



المدينة تكافل
Al Madina Takaful

Dear Shareholders,

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

On behalf of the Board of Directors and the Management team of Al Madina Insurance Co (“Al Madina” or “the Company”), it gives me immense pleasure to present to you the financial results achieved by the Company for the period ending on 30th June 2022.

As the economy recovers post pandemic, Al Madina continues to maintain similar Gross Written Contributions (GWC) as compared to the corresponding period last year.

The Company continues to maintain a well-balanced portfolio across all lines of business and ensures superior customer experience through its professional expertise, efficient claims servicing and implementation of best international practices, in the industry.

Operating Environment

The economic environment continues to be challenging, as businesses are gradually returning to pre-pandemic operating levels, the markets are witnessing an increase in claims reporting as compared to the prior, corresponding period.

The Country’s geographical landscape has its own challenges in view of the frequent occurrence of natural catastrophic events which have led to an increase in reinsurance pricing, reduced commissions, and limitations on coverage. The insurers operating margins are expected to shrink to maintain current portfolio and reinsurance programs. However, during these tough circumstances your Company has achieved, gross written contribution of RO 17.77 million as of June 2022 as compared to RO 17.79 million during the same period of 2021.

Results from Operations

The Company continues on its path of stable growth while strengthening the adequacy and sufficiency of its reserves. The Company reported a 6% growth in Net Earned Contributions amounting to RO 7.38 million in the six months ending 30 June 2022 as compared

to RO 6.96 million in the corresponding period of 2021. However, incurred claims have also increased by 22% for the same period as compared to six months ending 30 June 2021, due to the easing of COVID related restrictions this year. This has resulted in lower net operating surplus compared to the same period of last year.

The Company took corrective measures to control the increase in Claims, the result of which is expected to be visible by the end of the year. Furthermore, an actuarial validation of reserves was performed, and the reserves were found to be adequate.

Investment Income

The Company continues to manage its investment portfolio well, while ensuring that all the investments are diversified and are constantly monitored for Shariah' Compliance. The investment environment remained challenging due to the growing concerns regarding, inflation and a possibility of global recession. As a result, the investment income remained under pressure and volatility was witnessed in the equity markets. The Company reported a 25% reduction in investment income and registered an income of RO 758K for six months period ended 30 June 2022 as compared to RO 1,013K in the corresponding period.

Al Madina prudently manages all its investments and will continue to explore growth opportunities within the Islamic Finance space for optimizing its Investment Income in line with the Company's risk appetite.

Profitability of the Company

Due to the increase noted within incurred claims and the dip in investment income, the Company registered an overall profit after tax of RO 707K for six months period ending 30 June 2022, as compared to RO 1,196K for the corresponding period.

Risk Management

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

Company's Outlook & Vision

Improved oil prices along with the diversified revenue generating plans by the Government, will boost the economic condition of the Sultanate of Oman which forecasts a positive outlook to the insurance industry.

Market credit issue and cash flow will continue to be a challenging concern to most Industries. However, your Company has taken adequate measures to manage the credit issues and ensure smooth cashflow.

We expect to maintain our market position with continual growth in GWC. Additionally, mandatory health insurance is expected to be launched soon and this is forecasted to thrust health insurance in Oman. Our focus will be on, further increasing the bottom line and we expect to show sustainable growth and profitability in 2022.

The Company continues to maintain its steady track record of always having supported national objectives, such as in-job creation and Omanization.

Al Madina will continue to 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 2022 through disciplined underwriting, process efficiency, expense management and focused sales planning.

The Company continues to invest in IT upgrades, process automations and digitization of insurance processes, which is expected to provide the necessary platform for positive engagement with customers and simultaneous growth in the provision of superior customer service.

Acknowledgements

On behalf of the Board, we extend our gratitude and 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 extend our gratitude and appreciation to His Majesty Haitham bin Tariq Al Said for his inspiring visionary leadership for laying the path, that will help achieve, the aspirations of every citizen of this blessed Country towards progress and prosperity.
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 JUNE 2022

	Note	Shareholders' fund		Participants' fund						Grand total	
		Unaudited 30 June 2022 RO	Audited 31 December 2021 RO	General takaful		Family takaful		Total participants' fund		Unaudited 30 June 2022 RO	Audited 31 December 2021 RO
				Unaudited 30 June 2022 RO	Audited 31 December 2021 RO	Unaudited 30 June 2022 RO	Audited 31 December 2021 RO	Unaudited 30 June 2022 RO	Audited 31 December 2021 RO		
ASSETS											
Cash and bank balances	5	2,413,989	1,883,878	3,540,604	4,769,100	187,960	613,196	3,728,564	5,382,296	6,142,553	7,266,174
Investments carried at fair value through profit or loss	7	1,130,340	1,252,303	-	-	-	-	-	-	1,130,340	1,252,303
Takaful balance receivable	8	-	-	12,761,167	15,208,309	1,278,165	1,058,288	14,039,332	16,266,597	14,039,332	16,266,597
Retakaful / reinsurance balance receivable	8	-	-	389,275	222,890	346,487	649,132	735,762	872,022	735,762	872,022
Receivable from participants' fund – family takaful		-	-	560,088	1,563,545	-	-	560,088	1,563,545	560,088	1,563,545
Receivable from participants' fund	9	2,609,159	2,666,587	-	-	-	-	-	-	2,609,159	2,666,587
Due from retakaful / reinsurance companies in connection with takaful liabilities	10	-	-	51,699,510	60,664,527	1,840,353	1,647,732	53,539,863	62,312,259	53,539,863	62,312,259
Deferred policy acquisition cost	11	805,819	776,080	3,955	13,711	157	724	4,112	14,435	809,931	790,515
Other receivables and takaful assets	12	826,235	587,373	1,294,607	1,182,090	583,104	501,227	1,877,711	1,683,317	2,703,946	2,270,690
Investments at fair value through equity	13	2,119,829	2,266,624	-	-	-	-	-	-	2,119,829	2,266,624
Bank deposits	6	3,350,000	3,350,000	8,025,000	8,025,000	1,075,000	1,075,000	9,100,000	9,100,000	12,450,000	12,450,000
Investments carried at amortised cost	14	4,850,518	6,229,113	-	-	100,000	100,000	100,000	100,000	4,950,518	6,329,113
Deferred tax asset		201,925	201,925	-	-	-	-	-	-	201,925	201,925
Investment in real estate	15	5,170,000	5,170,000	-	-	-	-	-	-	5,170,000	5,170,000
Property and equipment	16	657,007	686,092	-	-	-	-	-	-	657,007	686,092
Total assets		24,134,821	25,069,975	78,274,206	91,649,172	5,411,226	5,645,299	83,685,432	97,294,471	107,820,253	122,364,446

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 AS AT 30 JUNE 2022 (CONTINUED)

	Note	Shareholders' fund		Participants' fund						Grand total	
		(Unaudited) 30 June 2022 RO	(Audited) 31 December 2021 RO	General takaful		Family takaful		Total participants' fund		(Unaudited) 30 June 2022 RO	(Audited) 31 December 2021 RO
				(Unaudited) 30 June 2022 RO	(Audited) 31 December 2021 RO	(Unaudited) 30 June 2022 RO	(Audited) 31 December 2021 RO	(Unaudited) 30 June 2022 RO	(Audited) 31 December 2021 RO		
LIABILITIES, PARTICIPANTS' FUND AND SHAREHOLDERS' EQUITY											
LIABILITIES											
Takaful liabilities	10	-	-	63,813,233	73,349,399	2,294,911	2,023,619	66,108,144	75,373,018	66,108,144	75,373,018
Unearned retakaful commission	18	-	-	174,470	162,408	-	-	174,470	162,408	174,470	162,408
Retakaful/reinsurance payables		-	-	9,310,497	12,674,381	284,599	140,950	9,595,096	12,815,331	9,595,096	12,815,331
Accounts and other payables		1,600,876	1,762,731	3,937,367	4,213,971	1,137,092	969,009	5,074,459	5,182,980	6,675,335	6,945,711
Charity fund payable		6,327	6,327	-	-	-	-	-	-	6,327	6,327
Payable to shareholders	9	-	-	865,665	1,259,707	1,743,494	1,406,880	2,609,159	2,666,587	2,609,159	2,666,587
Payable to participants' fund – general takaful		-	-	-	-	560,088	1,563,545	560,088	1,563,545	560,088	1,563,545
Employees' end of service benefits		595,581	572,083	-	-	-	-	-	-	595,581	572,083
Total liabilities		2,202,784	2,341,141	78,101,232	91,659,866	6,020,184	6,104,003	84,121,416	97,763,869	86,324,200	100,105,010
PARTICIPANTS' FUND											
Surplus / (deficit) in participants' fund – net		-	-	172,974	(10,694)	(608,958)	(458,704)	(435,984)	(469,398)	(435,984)	(469,398)
Total participants' fund		-	-	172,974	(10,694)	(608,958)	(458,704)	(435,984)	(469,398)	(435,984)	(469,398)
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		1,234,883	1,167,573	-	-	-	-	-	-	1,234,883	1,167,573
Investment fair value reserve		706,060	863,465	-	-	-	-	-	-	706,060	863,465
Retained earnings		1,110,943	1,817,645	-	-	-	-	-	-	1,110,943	1,817,645
Total shareholders' equity		21,932,037	22,728,834	-	-	-	-	-	-	21,932,037	22,728,834
Total liabilities, participants' fund and shareholders' equity		24,134,821	25,069,975	78,274,206	91,649,172	5,411,226	5,645,299	83,685,432	97,294,471	107,820,253	122,364,446

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 SIX-MONTH PERIOD ENDED 30 JUNE 2022

	<i>Note</i>	General takaful		Family takaful		Total	
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		30 June 2022 RO	30 June 2021 RO	30 June 2022 RO	30 June 2021 RO	30 June 2022 RO	30 June 2021 RO
Takaful revenue							
Gross contributions		16,147,631	16,366,295	1,624,544	1,427,299	17,772,175	17,793,594
Retakaful/reinsurance share		(8,948,562)	(9,328,725)	(1,226,598)	(1,117,489)	(10,175,160)	(10,446,214)
Retained contributions		7,199,069	7,037,570	397,946	309,810	7,597,015	7,347,380
Movement in unearned contributions reserve		(136,575)	(365,756)	(80,817)	(20,703)	(217,392)	(386,459)
Net earned contributions		7,062,494	6,671,814	317,129	289,107	7,379,623	6,960,921
Income earned from retakaful contracts	18	216,066	209,385	-	-	216,066	209,385
		7,278,560	6,881,199	317,129	289,107	7,595,689	7,170,306
Takaful expenses							
Gross claims settled	10(a)	(9,465,033)	(7,165,577)	(1,014,491)	(879,048)	(10,479,524)	(8,044,625)
Claims recovered from retakaful/reinsurance	10(a)	4,830,281	4,001,662	856,333	751,744	5,686,614	4,753,406
Net claims settled		(4,634,752)	(3,163,915)	(158,158)	(127,304)	(4,792,910)	(3,291,219)
Net movement in outstanding claims		707,724	(18,944)	2,146	(25,278)	709,870	(44,222)
Net claims incurred	19	(3,927,028)	(3,182,859)	(156,012)	(152,582)	(4,083,040)	(3,335,441)
Commission expense		(9,756)	(586,808)	(567)	(38,349)	(10,323)	(625,157)
		(3,936,784)	(3,769,667)	(156,579)	(190,931)	(4,093,363)	(3,960,598)
Surplus from Takaful operations		3,341,776	3,111,532	160,550	98,176	3,502,326	3,209,708
Takaful income / (expense) – net		28,259	(24,785)	103	80	28,362	(24,705)
Provision for impairment of receivable		(60,000)	(90,000)	-	-	(60,000)	(90,000)
Surplus from takaful operations before investment income, mudarib share and wakala fees		3,310,035	2,996,747	160,653	98,256	3,470,688	3,095,003
Investment income – net	21	229,242	167,896	31,114	16,013	260,356	183,909
Mudarib share	20	(126,083)	(92,343)	(17,112)	(8,807)	(143,195)	(101,150)
Wakala fees	20	(3,229,526)	(3,273,259)	(324,909)	(285,460)	(3,554,435)	(3,558,719)
Surplus / (Deficit) from takaful operations		183,668	(200,959)	(150,254)	(179,998)	33,414	(380,957)

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 SIX-MONTH PERIOD ENDED 30 JUNE 2022

	<i>Note</i>	Shareholders' fund	
		(Unaudited) 30 June 2022 RO	(Unaudited) 30 June 2021 RO
Wakala fees	20	3,554,435	3,558,719
Investment income – net	21	497,904	829,422
Mudarib share	20	143,195	101,150
		4,195,534	4,489,291
General and administrative expenses		(2,533,257)	(2,480,557)
Commission expense		(889,282)	(307,385)
Other income		113	195
		(3,422,426)	(2,787,747)
Profit before tax		773,108	1,701,544
Taxation		(100,000)	(125,000)
Profit for the period		673,108	1,576,544
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		(157,405)	(120,315)
Total comprehensive income for the period		515,703	1,456,229
Earnings per share - basic and diluted	24	0.004	0.009

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AL MADINA INSURANCE COMPANY SAOG

UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

	Share Capital RO	Share premium RO	Legal Reserve RO	Fair value reserve RO	Retained earnings RO	Total RO
At 1 January 2022 (Audited)	17,500,000	1,380,151	1,167,573	863,465	1,817,645	22,728,834
Comprehensive income:						
Profit for the period	-	-	-	-	673,108	673,108
Other comprehensive income – change in fair value of investments at fair value through equity	-	-	-	(157,405)	-	(157,405)
	-	-	-	(157,405)	673,108	515,703
Transaction with owners:						
Dividend declared during the period	-	-	-	-	(1,312,500)	(1,312,500)
Transfer to legal reserve	-	-	67,310	-	(67,310)	-
	-	-	67,310	-	(1,379,810)	(1,312,500)
At 30 June 2022 (Unaudited)	17,500,000	1,380,151	1,234,883	706,060	1,110,943	21,932,037

	Share capital RO	Share premium RO	Legal Reserve RO	Fair value reserve RO	Retained earnings RO	Total RO
At 1 January 2021 (Audited)	17,500,000	1,380,151	1,072,093	741,124	2,708,315	23,401,683
Comprehensive income:						
Profit for the period	-	-	-	-	1,576,544	1,576,544
Other comprehensive income – change in fair value of investments at fair value through equity	-	-	-	(120,315)	-	(120,315)
	-	-	-	(120,315)	1,576,544	1,456,229
Transaction with owners:						
Dividend declared during the period	-	-	-	-	(1,750,000)	(1,750,000)
Transfer to legal reserve	-	-	157,654	-	(157,654)	-
	-	-	157,654	-	(1,907,654)	(1,750,000)
At 30 June 2021 (Unaudited)	17,500,000	1,380,151	1,229,747	620,809	2,377,205	23,107,912

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AL MADINA INSURANCE COMPANY SAOG

UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN PARTICIPANTS' FUND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

	Deficit in participants' fund		
	General takaful RO	Family takaful RO	Total RO
At 1 January 2022 (Audited)	(10,694)	(458,704)	(469,398)
Surplus / (deficit) for the period	183,668	(150,254)	33,414
At 30 June 2022 (Unaudited)	172,974	(608,958)	(435,984)
At 1 January 2021 (Audited)	(288,215)	(619,229)	(907,444)
Deficit for the period	(200,959)	(179,998)	(380,957)
At 30 June 2021 (Unaudited)	(489,174)	(799,227)	(1,288,401)

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 CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

	<i>Note</i>	(Unaudited) 30 June 2022 RO	(Unaudited) 30 June 2021 RO
Operating activities			
Profit before tax for the period		773,108	1,701,544
Deficit from takaful operations		33,414	(380,957)
Adjustments for:			
Depreciation	16	69,002	57,668
hDividend income	21	(83,737)	(200,292)
Income from bank deposit	21	(345,830)	(338,077)
Profit on the Mudarbah investment	21	(20,959)	-
Profit from investments carried out at amortised cost	21	(221,456)	(189,690)
End of service benefits charge for the period		83,684	55,062
Rental income on investment in real estate	21	(150,898)	(170,091)
Unrealised gain on investments at fair value through profit or loss	21	34,881	(185,913)
Provision for doubtful debt		60,000	90,000
Realised gain on investments carried at fair value through profit or loss	21	(12,284)	(18,994)
		<u>218,925</u>	420,260
Tax paid		(274,506)	(354,585)
Payment of end of service benefits		(60,186)	(17,497)
Operating cash flows before working capital changes		<u>(115,767)</u>	48,178
Working capital changes:			
Takaful and retakaful/reinsurance balance receivables		2,303,525	(2,113,156)
Retakaful / reinsurance share of outstanding claims and unearned contribution reserve		8,772,396	4,581,277
Other receivables, prepayments and other assets		(96,194)	(104,735)
Deferred policy acquisition cost		(19,416)	(208,470)
Outstanding claims and unearned premium reserve		(9,264,874)	(4,150,596)
Accounts and other payables		(95,455)	1,542,554
Due to retakaful / reinsurance		(3,220,235)	248,760
Unearned retakaful/reinsurance commission		12,062	36,475
Net cash used in operating activities		<u>(1,723,958)</u>	(119,713)
Investing activities			
Purchase of property and equipment	16	(39,917)	(46,422)
Purchase of investments carried at fair value through equity	13.1	(10,610)	-
Purchase of investments fair value through profit or loss	7(b)	(10,600)	-
Proceeds from disposal of investments at fair value through profit or loss	7(b)	109,966	63,408
Proceeds from disposal of investments at fair value through equity	13	-	70,405
Proceeds from disposal of carried at amortised cost		1,378,180	
Movement in bank deposits		-	4,000,000
Rent on investment in real estate received		34,992	47,629
Profit on bank deposits received		367,089	739,945
Dividends received		83,737	200,292
Net cash generated from investing activities		<u>1,912,837</u>	5,075,257
Cash flows from financing activity			
Dividends paid		(1,312,500)	(1,750,000)
Net change in cash and cash equivalents		<u>(1,123,621)</u>	3,205,544
Cash and cash equivalents at the beginning of the period	5	7,266,174	7,260,386
Cash and cash equivalents at the end of the period	5	<u>6,142,553</u>	10,465,930

The notes on pages 8 to 23 form an integral part of this unaudited condensed interim financial information.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022****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’ah rules and 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.

The Company has 9 branches in the Sultanate of Oman (31 December 2021: 9).

2 Summary of significant accounting policies

(a) This unaudited condensed interim financial information for the six month period ended 30 June 2022 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 2021.

(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 2021. In addition, results for the six month period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the year ending 31 December 2022.

(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.

(f) During the period, the Company applied the following standards and amendments to standards in preparation of these unaudited condensed interim financial information. The adoption of the below standards and amendments to standards did not result in changes to previously reported net profit or equity of the Company, however, may result in additional disclosures at year end.

(i) FAS 38 Wa’ad, Khiyar and Tahawwut (effective 1 January 2022)

AAOIFI has issued FAS 38 “Wa’ad, Khiyar and Tahawwut” in 2020. The objective of this standard is to prescribe the accounting and reporting principles for recognition, measurement and disclosure in relation to Shari’ah compliant Wa’ad (promise), Khiyar (option) and Tahawwut (hedging) arrangements for Islamic financial institutions. Wa’ad and Khiyar are used by institutions in various forms. Some are ancillary to other transactions, whereas a few are used as primary products. This standard intends to provide accounting principles for both of these, as well as the Tahawwut transactions which are normally based on Wa’ad or Khiyar, or a series or combination thereof.

The Company's management has assessed the impact of the above standard on the Company's financial statements and based on preliminary assessment there is no significant change in respect of recognition, measurement and disclosure in relation to Shari’ah compliant Wa’ad (promise), Khiyar (option) and Tahawwut (hedging) arrangements for Islamic financial institutions.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022 (Continued)**

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 2021.

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 2021. There have been no changes in the risk management policies since year end.

5 Cash and cash equivalents

	Shareholders RO	Participants		
		General RO	Family RO	Total RO
30 June 2022 (Unaudited)				
Cash at bank in current accounts	42,180	236,004	30,216	266,220
Cash at bank in call accounts	1,757,051	3,303,887	157,744	3,461,631
Cash balances with investment managers	610,462	-	-	-
Cash in hand	4,296	713	-	713
	2,413,989	3,540,604	187,960	3,728,564
31 December 2021 (Audited)				
Cash at bank in current accounts	319,036	1,505,475	58,402	1,563,877
Cash at bank in call accounts	893,841	3,262,807	554,794	3,817,601
Cash balances with investment managers	667,210	-	-	-
Cash in hand	3,791	818	-	818
	1,883,878	4,769,100	613,196	5,382,296

6 Bank deposits

	Shareholders RO	Participants		
		General RO	Family RO	Total RO
30 June 2022 (Unaudited)				
Bank deposits with maturity of less than three months	-	1,500,000	-	1,500,000
Bank deposits with maturity of more than three months	3,350,000	6,525,000	1,075,000	7,600,000
31 December 2021 (Audited)				
Bank deposits with maturity of more than three months	3,350,000	8,025,000	1,075,000	9,100,000

6.1 Bank deposits carry profit rates in range of 4.75% to 5.1% per annum (31 December 2021 – 4.75% to 5.1% 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 4,250,000 (31 December 2021 - RO 4,250,000) to the CMA. The Company can only transfer these assets with the prior approval of the CMA.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022 (Continued)**

6 Bank deposits (continued)

6.3 The Company has kept a deposit of RO 50,000 (31 December 2021 - 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 – (Unaudited)		Shareholders – (Audited)	
	30 June 2022		31 December 2021	
	Fair value RO	Cost RO	Fair value RO	Cost RO
<i>Local quoted</i>				
Service sector	221,366	234,297	318,880	310,470
Industrial sector	905,474	927,371	927,370	678,315
Financial sector	3,500	3,553	6,053	6,008
Total investments	1,130,340	1,165,221	1,252,303	994,793

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

	Shareholders	
	(Unaudited)	(Audited)
	30 June 2021 RO	31 December 2021 RO
At 1 January	1,252,303	1,212,211
Purchases	10,600	44,576
Disposals	(109,966)	(283,717)
Realised gain on disposal	12,284	21,722
Net change in fair value	(34,881)	257,511
At 30 June / 31 December	1,130,340	1,252,303

(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 30 June 2022 / 31 December 2021 are:

	% of Portfolio	Number of Securities	Fair value RO	Cost RO
30 June 2022 (Unaudited)				
Al Maha Ceramic Company SAOG	27	587,443	301,946	262,000
Salalah Mill Company SAOG	23	256,556	254,504	282,212
Oman Refreshment Company SAOG	12	76,978	134,712	134,712
	% of Portfolio	Number of Securities	Fair value RO	Cost RO
31 December 2021 (Audited)				
Salalah Mill Company SAOG	22	256,556	282,212	141,106
Al Maha Ceramic Company SAOG	21	587,443	262,000	129,237
Oman Refreshment Company SAOG	11	76,978	134,712	81,597

(d) **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 Nil (31 December 2021 – RO 2,500) to the CMA. The Company can only transfer these assets with the prior approval of the CMA.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022 (Continued)**

8 Takaful and retakaful / reinsurance balance receivable

	Participants		
	General RO	Family RO	Total RO
30 June 2022 (Unaudited)			
Takaful receivable including due from related parties	14,275,620	1,342,910	15,618,530
Less: specific and portfolio provision for impairment	(1,514,453)	(64,745)	(1,579,198)
	<u>12,761,167</u>	<u>1,278,165</u>	<u>14,039,332</u>
Retakaful / reinsurance balances receivable	694,864	367,352	1,062,216
Less: specific and portfolio provision for impairment	(305,589)	(20,865)	(326,454)
	<u>389,275</u>	<u>346,487</u>	<u>735,762</u>
	<u>13,150,442</u>	<u>1,624,652</u>	<u>14,775,094</u>

	Participants		
	General RO	Family RO	Total RO
31 December 2021 (Audited)			
Takaful receivable including due from related parties	16,662,762	1,123,033	17,785,795
Less: specific and portfolio provision for impairment	(1,454,453)	(64,745)	(1,519,198)
	<u>15,208,309</u>	<u>1,058,288</u>	<u>16,266,597</u>
Retakaful / reinsurance balances receivable	528,479	669,997	1,198,476
Less: specific and portfolio provision for impairment	(305,589)	(20,865)	(326,454)
	<u>222,890</u>	<u>649,132</u>	<u>872,022</u>
	<u>15,431,199</u>	<u>1,707,420</u>	<u>17,138,619</u>

Normal credit period allowed to takaful debtors and retakaful / reinsurance companies is 120 days after which amounts are considered as past due. As at 30 June 2022, receivables past due above 121 days amounting to RO 7,144,414 (31 December 2021 RO 6,220,742) 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
30 June 2022 (Unaudited)			
Neither past due nor impaired	6,993,853	636,827	7,630,680
Past due but not impaired	6,156,589	987,825	7,144,414
Past due and impaired	1,820,042	85,610	1,905,652
	<u>14,970,484</u>	<u>1,710,262</u>	<u>16,680,746</u>
31 December 2021 (Audited)			
Neither past due nor impaired	9,758,945	1,158,932	10,917,877
Past due but not impaired	5,672,254	548,488	6,220,742
Past due and impaired	1,760,042	85,610	1,845,652
	<u>17,191,241</u>	<u>1,793,030</u>	<u>18,984,271</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022 (Continued)**

8 Takaful and retakaful / reinsurance balance receivable (continued)

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

	Participants		
	General RO	Family RO	Total RO
30 June 2022 (Unaudited)			
At 1 January 2022	1,760,042	85,610	1,845,652
Charge for the period	60,000	-	60,000
At 30 June 2022	1,820,042	85,610	1,905,652
31 December 2021 (Audited)			
At 1 January 2021	1,311,351	75,610	1,386,961
Charge for the year	448,691	10,000	458,691
At 31 December 2021	1,760,042	85,610	1,845,652

(c) At 30 June 2022, 16% of the Company's takaful receivable is from 5 customers (31 December 2021 - 41% from 5 customers).

(d) At 30 June 2022, 69% of the Company's due from retakaful / reinsurance companies are from 5 retakaful / reinsurance companies (31 December 2021 - 70% from 5 retakaful / reinsurance companies).

9 Receivable from participants and payable to shareholders

	Shareholders	
	(Unaudited) 30 June 2022 RO	(Audited) 31 December 2021 RO
At 1 January	2,666,587	1,637,332
Wakala fee income for the period / year	3,554,435	8,824,814
Mudarib share for the period / year	143,195	205,953
Amount received from policyholders	(3,710,000)	(7,750,000)
Net movement in policyholders' account	(45,058)	(251,512)
At 30 June / 31 December – net	2,609,159	2,666,587

(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 June 2022 RO	Audited 31 December 2021 RO
On account of qard hassan		
- From general takaful	483,956	483,956
- From family takaful	722,597	722,597
	1,206,553	1,206,553
On account of wakala fees, mudarib share and inter-fund balances		
- From general takaful	381,709	775,751
- From family takaful	1,020,897	684,283
	1,402,606	1,460,034
	2,609,159	2,666,587

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022 (Continued)**

10 Takaful liabilities

	30 June 2022 – (Unaudited)			31 December 2021 – (Audited)		
	Gross RO	Retakaful / reinsurance	Net	Gross RO	Retakaful / reinsurance	Net
		RO	RO		RO	RO
General takaful						
Claims incurred but not settled	43,277,445	(39,009,870)	4,267,575	47,769,540	(42,894,241)	4,875,299
Claims incurred but not reported	5,669,474	(4,589,154)	1,080,320	5,769,474	(4,589,154)	1,180,320
	48,946,919	(43,599,024)	5,347,895	53,539,014	(47,483,395)	6,055,619
Unearned contributions reserve	14,866,314	(8,100,486)	6,765,828	19,810,385	(13,181,132)	6,629,253
	63,813,233	(51,699,510)	12,113,723	73,349,399	(60,664,527)	12,684,872
Family takaful						
Claims incurred but not settled	1,011,652	(876,465)	135,187	962,721	(825,388)	137,333
Claims incurred but not reported	509,051	(439,351)	69,700	509,051	(439,351)	69,700
	1,520,703	(1,315,816)	204,887	1,471,772	(1,264,739)	207,033
Unearned contributions reserve	774,208	(524,537)	249,671	551,847	(382,993)	168,854
	2,294,911	(1,840,353)	454,558	2,023,619	(1,647,732)	375,887
	66,108,144	(53,539,863)	12,568,281	75,373,018	(62,312,259)	13,060,759

(a) Claims and loss adjustment expenses

	30 June 2022 – (Unaudited)			31 December 2021 – (Audited)		
	Gross RO	Retakaful / reinsurance	Net	Gross RO	Retakaful / reinsurance	Net
		RO	RO		RO	RO
General takaful						
Notified claims	47,769,540	(42,894,241)	4,875,299	33,185,634	(28,669,955)	4,515,679
Incurred but not reported	5,769,474	(4,589,154)	1,180,320	5,827,961	(4,441,263)	1,386,698
Total at the beginning of the period / year	53,539,014	(47,483,395)	6,055,619	39,013,595	(33,111,218)	5,902,377
Cash paid for claims settled during the period / year	(9,465,033)	4,830,281	(4,634,752)	(14,103,250)	7,280,848	(6,822,402)
Increase in liabilities arising from current and prior period claims	4,872,938	(945,910)	3,927,028	28,628,669	(21,653,025)	6,975,644
Total at the end of the period / year	48,946,919	(43,599,024)	5,347,895	53,539,014	(47,483,395)	6,055,619
Notified claims	43,277,445	(39,009,870)	4,267,575	47,769,540	(42,894,241)	4,875,299
Incurred but not reported	5,669,474	(4,589,154)	1,080,320	5,769,474	(4,589,154)	1,180,320
Total at the end of the period / year	48,946,919	(43,599,024)	5,347,895	53,539,014	(47,483,395)	6,055,619

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022 (Continued)**

10 Takaful liabilities (continued)

(a) Claims and loss adjustment expenses (continued)

	30 June 2022 – (Unaudited)			31 December 2021 – (Audited)		
	Gross	Retakaful / reinsurance	Net	Gross	Retakaful / reinsurance	Net
	RO	RO	RO	RO	RO	RO
Family takaful						
Notified claims	962,721	(825,388)	137,333	948,609	(815,407)	133,202
Incurred but not reported	509,051	(439,351)	69,700	302,083	(254,557)	47,526
Total at the beginning of the period / year	1,471,772	(1,264,739)	207,033	1,250,692	(1,069,964)	180,728
Cash paid for claims settled during the period / year	(1,014,491)	856,333	(158,158)	(3,160,991)	2,744,110	(416,881)
Increase in liabilities arising from current and prior period claims	1,063,422	(907,410)	156,012	3,382,071	(2,938,885)	443,186
Total at the end of the period / year	1,520,703	(1,315,816)	204,887	1,471,772	(1,264,739)	207,033
Notified claims	1,011,652	(876,465)	135,187	962,721	(825,388)	137,333
Incurred but not reported	509,051	(439,351)	69,700	509,051	(439,351)	69,700
Total at the end of the period / year	1,520,703	(1,315,816)	204,887	1,471,772	(1,264,739)	207,033

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

	30 June 2022 – (Unaudited)			31 December 2021 – (Audited)		
	Gross	Retakaful / reinsurance	Net	Gross	Retakaful / reinsurance	Net
	RO	RO	RO	RO	RO	RO
Unearned contributions reserves	19,810,385	(13,181,132)	6,629,253	16,337,747	(10,220,911)	6,116,836
Mathematical reserves	551,847	(382,993)	168,854	551,373	(364,055)	187,318
Total at the beginning of the period / year	20,362,232	(13,564,125)	6,798,107	16,889,120	(10,584,966)	6,304,154
Gross contributions during the period / year	17,772,175	(10,175,160)	7,597,015	44,124,069	(29,289,097)	14,834,972
Net release during the period / year	(22,493,885)	15,114,262	(7,379,623)	(40,650,957)	26,309,938	(14,341,019)
Total at the end of the period / year	15,640,522	(8,625,023)	7,015,499	20,362,232	(13,564,125)	6,798,107
Unearned contributions reserves	14,866,314	(8,100,486)	6,765,828	19,810,385	(13,181,132)	6,629,253
Mathematical reserves	774,208	(524,537)	249,671	551,847	(382,993)	168,854
Total at the end of the period / year	15,640,522	(8,625,023)	7,015,499	20,362,232	(13,564,125)	6,798,107

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022 (Continued)**

11 Deferred policy acquisition cost

	Shareholder RO	General takaful RO	Family takaful RO	Total RO
(Unaudited)				
At 1 January 2022	776,080	13,711	724	14,435
Cost incurred during the period	919,021	-	-	-
Amortised during the period	(889,282)	(9,756)	(567)	(10,323)
At 30 June 2022	805,819	3,955	157	4,112

	Shareholder RO	General takaful RO	Family takaful RO	Total RO
(Audited)				
At 1 January 2021	7,875	762,721	53,358	816,079
Cost incurred during the year	1,877,430	-	-	-
Amortised during the year	(1,109,225)	(749,010)	(52,634)	(801,644)
At 31 December 2021	776,080	13,711	724	14,435

12 Other receivables and takaful assets

	Shareholders	Participants		
	RO	General takaful RO	Family takaful RO	Total RO
30 June 2022 – (Unaudited)				
Rent receivable	128,077	-	-	-
Accrued profit on bank deposits and Sukuks	370,568	424,611	65,111	489,722
Advances	105,934	14,861	517,993	532,854
Prepayments	82,322	-	-	-
Others	139,334	855,135	-	855,135
	826,235	1,294,607	583,104	1,877,711

	Shareholders	Participants		
	RO	General takaful RO	Family takaful RO	Total RO
31 December 2021 – (Audited)				
Rent receivable	12,171	-	-	-
Accrued profit on bank deposits and Sukuks	341,481	254,732	42,921	297,653
Advances	102,990	14,861	458,306	473,167
Prepayments	51,253	-	-	-
Other	79,478	912,497	-	912,497
	587,373	1,182,090	501,227	1,683,317

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022 (Continued)**

13 Investments at fair value through equity

	Shareholders			
	30 June 2022 – (Unaudited)		31 December 2021 – (Audited)	
	Fair value	Cost	Fair value	Cost
	RO	RO	RO	RO
<i>Local quoted</i>				
Service sector	97,800	117,600	114,000	117,600
Industrial sector	14,460	6,330	15,525	6,330
	112,260	123,930	129,525	123,930
<i>Local unquoted</i>				
Service sector	240,355	71,428	221,355	71,428
Real estate development	129,600	129,600	129,750	129,450
	369,955	201,028	351,105	200,878
Total Local	482,215	324,958	480,630	324,808
<i>Foreign quoted</i>				
Financial sector	241,685	207,698	225,740	207,698
Service sector	1,352,398	710,690	1,518,362	710,690
Real estate development	34,735	19,231	41,892	19,231
Industrial sector	8,796	10,610	-	-
Total Foreign	1,637,614	948,229	1,785,994	937,619
Total investments	2,119,829	1,273,187	2,266,624	1,262,427

13.1 Movement in investments at fair value through equity

	Shareholders	
	(Unaudited)	(Audited)
	30 June 2022 RO	31 December 2021 RO
At the beginning of the period / year	2,266,624	2,225,974
Purchases	10,610	21,142
Disposals	-	(70,405)
Realised gain	-	15,404
Net change in fair value	(157,405)	141,333
Impairment loss on investment	-	(66,824)
At the end of the period / year	2,119,829	2,266,624

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022 (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 30 June 2022 / 31 December 2021 are:

	% of portfolio	Basis of valuation	Number of securities	Fair Value RO
30 June 2022 – (Unaudited)				
Investment from shareholders' fund				
National Takaful Company (Watania) – listed	63	Fair value	14,303,596	1,332,852
31 December 2021 – (Audited)				
National Takaful Company (Watania) - listed	66	Fair value	14,303,596	1,497,587

13.3 *Movement in investments fair value reserve:*

	Shareholders	
	(Unaudited) 30 June 2022 RO	(Audited) 31 December 2021 RO
At 1 January	863,465	741,124
Net change in fair value of investment during the period / year	(157,405)	141,333
Impact of deferred tax	-	(18,992)
	(157,405)	122,341
At the end of the period / year	706,060	863,465

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

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, respectively.

	Shareholders		Participants – Family Takaful	
	(Unaudited) 30 June 2022 RO	(Audited) 31 December 2021 RO	(Unaudited) 30 June 2022 RO	(Audited) 31 December 2021 RO
At 1 January	6,229,113	6,229,587	100,000	-
Purchased during the period / year	-	100,182	-	-
Disposal during the period / year	(1,378,180)	-	-	-
Transfer from shareholders to participants	-	(100,000)	-	100,000
Amortised during the period / year	(415)	(656)	-	-
At the end of the period / year	4,850,518	6,229,113	100,000	100,000

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 1,615,000 units (31 December 2021 – 2,986,068 units) with the carrying value of RO 4,050,336 (31 December 2021 - RO 5,429,098) to the Capital Market Authority. The Company can only transfer these assets with the prior approval of the CMA.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022 (Continued)**

15 Investment in real estate

Movement of carrying amounts of investment in real estate:

	Shareholders	
	(Unaudited)	(Audited)
	30 June	31 December
	2022	2021
	RO	RO
At 1 January	5,170,000	5,468,830
Impairment on investment in real estate	-	(298,830)
At the beginning and end of the period / year	5,170,000	5,170,000

As of 30 June 2022, the Company has investment in investment real estate of RO 5,170,000 (31 December 2021 – RO 5,170,000) which is 16.17% of overall investments of the Company. As per the Regulation, investments in real estate should not exceed 20% of the total investments of the insurer.

15.1 Restrictions on transfer of assets

In accordance with the law governing the operation of insurance companies within the Sultanate of Oman, the Company has pledged Investment properties amounting to RO 5,170,000 (31 December 2021 – RO 5,170,000) to the Capital Market Authority. The Company can only transfer these assets with the prior approval of the CMA.

16 Property and equipment

	Shareholders	
	(Unaudited)	(Audited)
	30 June	31 December
	2022	2021
	RO	RO
Net book value		
At beginning of the period / year	686,092	729,144
Additions during the period / year	39,917	74,542
Depreciation for the period / year	(69,002)	(117,594)
At the end of the period / year	657,007	686,092

17 Contingency reserve

The Company has implemented the new takaful regulation and the Company has not created any contingency reserve during the period.

18 Unearned retakaful commission

Movement in unearned retakaful commission is shown below:

	Participants		
	General	Family	Total
	Takaful	takaful	RO
	RO	RO	RO
At 1 January 2022	162,408	-	162,408
Income from retakaful contracts accrued during the period	228,128	-	228,128
Amortised during the period	(216,066)	-	(216,066)
At 30 June 2022 – (Unaudited)	174,470	-	174,470
	General	Family	Total
	Takaful	Takaful	RO
	RO	RO	RO
At 1 January 2021	160,625	-	160,625
Income from retakaful contracts accrued during the year	449,137	-	449,137
Amortised during the year	(447,354)	-	(447,354)
At 31 December 2021 – (Audited)	162,408	-	162,408

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022 (Continued)**

19 Net claims incurred

	30 June 2022 – (Unaudited)			30 June 2021 – (Unaudited)		
	Retakaful / reinsurances'			Retakaful / reinsurances'		
	Gross RO	share RO	Net RO	Gross RO	share RO	Net RO
Claims notified and not settled	44,289,097	(39,886,335)	4,402,762	31,220,331	(26,689,228)	4,531,103
Claims incurred but not reported	6,178,525	(5,028,505)	1,150,020	6,292,044	(4,695,820)	1,596,224
Outstanding at end of the period	50,467,622	(44,914,840)	5,552,782	37,512,375	(31,385,048)	6,127,327
Takaful claims paid	10,479,524	(5,686,614)	4,792,910	8,044,625	(4,753,406)	3,291,219
Claims notified and not settled	48,732,261	(43,719,629)	5,012,632	34,134,243	(29,485,362)	4,648,881
Claims incurred but not reported	6,278,525	(5,028,505)	1,250,020	6,130,044	(4,695,820)	1,434,224
Outstanding at beginning of the period	55,010,786	(48,748,134)	6,262,652	40,264,287	(34,181,182)	6,083,105
Claims incurred	5,936,360	(1,853,320)	4,083,040	5,292,713	(1,957,272)	3,335,441

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

	(Unaudited) 30 June 2022 RO	(Unaudited) 30 June 2021 RO
Motor	1,635,339	1,469,787
Fire, accidents, engineering and others	13,975,854	10,958,790
Marine cargo and hull	237,456	187,252
Medical	388,619	464,570
Life	338,297	169,308
	16,575,565	13,249,707

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

20 Wakala fees and mudarib share

The shareholders manage the general and family takaful operations for the participants and has charged 20% (2021 - 20%) of gross contributions as wakala fees, as approved by the Board of Directors. The shareholders also manage the participants' fund as a mudarib and charge 55% (2021 - 55%) of the general takaful and family takaful investment income earned by the participants' investment funds. The maximum chargeable wakala fees and mudarib share for the period as approved by the Shari'ah Supervisory Committee are 20% and 55% (2021 - 20% and 55%) respectively.

21 Investment income - net

	(Unaudited) 30 June 2022 RO	(Unaudited) 30 June 2021 RO
Investment property rental income	150,898	170,091
Profit on the Mudarbah investment	20,959	-
Profit from investment carried at amortised cost	221,456	189,690
Dividend income	83,737	200,292
Fair value gain on investments held at fair value through profit or loss	(34,881)	185,913
Profit on Wakala deposits	345,830	338,077
Gain on sale of investments held at fair value through profit or loss – net	12,284	18,994
Investment management costs	(42,023)	(89,726)
	758,260	1,013,331

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022 (Continued)**

22 Shari'ah Supervisory Committee

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

23 Distribution of surplus in policyholders' fund

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 contingency reserve. Takaful reserve allocation will be made on the basis advised by the Shari'ah Supervisory Committee.

24 Earnings per share

	(Unaudited) 30 June 2022	(Unaudited) 30 June 2021
Shareholder's profit for the period - RO	<u>673,108</u>	1,576,544
Weighted average number of shares outstanding - number	<u>175,000,000</u>	175,000,000
Earnings per share – basic and diluted - RO	<u>0.004</u>	0.009

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

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 comprehensive income are as follows:

	(Unaudited) 30 June 2022 RO	(Unaudited) 30 June 2021 RO
Gross contributions	<u>1,854,526</u>	2,851,450
Gross claims settled	<u>316,259</u>	1,343,444
Gross outstanding claims	<u>289,815</u>	2,100,109
Directors' sitting fee and remuneration	<u>134,000</u>	31,600
Shari'ah Supervisory Committee sitting fee and remuneration	<u>20,500</u>	7,000
Dividend paid to shareholders'	<u>1,312,500</u>	1,750,000

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022 (Continued)**

25 Related parties (continued)

(b) Balances with related parties

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

	(Unaudited) 30 June 2022 RO	(Audited) 31 December 2021 RO
Contribution balances receivables from related parties	2,805,839	3,126,552
Investment in Tilal Sukuk SAOC	2,500,336	2,500,597
Investment in Mohammed Al Barwani Sukuk	1,500,000	1,500,000
Investments at fair value through equity	1,702,807	1,848,692
Investment at fair value through profit or loss	254,504	340,663
Cash with investment manager – Al Madina Investment	520,959	525,000

(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 June 2022 RO	(Unaudited) 30 June 2021 RO
Short-term benefits	449,877	437,598
Employee end of service benefits	36,228	17,957
	486,105	455,555

26 Contingencies

Contingent liabilities

At 30 June 2022, 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 28,100 (31 December 2021 - RO 67,109).

Capital commitment

At 30 June 2022, the Company has no capital commitment (31 December 2021 - 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:

- (a) *Fire, energy, medical, engineering, liability, and general accident.*
- (b) *Motor, marine and aviation*
- (c) *Family takaful*

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022 (Continued)

27 Segment information (continued)

Operating segments (continued)

30 June 2022

	Fire, energy, medical, engineering, liability and general accident	Motor, marine and aviation	Total General Takaful	Family Takaful
				RO
Gross contributions	11,546,854	4,600,777	16,147,631	1,624,544
Retakaful/reinsurance share	(7,863,780)	(1,084,782)	(8,948,562)	(1,226,598)
Retained contributions	3,683,074	3,515,995	7,199,069	397,946
Unearned contributions adjustment – net	86,667	(223,242)	(136,575)	(80,817)
Net earned contributions	3,769,741	3,292,753	7,062,494	317,129
Fee and Commission income	211,552	56,703	268,255	386
Segment Revenue	3,981,293	3,349,456	7,330,749	317,515
Net claims incurred	(2,008,053)	(1,918,975)	(3,927,028)	(156,012)
Commission expense	(9,746)	(10)	(9,756)	(567)
Takaful expense	(28,504)	4,574	(23,930)	(283)
Underwriting surplus before wakala fees	1,934,990	1,435,045	3,370,035	160,653
Provision for impairment of receivables			(60,000)	-
Wakala fees			(3,229,526)	(324,909)
Surplus from takaful operations after wakala fees			80,509	(164,256)
Investment income – net			229,242	31,114
Mudarib share			(126,083)	(17,112)
Surplus / (deficit) from takaful operations			183,668	(150,254)
Identifiable assets and liabilities on 30 June 2022				
Identifiable assets	54,791,944	23,482,262	78,274,206	5,411,226
Identifiable liabilities	54,670,862	23,430,370	78,101,232	6,020,184

31 December 2021

	Fire, energy, medical, engineering, liability and general accident	Motor, marine and aviation	Total General Takaful	Family Takaful
				RO
Gross contributions	32,886,404	8,419,575	41,305,979	2,818,090
Retakaful/reinsurance share	(25,139,515)	(1,928,253)	(27,067,768)	(2,221,329)
Retained contributions	7,746,889	6,491,322	14,238,211	596,761
Unearned contributions adjustment - net	18,764	(531,181)	(512,417)	18,464
Net earned contributions	7,765,653	5,960,141	13,725,794	615,225
Fee and Commission income	375,041	197,023	572,064	486
Segment Revenue	8,140,694	6,157,164	14,297,858	615,711
Net claims incurred	(3,546,210)	(3,429,434)	(6,975,644)	(443,186)
Commission expense	(544,661)	(204,350)	(749,011)	(52,634)
Takaful expense	(28,410)	(211,460)	(239,870)	(180)
Underwriting surplus before wakala fees	4,021,413	2,311,920	6,333,333	119,711
Provision for impairment of receivables	-	-	(448,691)	(10,000)
Wakala fees	-	-	(8,261,196)	(563,618)
Surplus from takaful operations after wakala fees	-	-	(2,376,554)	(453,907)
Investment income – net			342,388	32,072
Mudarib share			(188,313)	(17,640)
Hiba from Shareholder's to Policyholder's			2,500,000	600,000
Surplus from takaful operations			277,521	160,525
Identifiable assets and liabilities on 31 December 2021				
Identifiable assets	64,154,421	27,494,751	91,649,172	5,645,299
Identifiable liabilities	64,161,909	27,497,957	91,659,866	6,104,003

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022** *(Continued)***27 Segment information (continued)****Operating segments (continued)**

The activities of the Company are restricted to carrying out takaful, on the principles of Shari'ah significant portion of which is 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'ah

Earnings retained during the previous year from transactions which are not permitted under Shari'ah are recorded as part of accounts and other payables amounted to RO 6,327 (31 December 2021 – RO 6,327). 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 unaudited condensed interim financial information.