

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, it gives me great pleasure to report below on the performance of your company for the period ending on 31st March 2020.

These are unprecedented and difficult times for the economies of the world due the pandemic COVID19. Even during such extraordinary circumstance, your company planned well in advance to tackle this situation and prepared a business plan to continue to serve the customers seamlessly using various digital platforms.

Al Madina is serving its customers 24/7 in all aspects of business including issuance of policies, intimation and settlement of claims using online digital platforms.

Your company will continue to provide excellent and timely services to its customers at the same time ensuring the safety and security of its employees in such difficult and challenging times.

Operating Environment

The market experienced extra ordinary conditions with lockdown / scale down of operations. The insurance environment has been both volatile and turbulent. However, despite difficult market conditions, your company has been able to show an impressive growth of 5% in the Gross written contributions compared to the corresponding period last year. Your Company achieved a Gross written contribution of RO 6.9 million as of first quarter of 2020 as against RO 6.5 million during the same period of 2019.

Results from Operations

The Company continues to deliver stable growth while strengthening its reserves by adopting quarterly actuarial validation of Company's claim reserves. The underwriting surplus from Takaful operations before investment income, mudarib share and Wakala fees registered an impressive 37% growth amounting to RO 1.5mn for the first quarter of 2020 as against RO 1.1mn in the corresponding period of 2019, this growth in underwriting surplus is a result of prudent underwriting, best risk selection policy and ability to react emerging difficult situation well in advance.

Al Madina continues to maintain a healthy and well-balanced portfolio across all lines of business and high-quality global Reinsurance arrangements. The Company is constantly enhancing its customer experience by ongoing process efficiency, quick turnaround, professional expertise, top of the line claims servicing and adopting best international practices in the field of insurance operations.

Investment Income

The Company continues to monitor its investment book well while ensuring that the investments are diversified and constantly monitored for Shariah' Compliance. The investment environment continues to remain challenging with equity and real estate yields being under pressure. However, your Company has been prudently managing its investments and has increased its investment income by 12% to RO 346 K as at Mar 2020 as against RO 308 K in the corresponding period of 2019. The Company will continue to look at growing opportunities within the Islamic Finance space for optimizing its Investment Income in line with the Company's risk appetite.

Profitability of the company

Your Company has achieved growth in all operating parameters and has delivered strong performance in such testing times. The Company reported a total profit after tax of RO 383K compare to RO 317K for the corresponding period. This is an impressive 21% increase in overall profit.

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 Year 2020 started with twin challenges of pandemic COVID19 and significant drop in oil prices. Insurance industry in Oman is poised for a challenging time and the overall outlook will depend on how long the closedown across the world continues due to COVID19 and how soon the oil prices recover. Market credit issue and cash flow will continue to be a challenging concern to most of the Industries, more so in the current conditions. Furthermore, Political tension in the region may affect regional economy which may indirectly affect the growth in the region.

We expect to maintain our market position with continued growth in GWC. Focus will be more on further increasing bottom line business and expect to show sustainable growth and profitability in 2020. Continued IT upgrades, Process automations and digitization of Insurance processes is expected to provide the necessary platform for a positive engagement with customers and grow on the back of a superior customer service. We intend to expand our retail sales force further to increase our reach and visibility across Oman.

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.

Al Madina will focus on its mission of Superior Customer service with many technology-driven innovation and consumer centric strategies. The Company, with its well-planned growth strategy and business continuity plan is well positioned to achieve stable growth and Operational Profit in 2020 through disciplined underwriting, Process efficiency, Expense management and focused sales planning.

The Company will continue to invest on IT upgrades, Process automations and digitization of Insurance processes which is expected to provide the necessary platform for a positive engagement with customers and grow on the back of a superior customer service. The Company also plans to expand its reach to retail customers by pushing for e-Insurance through its end-to-end mobile app, enhanced website and self-help automated kiosks.

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

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 of the Board.

AL MADINA INSURANCE COMPANY SAOG

UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Note	Shareholders' fund		Participants' fund						Grand total	
		Unaudited 31 March 2020 RO	Audited 31 December 2019 RO	General takaful		Family takaful		Total participants' fund		Unaudited 31 March 2020 RO	Audited 31 December 2019 RO
				Unaudited 31 March 2020 RO	Audited 31 December 2019 RO	Unaudited 31 March 2020 RO	Audited 31 December 2019 RO	Unaudited 31 March 2020 RO	Audited 31 December 2019 RO		
ASSETS											
Cash and bank balances	5	2,143,902	1,340,320	280,242	4,450,957	51,933	181,695	332,175	4,632,652	2,476,077	5,972,972
Investments carried at fair value through profit or loss	7	1,261,989	1,308,445	-	-	-	-	-	-	1,261,989	1,308,445
Takaful balance receivable	8	-	-	11,080,153	12,181,562	783,140	965,173	11,863,293	13,146,735	11,863,293	13,146,735
Retakaful / reinsurance balance receivable	8	-	-	752,052	187,049	5,474	40,195	757,526	227,244	757,526	227,244
Receivable from shareholders' fund	9	-	-	1,990,771	-	-	-	1,990,771	-	1,990,771	-
Receivable from family takaful		-	-	888,361	1,598,675	-	-	888,361	1,598,675	888,361	1,598,675
Receivable from participants fund	9	1,563,307	1,524,565	-	-	-	-	-	-	1,563,307	1,524,565
Due from retakaful / reinsurance companies in connection with takaful liabilities	10	-	-	46,434,647	42,900,049	1,252,744	1,198,529	47,687,391	44,098,578	47,687,391	44,098,578
Deferred policy acquisition cost	11	-	-	754,687	732,398	57,883	55,852	812,570	788,250	812,570	788,250
Other receivables and takaful assets	12	960,122	763,185	652,712	628,684	408,393	395,374	1,061,105	1,024,058	2,021,227	1,787,243
Investments at fair value through equity	13	2,068,174	2,282,799	-	-	-	-	-	-	2,068,174	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	5,261,077	5,261,228	-	-	-	-	-	-	5,261,077	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	811,153	847,511	-	-	-	-	-	-	811,153	847,511
Total assets		25,668,444	24,876,773	67,710,041	67,555,790	3,806,651	4,083,902	71,516,692	71,639,692	97,185,136	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 AS AT 31 MARCH 2020 (CONTINUED)

	Note	Shareholders' fund		Participants' fund						Grand total	
		Unaudited 31 March 2020 RO	Audited 31 December 2019 RO	General takaful		Family takaful		Total participants' fund		Unaudited 31 March 2020 RO	Audited 31 December 2019 RO
				Unaudited 31 March 2020 RO	Audited 31 December 2019 RO	Unaudited 31 March 2020 RO	Audited 31 December 2019 RO	Unaudited 31 March 2020 RO	Audited 31 December 2019 RO		
LIABILITIES, PARTICIPANTS' FUND AND SHAREHOLDERS' EQUITY											
LIABILITIES											
Takaful liabilities	10	-	-	58,646,339	55,390,384	1,613,952	1,554,168	60,260,291	56,944,552	60,260,291	56,944,552
Unearned retakaful commission	18	-	-	165,443	165,014	-	-	165,443	165,014	165,443	165,014
Retakaful/reinsurance payables		-	-	6,362,979	9,137,624	842,753	601,309	7,205,732	9,738,933	7,205,732	9,738,933
Accounts and other payables		693,470	873,248	2,490,326	2,936,961	742,953	713,220	3,233,279	3,650,181	3,926,749	4,523,429
Charity fund payable		18,970	18,970	-	-	-	-	-	-	18,970	18,970
Payable to shareholders	9	-	-	1,183,956	1,282,079	379,351	242,486	1,563,307	1,524,565	1,563,307	1,524,565
Payable to participants' fund - general takaful		1,990,771	-	-	-	888,362	1,598,675	888,362	1,598,675	2,879,133	1,598,675
Employees' end of service benefits		483,279	438,079	-	-	-	-	-	-	483,279	438,079
Total liabilities		3,186,490	1,330,297	68,849,043	68,912,062	4,467,371	4,709,858	73,316,414	73,621,920	76,502,904	74,952,217
PARTICIPANTS' FUND											
Deficit in participants' fund		-	-	(5,784,091)	(5,436,726)	(848,003)	(807,434)	(6,632,094)	(6,244,160)	(6,632,094)	(6,244,160)
Contingency reserve	17	-	-	4,645,089	4,080,454	187,283	181,478	4,832,372	4,261,932	4,832,372	4,261,932
Total participants' fund		-	-	(1,139,002)	(1,356,272)	(660,720)	(625,956)	(1,799,722)	(1,982,228)	(1,799,722)	(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		1,020,586	1,000,576	-	-	-	-	-	-	1,020,586	1,000,576
Investment fair value reserve		205,487	420,112	-	-	-	-	-	-	205,487	420,112
Property fair value reserve		130,976	130,976	-	-	-	-	-	-	130,976	130,976
Retained earnings		2,244,754	3,114,661	-	-	-	-	-	-	2,244,754	3,114,661
Total shareholders' equity		22,481,954	23,546,476	-	-	-	-	-	-	22,481,954	23,546,476
Total liabilities, participants' fund and shareholders' equity		25,668,444	24,876,773	67,710,041	67,555,790	3,806,651	4,083,902	71,516,692	71,639,692	97,185,136	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 THREE MONTH PERIOD ENDED 31 MARCH 2020

Note	General takaful		Family takaful		Total	
	Unaudited 31 March 2020 RO	Unaudited 31 March 2019 RO	Unaudited 31 March 2020 RO	Unaudited 31 March 2019 RO	Unaudited 31 March 2020 RO	Unaudited 31 March 2019 RO
Takaful revenue						
Gross contributions	6,320,100	5,995,166	580,458	563,437	6,900,558	6,558,603
Retakaful/reinsurance share	(2,708,623)	(2,209,344)	(427,926)	(404,488)	(3,136,549)	(2,613,832)
Retained contributions	3,611,477	3,785,822	152,532	158,949	3,764,009	3,944,771
Movement in unearned contributions reserve	(137,784)	(39,994)	(16,387)	(46,476)	(154,171)	(86,470)
Net earned contributions	3,473,693	3,745,828	136,145	112,473	3,609,838	3,858,301
Income earned from retakaful contracts	109,024	32,345	-	-	109,024	32,345
	3,582,717	3,778,173	136,145	112,473	3,718,862	3,890,646
Takaful expenses						
Gross claims settled	(3,008,685)	(8,106,903)	(250,462)	(283,907)	(3,259,147)	(8,390,810)
Claims recovered from retakaful/reinsurance	890,948	5,450,393	209,984	227,320	1,100,932	5,677,713
Net claims settled	(2,117,737)	(2,656,510)	(40,478)	(56,587)	(2,158,215)	(2,713,097)
Net movement in outstanding claims	416,427	419,925	10,818	(5,850)	427,245	414,075
Net claims incurred	(1,701,310)	(2,236,585)	(29,660)	(62,437)	(1,730,970)	(2,299,022)
Commission expense	(385,829)	(390,075)	(32,769)	(31,719)	(418,598)	(421,794)
	(2,087,139)	(2,626,660)	(62,429)	(94,156)	(2,149,568)	(2,720,816)
Surplus from Takaful operations						
Takaful income	1,495,578	1,151,513	73,716	18,317	1,569,294	1,169,830
Takaful income	10,922	7,276	132	101	11,054	7,377
Provision for impairment of receivable	(30,000)	(30,000)	-	-	(30,000)	(30,000)
Takaful expense	(26,363)	(36,314)	(61)	180	(26,424)	(36,134)
Surplus from takaful operations	1,450,137	1,092,475	73,787	18,598	1,523,924	1,111,073
Investment income – net	69,227	40,901	16,758	9,297	85,985	50,198
Mudarib share	(38,074)	(22,496)	(9,217)	(5,114)	(47,291)	(27,610)
Wakala fees	(1,264,020)	(1,199,033)	(116,092)	(112,687)	(1,380,112)	(1,311,720)
Surplus / (Deficit) from takaful operations	217,270	(88,153)	(34,764)	(89,906)	182,506	(178,059)

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 2020

	Note	Shareholders' fund	
		Unaudited 31 March 2020 RO	Unaudited 31 March 2019 RO
Wakala fees	20	1,380,112	1,311,720
Investment income (net)	21	259,629	257,858
Mudarib share	20	47,291	27,610
		<u>1,687,032</u>	<u>1,597,188</u>
General and administrative expenses		(1,436,976)	(1,050,715)
Other income		47	67
		<u>(1,436,929)</u>	<u>(1,050,648)</u>
Profit before tax		250,103	546,540
Taxation		(50,000)	(51,699)
Profit for the period		200,103	494,841
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		(214,625)	215,714
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to profit or loss		-	(57,847)
Total other comprehensive (loss) / gain		(214,625)	157,867
Total comprehensive income for the period		(14,522)	652,708
Earnings per share - basic and diluted	24	0.001	0.003

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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 2020

	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 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	-	-	-	-	-	200,103	200,103
Other comprehensive income – change in fair value of investments at fair value through equity	-	-	-	(214,625)	-	-	(214,625)
	-	-	-	(214,625)	-	200,103	(14,522)
Transaction with owners:							
Dividend paid during the period	-	-	-	-	-	(1,050,000)	(1,050,000)
Transfer to legal reserve	-	-	20,010	-	-	(20,010)	-
	-	-	20,010	-	-	(1,070,009)	(1,050,000)
At 31 March 2020 (unaudited)	17,500,000	1,380,151	1,020,586	205,487	130,976	2,244,754	22,481,954
	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 loss – net 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

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 2020

	Deficit in participants' fund		Contingency reserve		Total RO
	General takaful RO	Family takaful RO	General takaful RO	Family takaful RO	
At 1 January 2020 (audited)	(5,436,726)	(807,434)	4,080,454	181,478	(1,982,228)
Surplus / (deficit) for the year	217,270	(34,764)	-	-	182,506
Transfer to contingency reserve	(564,635)	(5,805)	564,635	5,805	-
At 31 March 2020 (unaudited)	(5,784,091)	(848,003)	4,645,089	187,283	(1,799,722)
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)

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 2020

	Note	Unaudited 31 March 2020 RO	Unaudited 31 March 2019 RO
Operating activities			
Profit before tax for the period		250,103	546,540
Surplus / (Deficit) from takaful operations		182,506	(178,059)
Adjustments for:			
Depreciation	16	45,288	46,770
Dividend income	21	(113,608)	(205,983)
Income from bank deposit	21	(150,208)	(81,254)
Profit from investments carried out at amortised cost	21	(87,423)	(52,844)
Amortisation of investments carried at amortised cost	14	151	93
End of service benefits charge for the period		45,200	38,443
Rental income on investment in real estate	21	(108,751)	(111,665)
Unrealised loss on investments at fair value through profit or loss	7	46,456	127,364
Provision for doubtful debt		30,000	30,000
Realised loss on investments carried at fair value through profit or loss	21	-	40,445
Payment of end of service benefits		-	(670)
		139,714	199,180
Working capital changes:			
Takaful and retakaful/reinsurance balance receivables		723,160	(832,554)
Retakaful / reinsurance share of outstanding claims and unearned contribution reserve		(3,588,813)	5,331,720
Other receivables, prepayments and other assets		(233,984)	(432,753)
Deferred policy acquisition cost		(24,320)	1,105
Outstanding claims and unearned premium reserve		3,315,741	(5,659,325)
Accounts and other payables		(596,681)	815,831
Due to retakaful / reinsurance		(2,533,202)	(818,880)
Unearned retakaful/reinsurance commission		429	61,383
Net cash used in operating activities		(2,797,956)	(1,334,293)
Investing activities			
Purchase of property and equipment	16	(8,930)	(12,204)
Proceeds from disposal of investments at fair value through equity	13	-	103,885
Proceeds from disposal of investments at fair value through profit or loss	7	-	49
Movement in bank deposits		(50,000)	-
Rent on investment in real estate received		24,585	34,590
Profit on bank deposits received		271,798	159,423
Dividends received		113,608	205,983
Net cash from investing activities		351,061	491,726
Cash flow used in financing activity			
Dividends paid		(1,050,000)	-
Net change in cash and cash equivalents		(3,496,895)	(842,567)
Cash and cash equivalents at the beginning of the period	5	5,972,972	3,195,642
Cash and cash equivalents at the end of the period	5	2,476,077	2,353,075

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 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 are organised on an underwriting year 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 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 unaudited condensed interim 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 2019.

(c) The accounting policies adopted in the preparation of this unaudited condensed interim financial information are 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 three month period ended 31 March 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.

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 2019.

The 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. As the situation is fast evolving, currently the effect of the outbreak is uncertain, with the possible effects currently unknown. The Company will keep its contingency measures under review as the situation evolves.

4 Financial risk management

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 THREE MONTH PERIOD ENDED 31 MARCH 2020 (Continued)

5 Cash and cash equivalents

	Shareholders		Participants	
	RO	General RO	Family RO	Total RO
31 March 2020 (Unaudited)				
Cash at bank in current accounts	400,422	403,406	17,491	420,897
Cash at bank in call accounts	229,388	122,708	34,442	157,150
Cash balances with investment managers	1,511,418	-	-	-
Cash in hand	2,674	2,788	-	2,788
	2,143,902	280,242	51,933	332,175
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
31 March 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

6.1 There is no bank deposit denominated in foreign currencies as at 31 March 2020 (31 December 2019 – nil). Bank deposits carry profit rates in range of 3.75% to 5% per annum (31 December 2019 – 3.75% to 5% 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 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.

6.3 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

(a)

	Shareholders		Shareholders	
	Unaudited Fair value RO	Unaudited Cost RO	audited Fair value RO	audited Cost RO
Local quoted				
Service sector	507,093	535,685	535,685	657,703
Industrial sector	752,426	770,290	770,290	941,052
Financial sector	2,470	2,470	2,470	2,250
Total investments	1,261,989	1,308,445	1,308,445	1,601,005

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2020 (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 2020 RO	Audited 31 December 2019 RO
At 1 January	1,308,445	1,710,928
Purchases during the period	-	-
Disposals during the period	-	(141,240)
Realised (loss) / gain on disposal	-	31,317
Net change in fair value	(46,456)	(292,560)
At 31 March / 31 December	1,261,989	1,308,445

(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 2020 / 31 December 2019 are:

	% of Portfolio	Number of Securities	Fair value RO	Cost RO
31 March 2020 (unaudited)				
A'Saffa Foods SAOG	12	249,661	149,297	149,297
Al Maha Petroleum	11	188,800	139,712	137,446
	% of Portfolio	Number of Securities	Fair value RO	Cost RO
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 807,297 (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
31 March 2020 (Unaudited)			
Takaful receivable including due from related parties	11,875,915	827,885	12,703,800
Less: specific and portfolio provision for impairment	(795,762)	(44,745)	(840,507)
	11,080,153	783,140	11,863,293
Retakaful / reinsurance balances receivable	1,057,641	26,339	1,083,980
Less: specific and portfolio provision for impairment	(305,589)	(20,865)	(326,454)
	752,052	5,474	757,526
	11,832,205	788,614	12,620,819

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 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 31 March 2020, receivables past due above 121 days amounting to RO 4,993,158 (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 period / year end is as under:

	Participants		
	General RO	Family RO	Total RO
31 March 2020 (Unaudited)			
Neither past due nor impaired	7,122,786	504,875	7,627,661
Past due but not impaired	4,709,419	283,739	4,993,158
Past due and impaired	1,101,351	65,610	1,166,961
	<u>12,933,556</u>	<u>854,224</u>	<u>13,787,780</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
31 March 2020 (Unaudited)			
At 1 January 2020	1,071,351	65,610	1,136,961
Charge for the period	30,000	-	30,000
At 31 March 2020	<u>1,101,351</u>	<u>65,610</u>	<u>1,166,961</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 31 March 2020, 32% of the Company's takaful receivable is from 5 customers (31 December 2019- 44% from 5 customers).

(d) At 31 March 2020, 66% 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 THREE MONTH PERIOD ENDED 31 MARCH 2020 (Continued)

9 Receivable from participants and payable to shareholders

	Shareholders	
	Unaudited 31 March 2020 RO	Audited 31 December 2019 RO
At 1 January	1,524,565	1,566,915
Wakala fee income for the year	1,380,112	4,474,940
Mudarib share for the year	47,291	157,938
Amount received from policyholders	(3,300,000)	(4,656,000)
Net movement in policyholders' account	(79,432)	(19,228)
Receivable from participants	(427,464)	1,524,565
Qard hassan provided to participants' fund during the year	-	-
At 31 March / 31 December - net	(427,464)	1,524,565

(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 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 family takaful	356,754	219,889
	1,563,307	1,426,442
- From general takaful	(1,990,771)	98,123
	(427,464)	1,524,565

10 Takaful liabilities

	Unaudited 31 March 2020			Audited 31 December 2019		
	Gross RO	Retakaful / reinsurance RO	Net RO	Gross RO	Retakaful / reinsurance RO	Net RO
General takaful						
Claims incurred but not settled	38,407,614	(34,206,898)	4,200,716	32,702,271	(27,877,628)	4,824,643
Claims incurred but not reported	5,206,374	(3,760,733)	1,445,641	4,998,874	(3,760,733)	1,238,141
	43,613,988	(37,967,631)	5,646,357	37,701,145	(31,638,361)	6,062,784
Unearned contributions reserve	15,032,351	(8,467,016)	6,565,335	17,689,239	(11,261,688)	6,427,551
	58,646,339	(46,434,647)	12,211,692	55,390,384	(42,900,049)	12,490,335

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2020 (Continued)

10 Takaful liabilities (continued)

	Unaudited 31 March 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	734,960	(622,798)	112,162	744,494	(621,514)	122,980
Claims incurred but not reported	328,898	(280,656)	48,242	328,898	(280,656)	48,242
	1,063,858	(903,454)	160,404	1,073,392	(902,170)	171,222
Unearned contributions reserve	550,094	(349,290)	200,804	480,776	(296,359)	184,417
	1,613,952	(1,252,744)	361,208	1,554,168	(1,198,529)	355,639
	60,260,291	(47,687,391)	12,572,900	56,944,552	(44,098,578)	12,845,974

(a) Claims and loss adjustment expenses

	Unaudited 31 March 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	(3,008,685)	890,948	(2,117,737)	(18,324,373)	9,443,053	(8,881,320)
Increase in liabilities arising from current and prior period claims	8,921,528	(7,220,218)	1,701,310	23,810,384	(15,052,483)	8,757,901
Total at the end of the period / year	43,613,988	(37,967,631)	5,646,357	37,701,145	(31,638,361)	6,062,784
Notified claims	38,407,614	(34,206,898)	4,200,716	32,702,271	(27,877,628)	4,824,643
Incurred but not reported	5,206,374	(3,760,733)	1,445,641	4,998,874	(3,760,733)	1,238,141
Total at the end of the period / year	43,613,988	(37,967,631)	5,646,357	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	(250,462)	209,984	(40,478)	(1,217,764)	1,031,704	(186,060)
Increase in liabilities arising from current and prior period claims	240,928	(211,268)	29,660	1,342,666	(1,143,691)	198,975
Total at the end of the period / year	1,063,858	(903,454)	160,404	1,073,392	(902,170)	171,222
Notified claims	734,960	(622,798)	112,162	744,494	(621,514)	122,980
Incurred but not reported	328,898	(280,656)	48,242	328,898	(280,656)	48,242
Total at the end of the period / year	1,063,858	(903,454)	160,404	1,073,392	(902,170)	171,222

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2020 (Continued)

10 Takaful liabilities (continued)

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

	Unaudited 31 March 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	6,900,558	(3,136,549)	3,764,009	38,912,525	(24,215,621)	14,696,904
Net (release) / increase during the period / year	(9,488,128)	5,878,290	(3,609,838)	(34,013,241)	18,756,075	(15,257,166)
Total at the end of the period / year	15,582,445	(8,816,306)	6,766,139	18,170,015	(11,558,047)	6,611,968
Unearned contributions reserves	15,032,351	(8,467,016)	6,565,335	17,689,239	(11,261,688)	6,427,551
Mathematical reserves	550,094	(349,290)	200,804	480,776	(296,359)	184,417
Total at the end of the period / year	15,582,445	(8,816,306)	6,766,139	18,170,015	(11,558,047)	6,611,968

11 Deferred policy acquisition cost

	General takaful RO	Family takaful RO	Total RO
Unaudited			
At 1 January 2020	732,398	55,852	788,250
Cost incurred during the period	408,118	34,800	442,918
Amortised during the period	(385,829)	(32,769)	(418,598)
At 31 March 2020	754,687	57,883	812,570
Audited			
At 1 January 2019	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	732,398	55,852	788,250

12 Other receivables and takaful assets

	Shareholders	Participants		Total RO
	RO	General takaful RO	Family takaful RO	
Unaudited				
31 March 2020				
Rent receivable	147,581	-	-	-
Accrued profit on bank deposits	435,434	-	-	-
Advances	95,228	14,861	408,393	423,254
Prepayments	158,083	33,680	-	33,680
Others	123,796	604,171	-	604,171
	960,122	652,712	408,393	1,061,105

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2020 (Continued)

12 Other receivables and takaful assets (continued)

Audited 2019	Shareholders	Participants		
	RO	General takaful RO	Family takaful RO	Total RO
Rent receivable	447,653	-	-	-
Accrued profit on bank deposits	112,152	43,435	-	43,435
Advances	124,886	14,861	395,374	410,235
Prepayments	63,415	-	-	-
Other	15,079	570,388	-	570,388
	763,185	628,684	395,374	1,024,058

13 Investments at fair value through equity

	Shareholders			
	Unaudited 31 March 2020 Fair value RO	Unaudited 31 March 2020 Cost RO	Audited 31 December 2019 Fair value RO	Audited 31 December 2019 Cost RO
<i>Local quoted</i>				
Service sector	171,000	223,741	210,300	223,741
Industrial sector	26,404	35,554	28,305	35,554
	197,404	259,295	238,605	259,295
<i>Local unquoted</i>				
Service sector	343,569	71,428	343,569	71,428
Industrial sector	152,400	157,500	152,400	157,500
	495,969	228,928	495,969	228,928
Total Local	693,373	488,223	734,574	488,223
<i>Foreign quoted</i>				
Financial sector	150,768	233,713	230,759	233,713
Service sector	1,078,262	689,549	1,048,308	689,549
Real estate development	119,177	326,980	231,466	326,980
Food and beverages	26,594	46,346	37,692	46,346
Total Foreign	1,374,801	1,296,588	1,548,225	1,296,588
Total investments	2,068,174	1,784,811	2,282,799	1,784,811

13.1 Movement in investments at fair value through equity

	Shareholders	
	Unaudited 31 March 2020 RO	Audited 31 December 2019 RO
At the beginning of the period / year	2,282,799	2,178,384
Purchases	-	105,087
Disposal	-	(103,885)
Realised (loss) / gain on disposal	-	(40,446)
Net change in fair value	(214,625)	224,927
Impairment loss on investment	-	(81,269)
At the end of the period / year	2,068,174	2,282,799

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2020 (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 2020 / 31 December 2019 are:

	% of portfolio	Basis of valuation	Number of securities	Fair Value RO
Unaudited				
31 March 2020				
Investment from shareholders' fund				
National Takaful Company (Watania) – listed	52	Fair value	14,303,596	1,078,262
Omani Unified Bureau Orange Card SAOC	17	Fair value	71,428	343,569
Audited				
31 December 2019				
National Takaful Company (Watania) - listed	46	Fair value	14,303,596	1,048,308
Omani Unified Bureau Orange Card SAOC - unlisted	15	Fair value	71,428	343,569

13.3 *Movement in investments fair value reserve:*

	Shareholders	
	Unaudited 31 March 2020 RO	Audited 31 December 2019 RO
At 1 January	420,112	254,891
Net change in fair value of investment during the period / year	(214,625)	224,927
Impact of deferred tax	-	(59,706)
	<u>(214,625)</u>	<u>165,221</u>
At the end of the period / year	<u>205,487</u>	<u>420,112</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 79,204 (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 in June 2021, respectively.

	Shareholders	
	Unaudited 31 March 2020 RO	Audited 31 December 2019 RO
At 1 January	5,261,228	4,753,654
At the beginning of the period / year	-	508,159
Purchased during the period / year	-	-
Amortised during the period / year	(151)	(585)
At the end of the period / year	<u>5,261,077</u>	<u>5,261,228</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2020 (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 2,754,568 units (31 December 2019 – 2,754,568 units) with the carrying value of RO 5,260,659 (31 December 2019 - RO 5,260,659) 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 2020 RO	Audited 31 December 2019 RO
At 1 January	5,946,675	5,997,586
Addition	-	70,636
Loss on revaluation of investment in real estate	-	(97,586)
Impairment on investment in real estate	-	(23,961)
At the beginning and end of the period / year	<u>5,946,675</u>	<u>5,946,675</u>

As of 31 March 2020, the Company has investment in investment real estate of RO 5,946,675 (31 December 2019– RO 5,946,675) which is 20.71% 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.

16 Property and equipment

	Shareholders	
	Unaudited 31 March 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	8,930	103,620
Depreciation for the period / year	(45,288)	(186,696)
At the end of the period / year	<u>811,153</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.

During the current period, the Company has added an amount of RO 570,440 (31 December 2019 - RO 631,430) 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 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	165,014	-	165,014
Income from retakaful contracts accrued during the year	109,453	-	109,453
Amortised during the period	(109,024)	-	(109,024)
At 31 March 2020 - Unaudited	165,443	-	165,443

	General Takaful RO	Family Takaful RO	Total RO
At 1 January 2019	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 31 March 2020 Retakaful / reinsurances'			Unaudited 31 March 2019 Retakaful / reinsurances'		
	Gross RO	share RO	Net RO	Gross RO	share RO	Net RO
Claims notified and not settled	39,142,574	(34,829,696)	4,312,878	23,423,554	(18,970,237)	4,453,317
Claims incurred but not reported	5,535,272	(4,041,389)	1,493,883	4,738,186	(3,261,068)	1,477,118
Outstanding at end of the period	44,677,846	(38,871,085)	5,806,761	28,161,740	(22,231,305)	5,930,435
Takaful claims paid	3,259,147	(1,100,932)	2,158,215	8,390,810	(5,677,713)	2,713,097
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	9,162,456	(7,431,486)	1,730,970	3,388,926	(1,089,904)	2,299,022

19.1 The result from takaful operations before retakaful / reinsurance recoveries and wakala fees are analysed as follows:

	Unaudited 31 March 2020 RO	Unaudited 31 March 2019 RO
Motor	932,542	1,020,610
Fire, accidents, engineering and others	(1,497,166)	2,566,849
Marine cargo and hull	134,161	(65,930)
Medical	84,645	(125,689)
Life	237,514	(19,275)
	(108,304)	3,376,565

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2020 (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 2019 – 11.5%) and 20% (31 December 2019 – 11.5%) respectively of gross contributions. The shareholders also manage the participants fund as a mudharab and charge 55% (31 December 2019 – 55%) and 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 mudharaba share as approved by the Sharia Supervisory Committee, are 20% and 55% (31 December 2019 – 20% and 55%) respectively.

21 Investment income - net

	Unaudited 31 March 2020 RO	Unaudited 31 March 2019 RO
Investment property rental income	108,751	111,665
Profit from investment carried at amortised cost	87,423	52,844
Dividend income	113,608	205,983
Fair value loss on investments held at fair value through profit or loss	(46,456)	(127,364)
Profit on Wakala deposits	150,208	131,452
Loss on sale of investments -net	-	(40,445)
Investment management costs	(67,918)	(26,079)
	<u>345,614</u>	<u>308,056</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

As per the Company's policy for distribution of surplus in participants' fund, 50% of surplus in policyholders' fund for the year shall be transferred to takaful reserve. Takaful reserve allocation will be made on the basis advised by the Shari'a Supervisory Committee. During the period, no amount has been transferred to the takaful reserve as there is no surplus for the current year after appropriation of contingency reserve.

24 Earnings per share

	Unaudited 31 March 2020	Unaudited 31 March 2019
Profit for the period - RO	200,103	494,841
Weighted average number of shares outstanding - number	175,000,000	175,000,000
Earnings per share – basic and diluted - RO	0.001	0.003

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 2020 (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 2020 RO	Unaudited 31 March 2019 RO
Premium	<u>762,561</u>	691,235
Claims paid	<u>110,486</u>	771,265
Claims outstanding	<u>5,469,331</u>	345,796
Board sitting fees	<u>14,200</u>	14,200
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 2020 RO	Audited 31 December 2019 RO
Takaful and retakaful / reinsurance contract receivables		
Premium balances receivables from other related parties	<u>2,621,070</u>	1,596,726
Investment receivables		
Rental income receivable	-	33,626
Accrued interest on investment in Modern Sukuk Company SAOC	<u>87,423</u>	71,637
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>1,574,231</u>	1,556,014

(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 2020 RO	Unaudited 31 March 2019 RO
Short-term benefits	<u>305,700</u>	146,673
Employee end of service benefits	<u>18,580</u>	14,490
	<u>324,280</u>	161,163

26 Contingencies

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2020 (Continued)

Contingent liabilities

At 31 March 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 47,760 (31 December 2019 - RO 18,715).

Capital commitment

At 31 March 2020, the company has no capital commitment (31 December 2019 - Nil).

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.

27 Segment information (continued)

Operating segments (continued)

31 March 2020 – unaudited	General takaful RO	Family Takaful RO	Total RO
Takaful revenue (net of retakaful / reinsurance)	3,582,717	136,145	3,718,862
Takaful expenses (net of retakaful / reinsurance)	(2,087,139)	(62,429)	(2,149,568)
Segment results	1,495,578	73,716	1,569,294
Takaful income	10,922	132	11,054
Provision for impairment of receivables	(30,000)	-	(30,000)
Takaful expense	(26,363)	(61)	(26,424)
Investment income	69,227	16,758	85,985
Mudarib share	(38,074)	(9,217)	(47,291)
Wakala fees	(1,264,020)	(116,092)	(1,380,112)
Surplus / (Deficit) for the period	217,270	(34,764)	182,506
Segment assets	67,710,041	3,806,651	71,516,692
Assets allocated to shareholders			25,668,444
Total assets			97,185,136
Segment liabilities	68,849,043	4,467,371	73,316,414
Liabilities allocated to shareholders			3,186,490
Total liabilities			76,502,904

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2020 (Continued)

31 December 2019 – Audited	General takaful RO	Family Takaful RO	Total RO
Takaful revenue (net of retakaful / reinsurance)	14,922,610	630,352	15,552,962
Takaful expenses (net of retakaful / reinsurance)	(10,310,687)	(330,877)	(10,641,564)
Segment results	4,611,923	299,475	4,911,398
Takaful income	180,226	538	180,764
Provision for impairment of receivables	(110,000)	(10,000)	(120,000)
Takaful expense	(350,691)	(298)	(350,989)
Investment income – net	238,235	48,925	287,160
Mudarib share	(131,029)	(26,909)	(157,938)
Wakala fees	(4,185,699)	(289,241)	(4,474,940)
Surplus for the year	252,965	22,490	275,455
Segment assets	67,555,790	4,083,902	71,639,692
Assets allocated to shareholders			24,876,773
Total assets			96,516,465
Segment liabilities	68,912,062	4,709,858	73,621,920
Liabilities allocated to shareholders			1,330,297
Total liabilities			74,952,217

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 18,970 (31 December 2019 – RO 18,970). 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.