

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 September 2020.

The nine months of 2020 has been unique and has presented its own challenges. The Outbreak of Novel corona virus continues to impact business, causing disruptions to businesses and economic activities which have been felt across industries and geographies. The Company however, managed to maintain continuity of its profitable 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. The COVID 19 related claim liabilities have added to the difficult situation in Insurance market.

Results from Operations

The Company continues to maintain profit 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 15% growth amounting to RO 3.97mn for the third quarter of 2020 as against RO 3.45mn 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 18% to RO 1.01mn as at September 2020 as against RO 858 K in the corresponding period of 2019.

Profitability of the company

Your Company delivered a strong performance and registered a 49% increase in net profit after tax of RO 1.36mn, as compared to RO 911K for the corresponding period of 2019. In order to meet with the sound practices of Takaful and recommendations of the regulators, your Company may adjust the Wakala fee to reduce the deficit, if any in the participant's account at the yearend as in the previous years.

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 and hardening Reinsurance market. Your Company will aim to maintain its market position and is fully focused on Gross Written Contributions 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 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 30 SEPTEMBER 2020

	Note	Shareholders' fund		Participants' fund						Grand total	
		Unaudited 30 September 2020 RO	Audited 31 December 2019 RO	General takaful		Family takaful		Total participants' fund		Unaudited 30 September 2020 RO	Audited 31 December 2019 RO
				Unaudited 30 September 2020 RO	Audited 31 December 2019 RO	Unaudited 30 September 2020 RO	Audited 31 December 2019 RO	Unaudited 30 September 2020 RO	Audited 31 December 2019 RO		
ASSETS											
Cash and cash equivalents	5	1,661,901	1,340,320	4,981,645	4,450,957	155,544	181,695	5,137,189	4,632,652	6,799,090	5,972,972
Investments carried at fair value through profit or loss	7	1,201,302	1,308,445	-	-	-	-	-	-	1,201,302	1,308,445
Takaful balance receivable	8	-	-	12,210,130	12,181,562	1,001,023	965,173	13,211,153	13,146,735	13,211,153	13,146,735
Retakaful / reinsurance balance receivable	8	-	-	1,304,516	187,049	32,408	40,195	1,336,924	227,244	1,336,924	227,244
Receivable from participants' fund - family takaful		-	-	254,877	1,598,675	-	-	254,877	1,598,675	254,877	1,598,675
Receivable from participants' fund	9	2,162,610	1,524,565	-	-	-	-	-	-	2,162,610	1,524,565
Due from retakaful / reinsurance companies in connection with takaful liabilities	10	-	-	39,201,876	42,900,049	1,317,713	1,198,529	40,519,589	44,098,578	40,519,589	44,098,578
Deferred policy acquisition cost	11	-	-	882,967	732,398	49,847	55,852	932,814	788,250	932,814	788,250
Other receivables and takaful assets	12	981,225	763,185	649,758	628,684	433,746	395,374	1,083,504	1,024,058	2,064,729	1,787,243
Investments at fair value through equity	13	2,519,296	2,282,799	-	-	-	-	-	-	2,519,296	2,282,799
Bank deposits	6	6,600,000	5,526,500	4,675,000	4,876,416	425,000	1,247,084	5,100,000	6,123,500	11,700,000	11,650,000
Investments carried at amortised cost	14	5,379,746	5,261,228	-	-	-	-	-	-	5,379,746	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	748,671	847,511	-	-	-	-	-	-	748,671	847,511
Total assets		27,276,971	24,876,773	64,160,769	67,555,790	3,415,281	4,083,902	67,576,050	71,639,692	94,853,021	96,516,465

The notes on pages 8 to 23 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 SEPTEMBER 2020

	Note	Shareholders' fund		Participants' fund						Grand total	
		Unaudited 30 September 2020 RO	Audited 31 December 2019 RO	General takaful		Family takaful		Total participants' fund		Unaudited 30 September 2020 RO	Audited 31 December 2019 RO
				Unaudited 30 September 2020 RO	Audited 31 December 2019 RO	Unaudited 30 September 2020 RO	Audited 31 December 2019 RO	Unaudited 30 September 2020 RO	Audited 31 December 2019 RO		
LIABILITIES, PARTICIPANTS' FUND AND SHAREHOLDERS' EQUITY											
LIABILITIES											
Takaful liabilities	10	-	-	52,798,217	55,390,384	1,689,838	1,554,168	54,488,055	56,944,552	54,488,055	56,944,552
Unearned retakaful commission	18	-	-	174,071	165,014	-	-	174,071	165,014	174,071	165,014
Retakaful/reinsurance payables		-	-	8,204,743	9,137,624	936,713	601,309	9,141,456	9,738,933	9,141,456	9,738,933
Accounts and other payables		894,908	873,248	4,038,047	2,936,961	802,251	713,220	4,840,298	3,650,181	5,735,206	4,523,429
Charity fund payable		13,970	18,970	-	-	-	-	-	-	13,970	18,970
Payable to shareholders	9	-	-	1,629,825	1,282,079	532,785	242,486	2,162,610	1,524,565	2,162,610	1,524,565
Payable to participants' fund - general takaful		-	-	-	-	254,877	1,598,675	254,877	1,598,675	254,877	1,598,675
Employees' end of service benefits		515,645	438,079	-	-	-	-	-	-	515,645	438,079
Total liabilities		1,424,523	1,330,297	66,844,903	68,912,062	4,216,464	4,709,858	71,061,367	73,621,920	72,485,890	74,952,217
PARTICIPANTS' FUND											
Deficit in participants' fund		-	-	(6,764,588)	(5,436,726)	(982,661)	(807,434)	(7,747,249)	(6,244,160)	(7,747,249)	(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		-	-	(2,684,134)	(1,356,272)	(801,183)	(625,956)	(3,485,317)	(1,982,228)	(3,485,317)	(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		1,286,966	1,000,576	-	-	-	-	-	-	1,286,966	1,000,576
Investment fair value reserve		912,185	420,112	-	-	-	-	-	-	912,185	420,112
Property fair value reserve		130,976	130,976	-	-	-	-	-	-	130,976	130,976
Retained earnings		4,642,170	3,114,661	-	-	-	-	-	-	4,642,170	3,114,661
Total shareholders' equity		25,852,448	23,546,476	-	-	-	-	-	-	25,852,448	23,546,476
Total liabilities, participants' fund and shareholders' equity		27,276,971	24,876,773	64,160,769	67,555,790	3,415,281	4,083,902	67,576,050	71,639,692	94,853,021	96,516,465
Net assets per share attributable to shareholders		0.148	0.135	-	-	-	-	-	-	-	-

Director

Director

The notes on pages 8 to 23 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 NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020

	Note	General takaful		Family takaful		Total	
		Unaudited 30 September 2020 RO	Unaudited 30 September 2019 RO	Unaudited 30 September 2020 RO	Unaudited 30 September 2019 RO	Unaudited 30 September 2020 RO	Unaudited 30 September 2019 RO
Takaful revenue							
Gross contributions		26,170,621	27,649,089	1,776,603	1,752,870	27,947,224	29,401,959
Retakaful/reinsurance share		(14,960,130)	(16,035,465)	(1,349,302)	(1,297,102)	(16,309,432)	(17,332,567)
Retained contributions		11,210,491	11,613,624	427,301	455,768	11,637,792	12,069,392
Movement in unearned contributions reserve		(964,580)	(523,287)	13,247	3,910	(951,333)	(519,377)
Net earned contributions		10,245,911	11,090,337	440,548	459,678	10,686,459	11,550,015
Income earned from retakaful contracts		305,008	205,173	-	-	305,008	205,173
		10,550,919	11,295,510	440,548	459,678	10,991,467	11,755,188
Takaful expenses							
Gross claims settled	10	(14,105,002)	(14,373,819)	(733,092)	(746,092)	(14,838,094)	(15,119,911)
Claims recovered from retakaful/reinsurance	10	8,924,540	7,726,346	626,390	617,846	9,550,930	8,344,192
Net claims settled		(5,180,462)	(6,647,473)	(106,702)	(128,246)	(5,287,164)	(6,775,719)
Net movement in outstanding claims		(141,426)	(77,411)	(29,732)	(56,276)	(171,158)	(133,687)
Net claims incurred	19	(5,321,888)	(6,724,884)	(136,434)	(184,522)	(5,458,322)	(6,909,406)
Commission expense		(1,217,398)	(1,179,820)	(99,990)	(94,797)	(1,317,388)	(1,274,617)
		(6,539,286)	(7,904,704)	(236,424)	(279,319)	(6,775,710)	(8,184,023)
Surplus from takaful operations before wakala/mudarib fees and other income/expenses		4,011,633	3,390,806	204,124	180,359	4,215,757	3,571,165
Takaful income		79,970	145,621	321	381	80,291	146,002
Provision for impairment of receivables		(127,500)	(80,000)	-	(10,000)	(127,500)	(90,000)
Takaful expense		(149,724)	(178,177)	(44,017)	(831)	(193,741)	(179,008)
Surplus from takaful operations		3,814,379	3,278,250	160,428	169,909	3,974,807	3,448,159
Investment income – net		204,186	172,890	43,701	30,442	247,887	203,332
Mudarib share	20	(112,303)	(95,090)	(24,035)	(16,743)	(136,338)	(111,833)
Wakala fees	20	(5,234,124)	(5,529,818)	(355,321)	(350,574)	(5,589,445)	(5,880,392)
Deficit from takaful operations		(1,327,862)	(2,173,768)	(175,227)	(166,966)	(1,503,089)	(2,340,734)

The notes on pages 8 to 23 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 NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020

	Note	Shareholders' fund	
		Unaudited 30 September 2020 RO	Unaudited 30 September 2019 RO
Wakala fees	20	5,589,445	5,880,392
Investment income – net	21	762,155	654,539
Mudarib share	20	136,338	111,833
		6,487,938	6,646,764
General and administrative expenses		(3,411,609)	(3,234,333)
Other income		70	92
		(3,411,539)	(3,234,241)
Profit before tax		3,076,399	3,412,523
Taxation		(212,500)	(160,826)
Profit for the period		2,863,899	3,251,697
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Net change in fair value of investments at fair value through equity		747,649	-
Impairment loss on investment reclassified to profit or loss		(255,576)	117,118
Total comprehensive income for the period		3,355,972	3,368,815
Earnings per share attributable to shareholder - basic and diluted	24	0.016	0.019

AL MADINA INSURANCE COMPANY SAOG

UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020

	Share capital RO	Share premium RO	Legal reserve RO	Investment fair value reserve RO	Property fair value reserve RO	Retained earnings RO	Total RO
At 1 January 2020	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	-	-	-	-	-	2,863,899	2,863,899
Other comprehensive income:							
Net change in fair value of investment at fair value through equity	-	-	-	747,649	-	-	747,649
Impairment loss on investment reclassified to profit or loss	-	-	-	(255,576)	-	-	(255,576)
Total other comprehensive income	-	-	-	492,073	-	2,863,899	3,355,972
Transaction with owners:							
Transfer to legal reserve	-	-	286,390	-	-	(286,390)	-
Dividend paid	-	-	-	-	-	(1,050,000)	(1,050,000)
	-	-	286,390	-	-	(1,336,390)	(1,050,000)
At 30 September 2020	17,500,000	1,380,151	1,286,966	912,185	130,976	4,642,170	25,852,448
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	-	-	-	-	-	3,251,697	3,251,697
Other comprehensive income:							
Net change in fair value of investment at fair value through equity	-	-	-	117,118	-	-	117,118
Total other comprehensive income	-	-	-	117,118	-	-	117,118
Transaction with owners:							
Transfer to legal reserve	-	-	325,169	-	-	(325,169)	-
Dividend paid	-	-	-	-	-	(875,000)	(875,000)
	-	-	325,169	-	-	(1,200,169)	(875,000)
At 30 September 2019 (unaudited)	17,500,000	1,380,151	1,234,413	372,009	213,924	5,219,198	25,919,695

The notes on pages 8 to 23 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 NINE MONTH PERIOD ENDED 30 SEPTEMBER 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	(1,327,862)	(175,227)	-	-	(1,503,089)
At 30 September 2020 (unaudited)	(6,764,588)	(982,661)	4,080,454	181,478	(3,485,317)
At 1 January 2019 (audited)	(5,083,412)	(804,773)	3,474,175	156,327	(2,257,683)
Deficit for the period	(2,173,768)	(166,966)	-	-	(2,340,734)
Transfer to contingency reserve	(611,056)	(17,529)	611,056	17,529	-
At 30 September 2019 (unaudited)	(7,868,236)	(989,268)	4,085,231	173,856	(4,598,417)

AL MADINA INSURANCE COMPANY SAOG
UNAUDITED CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020

	Note	Unaudited 30 September 2020 RO	Unaudited 30 September 2019 RO
Operating activities			
Profit before tax for the period		3,076,399	3,412,523
Deficit from takaful operations		(1,503,089)	(2,340,734)
Adjustments for:			
Depreciation	16	125,954	137,925
Dividend income	21	(359,867)	(214,836)
Income from bank deposit	21	(499,986)	(396,075)
Profit from investments carried out at amortised cost	21	(267,614)	(245,316)
Amortisation of investments carried at amortised cost	14	461	435
End of service benefits charge for the period		77,566	67,527
Rental income on investment in real estate	21	(304,381)	(338,620)
Unrealised gains on investments at fair value through profit or loss	21	53,309	219,983
Realised loss on investments carried at fair value through profit or loss	21	2,265	-
Provision for bad and doubtful debt		127,500	90,000
Impairment loss on investments at fair value through equity	21	255,576	-
Realised loss on redemption of investments at fair value through equity	21	-	40,445
Operating cash flows before payment of end of service benefits		784,093	433,257
End of service benefits paid		-	(59,407)
Operating cash flows before working capital changes		784,093	373,850
Working capital changes:			
Takaful and retakaful/reinsurance balance receivables		(1,301,598)	(4,680,013)
Retakaful / reinsurance share of outstanding claims and unearned contribution reserve		3,578,989	(2,259,278)
Other receivables, prepayments and other assets		(277,486)	134,866
Deferred policy acquisition cost		(144,564)	(29,785)
Outstanding claims and unearned premium reserve		(2,456,497)	2,912,344
Accounts and other payables		1,206,777	769,233
Due to retakaful / reinsurance		(597,477)	2,570,472
Unearned retakaful/reinsurance commission		9,057	110,300
Net cash generated/ (used in) operating activities		801,294	(98,011)
Cash flows from Investing activities			
Purchase of property and equipment	16	(27,114)	(49,246)
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)	1,055,000
Rent on investment in real estate received		99,945	446,245
Profit on bank deposits received		759,536	372,940
Dividends received	21	359,867	214,836
Net cash from investing activities		1,074,824	2,143,709
Cash flow from Financing activity			
Dividends paid		(1,050,000)	(875,000)
Net increase in cash and cash equivalents		826,118	1,170,698
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 period	5	6,799,090	4,366,340

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 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 Shari’a 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 nine months period ended 30 September 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 condensed financial information has been presented in condensed form in accordance with the guidance provided by International Accounting Standard 34 – ‘Interim Financial Reporting’.

(b) This unaudited condensed interim financial information do not contain all information and disclosures required for full financial statements prepared in accordance with FAS issued by AAOIFI and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 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 nine month period ended 30 September 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. 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. 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 some 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 NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)**

5 Cash and cash equivalents

	Shareholders	Participants		
	RO	General RO	Family RO	Total RO
30 September 2020 (Unaudited)				
Cash at bank in current accounts	110,621	3,179,234	155,544	3,334,778
Cash at bank in call accounts	866,791	1,800,644	-	1,800,644
Cash balances with investment managers	681,546	-	-	-
Cash in hand	2,943	1,767	-	1,767
	1,661,901	4,981,645	155,544	5,137,189
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 September 2020 (Unaudited)				
Bank deposits with maturity of less than three months	1,000,000	-	-	-
Bank deposits with maturity of more than three months	5,600,000	4,675,000	425,000	5,100,000
	6,600,000	4,675,000	425,000	5,100,000
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 11,650,000 (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		Audited	
	30 September 2020		31 December 2019	
	Fair value	Cost	Fair value	Cost
	RO	RO	RO	RO
<i>Local quoted</i>				
Service sector	441,691	484,085	535,685	657,703
Industrial sector	757,121	768,055	770,290	941,052
Financial sector	2,490	2,470	2,470	2,250
Total investments	1,201,302	1,254,610	1,308,445	1,601,005

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 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 September 2020 RO	Audited 31 December 2019 RO
At 1 January	1,308,445	1,710,928
Purchases during the period / year	-	-
Disposals during the period / year	(51,569)	(141,240)
Realised (loss) / gain on disposal	(2,265)	31,317
Net change in fair value	(53,309)	(292,560)
At 30 September / 31 December	1,201,302	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 September 2019 / 31 December 2019 are:

	% of Portfolio	Number of securities	Fair value RO	Cost RO
30 September 2020 (unaudited)				
A'Saffa Foods SAOG	<u>12</u>	<u>249,661</u>	<u>149,297</u>	<u>149,297</u>
Salalah Mills Company SAOG	<u>12</u>	<u>256,556</u>	<u>145,211</u>	<u>128,278</u>

	% of Portfolio	Number of securities	Fair value RO	Cost RO
31 December 2019 (audited)				
A'Saffa Foods SAOG	<u>11</u>	<u>249,661</u>	<u>149,297</u>	<u>149,297</u>

(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 789,606 (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 September 2020 (Unaudited)			
Takaful receivable including due from related parties	13,103,392	1,045,768	14,149,160
Less: specific and portfolio provision for impairment	(893,262)	(44,745)	(938,007)
	<u>12,210,130</u>	<u>1,001,023</u>	<u>13,211,153</u>
Retakaful / reinsurance balances receivable	1,610,105	53,273	1,663,378
Less: specific and portfolio provision for impairment	(305,589)	(20,865)	(326,454)
	<u>1,304,516</u>	<u>32,408</u>	<u>1,336,924</u>
	<u>13,514,646</u>	<u>1,033,431</u>	<u>14,548,077</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 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 September 2020, receivables past due above 121 days amounting to RO 7,122,143 (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 September 2020 (Unaudited)			
Neither past due nor impaired	6,847,889	593,045	7,440,934
Past due but not impaired	6,666,757	440,386	7,107,143
Past due and impaired	1,198,851	65,610	1,264,461
	<u>14,713,497</u>	<u>1,099,041</u>	<u>15,812,538</u>
31 December 2019 (Audited)			
Neither past due nor impaired	6,290,843	878,639	7,169,482
Past due but not impaired	3,259,298	310,985	3,570,283
Past due and impaired	961,351	55,610	1,016,961
Total	<u>10,511,492</u>	<u>1,245,234</u>	<u>11,756,726</u>

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

	Participants		
	General RO	Family RO	Total RO
30 September 2020 (Unaudited)			
At 1 January 2020	1,071,351	65,610	1,136,961
Charge for the period	127,500	-	127,500
At 30 September 2020	1,198,851	65,610	1,264,461
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 September 2020, 35% of the Company's takaful receivable is from 5 customers (31 December 2019- 44% from 5 customers).

(d) At 30 September 2020, 65% of the Company's due from retakaful / reinsurance companies are from 5 retakaful / reinsurance companies (31 December 2019 - 72% from 5 retakaful / reinsurance companies).

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FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)**

9 Receivable from participants and payable to shareholders

	Shareholders	
	Unaudited 30 September 2020 RO	Audited 31 December 2019 RO
At 1 January	1,524,565	1,566,915
Wakala fee income for the year (note 20)	5,589,445	4,474,940
Mudarib share for the year (note 20)	136,338	157,938
Amount received from policyholders	(4,959,288)	(4,656,000)
Net movement in policyholders' account	(128,450)	(19,228)
At 30 September / 31 December	2,162,610	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 30 September 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	445,869	98,123
- From family takaful	510,188	219,889
	956,057	318,012
	2,162,610	1,524,565

10 Takaful liabilities

	Unaudited 30 September 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	30,452,931	(26,455,232)	3,997,699	32,702,271	(27,877,628)	4,824,643
Claims incurred but not reported	5,817,244	(3,610,733)	2,206,511	4,998,874	(3,760,733)	1,238,141
	36,270,175	(30,065,965)	6,204,210	37,701,145	(31,638,361)	6,062,784
Unearned contributions reserve	16,528,042	(9,135,911)	7,392,131	17,689,239	(11,261,688)	6,427,551
	52,798,217	(39,201,876)	13,596,341	55,390,384	(42,900,049)	12,490,335

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

10 Takaful liabilities (continued)

	Unaudited 30 September 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	697,834	(590,438)	107,396	744,494	(621,514)	122,980
Claims incurred but not reported	509,420	(415,861)	93,559	328,898	(280,656)	48,242
	1,207,254	(1,006,299)	200,955	1,073,392	(902,170)	171,222
Unearned contributions reserve	482,584	(311,414)	171,170	480,776	(296,359)	184,417
	1,689,838	(1,317,713)	372,125	1,554,168	(1,198,529)	355,639
	54,488,055	(40,519,589)	13,968,466	56,944,552	(44,098,578)	12,845,974

(a) Claims and loss adjustment expenses

	Unaudited 30 September 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	(14,105,002)	8,924,540	(5,180,462)	(18,324,373)	9,443,053	(8,881,320)
Increase in liabilities arising from current and prior period claims	12,674,032	(7,352,144)	5,321,888	23,810,384	(15,052,483)	8,757,901
Total at the end of the period / year	36,270,175	(30,065,965)	6,204,210	37,701,145	(31,638,361)	6,062,784
Notified claims	30,452,931	(26,455,232)	3,997,699	32,702,271	(27,877,628)	4,824,643
Incurred but not reported	5,817,244	(3,610,733)	2,206,511	4,998,874	(3,760,733)	1,238,141
Total at the end of the period / year	36,270,175	(30,065,965)	6,204,210	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	(733,092)	626,390	(106,702)	(1,217,764)	1,031,704	(186,060)
Increase in liabilities arising from current and prior period claims	866,954	(730,520)	136,434	1,342,666	(1,143,691)	198,975
Total at the end of the period / year	1,207,254	(1,006,300)	200,954	1,073,392	(902,170)	171,222
Notified claims	697,834	(590,439)	107,395	744,494	(621,514)	122,980
Incurred but not reported	509,420	(415,861)	93,559	328,898	(280,656)	48,242
Total at the end of the period / year	1,207,254	(1,006,300)	200,954	1,073,392	(902,170)	171,222

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FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)**

10 Takaful liabilities (continued)

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

	Unaudited 30 September 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	27,947,224	(16,309,432)	11,637,792	38,912,525	(24,215,621)	14,696,904
Net release during the period / year	(29,106,613)	18,420,154	(10,686,459)	(34,013,241)	18,756,075	(15,257,166)
Total at the end of the period / year	17,010,626	(9,447,325)	7,563,301	18,170,015	(11,558,047)	6,611,968
Unearned contributions reserves	16,528,042	(9,135,911)	7,392,131	17,689,239	(11,261,688)	6,427,551
Mathematical reserves	482,584	(311,414)	171,170	480,776	(296,359)	184,417
Total at the end of the period / year	17,010,626	(9,447,325)	7,563,301	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	1,367,967	93,985	1,461,952
Amortised during the period	(1,217,398)	(99,990)	(1,317,388)
At 30 September 2020 (Unaudited)	882,967	49,847	932,814
	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

Unaudited 30 September 2020	Shareholders	Participants		Total RO
	RO	General takaful RO	Family takaful RO	
Rent receivable	267,851	-	-	-
Accrued profit on bank deposits	542,832	70,732	23,351	94,083
Advances	79,644	14,861	410,395	425,256
Prepayments	62,425	33,680	-	33,680
Others	28,473	530,485	-	530,485
	981,225	649,758	433,746	1,083,504

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FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)

12 Other receivables and takaful assets (continued)

Audited 31 December 2019	Shareholders	Participants		Total RO
	RO	General takaful RO	Family takaful RO	
Accrued profit on bank deposits and Sukuk	447,653	-	-	-
Rent receivable	63,415	-	-	-
Prepayments	112,152	43,435	-	43,435
Advances	124,886	14,861	395,374	410,235
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 September 2020 Fair value RO	Unaudited 30 September 2020 Cost RO	Audited 31 December 2019 Fair value RO	Audited 31 December 2019 Cost RO
<i>Local quoted</i>				
Service sector	170,250	242,653	210,300	223,741
Industrial sector	34,642	35,554	28,305	35,554
	<u>204,892</u>	<u>278,207</u>	<u>238,605</u>	<u>259,295</u>
<i>Local unquoted</i>				
Service sector	343,569	71,428	343,569	71,428
Industrial sector	152,400	157,500	152,400	157,500
	<u>495,969</u>	<u>228,928</u>	<u>495,969</u>	<u>228,928</u>
Total local	700,861	507,135	734,574	488,223
<i>Foreign quoted</i>				
Financial sector	180,914	233,713	230,759	233,713
Service sector	1,467,641	689,549	1,048,308	689,549
Real estate development	133,759	133,759	231,466	326,980
Food and beverages	36,121	46,346	37,692	46,346
	<u>1,818,435</u>	<u>1,103,367</u>	<u>1,548,225</u>	<u>1,296,588</u>
Total foreign	1,818,435	1,103,367	1,548,225	1,296,588
Total investments	2,519,296	1,610,502	2,282,799	1,784,811

(a) Movement in investments at fair value through equity

	Shareholders	
	Unaudited 30 September 2020 RO	Audited 31 December 2019 RO
At the beginning of the period / year	2,282,799	2,178,384
Purchases	-	105,087
Disposals	-	(103,885)
Realised loss on disposal	-	(40,446)
Net change in fair value	492,073	224,927
Impairment loss on investment	(255,576)	(81,269)
At the end of the period / year	<u>2,519,296</u>	<u>2,282,799</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
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13 Investments at fair value through equity (continued)

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

	% of portfolio	Basis of valuation	Number of securities	Fair Value RO
Unaudited 30 September 2020				
Investment from shareholders' fund				
National Takaful Company (Watania) – listed	<u>58</u>	Fair value	<u>14,303,596</u>	<u>1,467,641</u>
Omani Unified Bureau Orange Card SAOC	<u>14</u>	Fair value	<u>71,428</u>	<u>343,569</u>
Audited 31 December 2019				
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- unlisted	<u>15</u>	Fair value	<u>71,428</u>	<u>343,569</u>

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

	Shareholders	
	Unaudited 30 September 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	492,073	224,927
Impact of deferred tax	-	(59,706)
	<u>492,073</u>	<u>165,221</u>
At the end of the period / year	<u>912,185</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 88,492 (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 September 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	(461)	(585)
At the end of the period / year	<u>5,379,746</u>	<u>5,261,228</u>

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14 Investments carried at amortised cost (continued)

(a) Restrictions on transfer of assets

In accordance with the law governing the operation of insurance companies within the Sultanate of Oman, the Company identified 2,896,068 units (31 December 2019 – 2,754,568 units) with the carrying value of RO 5,371,068 (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 30 September 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 31 December	<u>5,946,675</u>	<u>5,946,675</u>

As of 30 September 2020, the Company has investment in investment real estate of RO 5,946,675 (31 December 2019 – RO 5,946,675) which is 17.7% 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 September 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	27,114	103,620
Depreciation for the period / year	<u>(125,954)</u>	<u>(186,696)</u>
At the end of the period / year	<u>748,671</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 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 Sept 2019 - RO 628,585). This amount has been charged to the participants' fund in the previous period.

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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 period	314,065	-	314,065
Amortised during the period	(305,008)	-	(305,008)
At 30 September 2020 - Unaudited	174,071	-	174,071
	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 September 2020 Retakaful / Reinsurances			Unaudited 30 September 2019 Retakaful / reinsurances		
	Gross RO	' share RO	Net RO	Gross RO	' share RO	Net RO
Claims notified and not settled	31,150,765	(27,045,670)	4,105,095	25,884,074	(21,142,113)	4,741,961
Claims incurred but not reported	6,326,664	(4,026,594)	2,300,070	5,019,795	(3,283,559)	1,736,236
Outstanding at end of the period	37,477,429	(31,072,264)	6,405,165	30,903,869	(24,425,672)	6,478,197
Add: Takaful claims paid during the period	14,838,094	(9,550,931)	5,287,163	15,119,911	(8,344,192)	6,775,719
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	13,540,986	(8,082,664)	5,458,322	12,860,156	(5,950,750)	6,909,406

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

19 Net claims incurred (continued)

(a) *Takaful / insurance revenue analysis*

	Unaudited 30 September 2020		Unaudited 30 September 2019	
	Net contributions RO	Contributions revenue before retakaful / reinsurance RO	Net contributions RO	Contributions revenue before retakaful / Reinsurance RO
Motor	2,143,659	2,500,702	2,391,601	(263,062)
Fire, accidents, engineering and others	1,215,954	9,890,030	7,235,446	(5,957,061)
Marine cargo and hull	75,096	267,353	(97,306)	42,872
Medical	507,171	712,541	(43,288)	49,098
Life	160,428	764,156	575,622	(395,763)
	4,102,308	14,134,782	10,062,075	(6,523,916)

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%) 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 Shari'a Supervisory Committee are 20% and 55% (31 December 2019 – 11.5% and 55%) respectively.

21 Investment income - net

	Unaudited 30 September 2020 RO	Unaudited 30 September 2019 RO
Investment property rental income	304,381	338,620
Dividend income	359,867	214,836
Profit on wakala deposits	252,099	192,743
Profit from investment carried at amortised cost	267,614	244,881
Realised loss on sale of investments	(2,265)	(40,445)
Fair value loss on investments carried at fair value through profit or loss	(53,309)	(219,983)
Investment management costs	(110,656)	(76,113)
Impairment on investments at fair value through equity	(255,576)	-
	762,155	654,539

22 Shari'a Supervisory Committee

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

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

23 Takaful reserve

Shari'a 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 September 2020	Unaudited 30 September 2019
Profit for the period – RO	<u>2,863,899</u>	<u>3,251,697</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>0.016</u>	<u>0.019</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.

25 Related parties

Related parties represent associated companies, major shareholders, directors, Shari'a 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 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 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 September 2020 RO	Unaudited 30 September 2019 RO
Premium	<u>2,217,282</u>	<u>3,464,170</u>
Retakaful/reinsurance contribution ceded	<u>51,436</u>	<u>47,755</u>
Claims	<u>5,838,379</u>	<u>1,589,128</u>
Commission paid	<u>229,912</u>	<u>251,305</u>
Board sitting fees	<u>44,800</u>	<u>40,200</u>
Shari'a committee fee	<u>2,750</u>	<u>17,750</u>
Dividend paid to shareholders	<u>1,050,000</u>	<u>875,000</u>

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

25 Related parties (continued)

(b) Balances with related parties

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

	Unaudited 30 September 2020 RO	Audited 31 December 2019 RO
Takaful and retakaful / reinsurance contract receivables		
Contribution balances receivables from other related parties	3,347,912	2,795,183
Investment receivables		
Rental income receivable	-	33,626
Accrued income on investment in Modern Sukuk Company SAOC	40,547	53,479
Accrued income on investment in Mohammed Al Barwani Sukuk Issue SAOC	32,225	31,525
Investment in Modern Sukuk Company SAOC	2,501,121	2,501,719
Investment in Mohammed Al Barwani Sukuk Issue SAOC	1,500,000	1,500,000
Investments at fair value through equity	1,963,603	1,511,087

(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 30 September 2020 RO	Unaudited 30 September 2019 RO
Short-term benefits	538,980	480,501
Employee end of service benefits	28,568	22,906
	567,548	503,407

26 Contingencies

Contingent liabilities

At 30 September 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 52,950 (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 at least a quarterly basis.

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

27 Segment information (continued)

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.

30 September 2020 – unaudited	General Takaful RO	Family takaful RO	Total RO
Takaful revenue (net of retakaful / reinsurance)	10,550,919	440,548	10,991,467
Takaful expenses (net of retakaful / reinsurance)	(6,539,286)	(236,424)	(6,775,710)
Segment results	4,011,633	204,124	4,215,757
Takaful income	79,970	321	80,291
Provision for impairment of receivables	(127,500)	-	(127,500)
Takaful expense	(149,724)	(44,017)	(193,741)
Investment income	204,186	43,701	247,887
Mudarib share	(112,303)	(24,035)	(136,338)
Wakala fees	(5,234,124)	(355,321)	(5,589,445)
Deficit for the period	(1,327,862)	(175,227)	(1,503,089)
Segment assets	64,160,769	3,415,281	67,576,050
Assets allocated to shareholders			27,276,971
Total assets			94,853,021
Segment liabilities	66,844,903	4,216,464	71,061,367
Liabilities allocated to shareholders			1,424,523
Total liabilities			72,485,890

30 September 2019 – Unaudited	General Takaful RO	Family takaful RO	Total RO
Takaful revenue (net of retakaful / reinsurance)	11,295,510	459,678	11,755,188
Takaful expenses (net of retakaful / reinsurance)	(7,904,704)	(279,319)	(8,184,023)
Segment results	3,390,806	180,359	3,571,165
Takaful income	145,621	381	146,002
Provision for impairment of receivables	(80,000)	(10,000)	(90,000)
Takaful expense	(178,177)	(831)	(179,008)
Investment income	172,890	30,442	203,332
Mudarib share	(95,090)	(16,743)	(111,833)
Wakala fees	(5,529,818)	(350,574)	(5,880,392)
Deficit for the period	(2,173,768)	(166,966)	(2,340,734)
Segment assets	57,094,079	4,083,366	61,177,445
Assets allocated to shareholders			27,247,325
Total assets			88,424,770
Segment liabilities	60,877,084	4,898,778	65,775,862
Liabilities allocated to shareholders			1,327,630
Total liabilities			67,103,492

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)****27 Segment information (continued)****Operating segments (continued)**

The activities of the Company are restricted to carrying out takaful, on the principles of Shari'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 Shari'a

Earnings retained during the previous year from transactions which are not permitted under Shari'a are recorded as charity fund payable amounted to RO 13,970 (31 December 2019 – RO 18,970).