2,379,245
Takaful income	83,103	250	83,353
Provision for impairment of receivables	(60,000)	-	(60,000)
Takaful expense	(96,575)	(727)	(97,302)
Investment income	107,224	18,049	125,273
Mudarib share	(58,973)	(9,927)	(68,900)
Wakala fees	(2,760,118)	(222,295)	(2,982,413)
Deficit for the period	(523,000)	(97,744)	(620,744)
Segment assets	47,746,642	3,972,937	51,719,579
Assets allocated to shareholders			24,720,439
Total assets			76,440,018
Segment liabilities	49,878,879	4,719,127	54,598,006
Liabilities allocated to shareholders			1,106,848
Total liabilities			55,704,854

The activities of the Company are restricted to carrying out takaful, on the principles of Sharia 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 within the Sultanate of Oman.

28 Earnings prohibited under Sharia

Earnings retained during the previous year from transactions which are not permitted under Sharia are recorded as part of accounts and other payables amounted to RO 13,970 (31 December 2019 – RO 18,970).