

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 ended on 30th September 2022.

The insurance industry has thrived through the obstacles faced during the pandemic. However, there are growing concerns regarding global recession and the steep trend of inflation rates.

Al Madina has a healthy spread of business across all lines of business. Your Company is constantly exploring ways to enhance customer experience by adopting, the best Industry standard practices.

Operating Environment

The economic environment continues to be challenging, as businesses are gradually returning to pre-pandemic operating levels and the markets are witnessing an increase in claims reporting as compared to 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 global insurance and reinsurance markets have been witnessing continuous hardening and rate corrections as insurers’ operating margins continue to decline. However, during these tough circumstances, your Company has achieved, a gross written contribution of RO 27.5million as compared to RO 29.9 million for the corresponding period. This reduction is mainly on account of timing differences in the booking of certain major policies due to the delay in the confirmation of renewal terms from the clients.

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 7% growth in Net Earned Contributions amounting to RO 11.3 million in the nine months ended 30 September 2022 as compared to RO 10.6 million in the corresponding period of 2021. However, incurred claims have also increased by 17% for the same period as compared to nine months ended 30 September 2021, due to the easing of COVID related restrictions this year. This has resulted in lower net operating surplus this year compared to the same period of 2021.

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 investment environment remained challenging due to the growing concerns regarding, inflation and a possibility of a global recession. As a result, the investment income remained under pressure and high volatility was witnessed in the equity markets. The Company reported a 21% reduction in investment income and registered an income of RO 1.03 million for nine months period ended 30 September 2022 as compared to RO 1.31 million in the corresponding period of 2021.

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

As a result of the increase in the incurred claims and the dip in investment income, the Company registered an overall profit after tax of RO 1.02 million for the nine months period ended 30 September 2022, as compared to RO 1.4 million for the corresponding period of 2021.

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

The Company has continually thrived through the obstacles faced during the pandemic. However, there are growing concerns regarding global recession and steep trend of inflation rates. The future is expected to be challenging; however your Company is prepared to face these challenges.

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 for 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 steady growth in GWC. We expect mandatory health insurance to be launched by early 2023, this will boost growth in the medical insurance sector. Our focus will continue to be on the bottom line and we expect to show sustainable growth and maintain profitability in 2022.

The Company continues to maintain its steady track record of supporting 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 are 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 SEPTEMBER 2022

	Note	Shareholders' fund		Participants' fund						Grand total	
		Unaudited 30 September 2022 RO	Audited 31 December 2021 RO	General takaful		Family takaful		Total participants' fund		Unaudited 30 September 2022 RO	Audited 31 December 2021 RO
				Unaudited 30 September 2022 RO	Audited 31 December 2021 RO	Unaudited 30 September 2022 RO	Audited 31 December 2021 RO	Unaudited 30 September 2022 RO	Audited 31 December 2021 RO		
ASSETS											
Cash and bank balances	5	1,293,132	1,883,878	5,220,102	4,769,100	417,868	613,196	5,637,970	5,382,296	6,931,102	7,266,174
Investments carried at fair value through profit or loss	7	852,700	1,252,303	-	-	-	-	-	-	852,700	1,252,303
Takaful balance receivable	8	-	-	13,140,867	15,208,309	969,047	1,058,288	14,109,914	16,266,597	14,109,914	16,266,597
Retakaful / reinsurance balance receivable	8	-	-	713,189	222,890	231,255	649,132	944,444	872,022	944,444	872,022
Receivable from participants' fund – family takaful		-	-	260,406	1,563,545	-	-	260,406	1,563,545	260,406	1,563,545
Receivable from participants' fund	9	3,038,990	2,666,587	-	-	-	-	-	-	3,038,990	2,666,587
Due from retakaful / reinsurance companies in connection with takaful liabilities	10	-	-	48,951,538	60,664,527	1,763,535	1,647,732	50,715,073	62,312,259	50,715,073	62,312,259
Deferred policy acquisition cost	11	794,178	776,080	1,093	13,711	27	724	1,120	14,435	795,298	790,515
Other receivables and takaful assets	12	872,105	587,373	1,265,913	1,182,090	648,870	501,227	1,914,783	1,683,317	2,786,888	2,270,690
Investments at fair value through equity	13	1,729,256	2,266,624	-	-	-	-	-	-	1,729,256	2,266,624
Bank deposits	6	3,850,000	3,350,000	7,025,000	8,025,000	1,075,000	1,075,000	8,100,000	9,100,000	11,950,000	12,450,000
Investments carried at amortised cost	14	5,811,295	6,229,113	460,519	-	100,000	100,000	560,519	100,000	6,371,814	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	635,591	686,092	-	-	-	-	-	-	635,591	686,092
Total assets		24,249,172	25,069,975	77,038,627	91,649,172	5,205,602	5,645,299	82,244,229	97,294,471	106,493,401	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 SEPTEMBER 2022 (CONTINUED)

	Note	Shareholders' fund		Participants' fund						Grand total	
		(Unaudited) 30 September 2022 RO	(Audited) 31 December 2021 RO	General takaful		Family takaful		Total participants' fund		(Unaudited) 30 September 2022 RO	(Audited) 31 December 2021 RO
				(Unaudited) 30 September 2022 RO	(Audited) 31 December 2021 RO	(Unaudited) 30 September 2022 RO	(Audited) 31 December 2021 RO	(Unaudited) 30 September 2022 RO	(Audited) 31 December 2021 RO		
LIABILITIES, PARTICIPANTS' FUND AND SHAREHOLDERS' EQUITY											
LIABILITIES											
Takaful liabilities	10	-	-	62,076,437	73,349,399	2,162,157	2,023,619	64,238,594	75,373,018	64,238,594	75,373,018
Unearned retakaful commission	18	-	-	173,880	162,408	-	-	173,880	162,408	173,880	162,408
Retakaful/reinsurance payables		-	-	9,497,254	12,674,381	348,986	140,950	9,846,240	12,815,331	9,846,240	12,815,331
Accounts and other payables		1,537,836	1,762,731	4,284,895	4,213,971	1,172,415	969,009	5,457,310	5,182,980	6,995,146	6,945,711
Charity fund payable		6,327	6,327	-	-	-	-	-	-	6,327	6,327
Payable to shareholders	9	-	-	1,160,036	1,259,707	1,878,954	1,406,880	3,038,990	2,666,587	3,038,990	2,666,587
Payable to participants' fund – general takaful		-	-	-	-	260,406	1,563,545	260,406	1,563,545	260,406	1,563,545
Employees' end of service benefits		569,193	572,083	-	-	-	-	-	-	569,193	572,083
Total liabilities		2,113,356	2,341,141	77,192,502	91,659,866	5,822,918	6,104,003	83,015,420	97,763,869	85,128,776	100,105,010
PARTICIPANTS' FUND											
Surplus / (deficit) in participants' fund – net		-	-	(153,875)	(10,694)	(617,316)	(458,704)	(771,191)	(469,398)	(771,191)	(469,398)
Total participants' fund		-	-	(153,875)	(10,694)	(617,316)	(458,704)	(771,191)	(469,398)	(771,191)	(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		1,299,452	1,167,573	-	-	-	-	-	-	1,299,452	1,167,573
Investment fair value reserve		264,147	863,465	-	-	-	-	-	-	264,147	863,465
Retained earnings		1,692,066	1,817,645	-	-	-	-	-	-	1,692,066	1,817,645
Total shareholders' equity		22,135,816	22,728,834	-	-	-	-	-	-	22,135,816	22,728,834
Total liabilities, participants' fund and shareholders' equity		24,249,172	25,069,975	77,038,627	91,649,172	5,205,602	5,645,299	82,244,229	97,294,471	106,493,401	122,364,446

Director

Director

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AL MADINA INSURANCE COMPANY SAOG

UNAUDITED CONDENSED INTERIM STATEMENT OF PARTICIPANTS' REVENUE AND EXPENSES FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

	<i>Note</i>	General takaful		Family takaful		Total	
		(Unaudited) 30 September 2022 RO	(Unaudited) 30 September 2021 RO	(Unaudited) 30 September 2022 RO	(Unaudited) 30 September 2021 RO	(Unaudited) 30 September 2022 RO	(Unaudited) 30 September 2021 RO
Takaful revenue							
Gross contributions		25,204,117	27,852,970	2,265,520	2,104,938	27,469,637	29,957,908
Retakaful/reinsurance share		(13,524,777)	(16,524,541)	(1,738,120)	(1,661,427)	(15,262,897)	(18,185,968)
Retained contributions		11,679,340	11,328,429	527,400	443,511	12,206,740	11,771,940
Movement in unearned contributions reserve		(894,715)	(1,226,301)	(34,982)	17,629	(929,697)	(1,208,672)
Net earned contributions		10,784,625	10,102,128	492,418	461,140	11,277,043	10,563,268
Income earned from retakaful contracts	18	313,059	335,564	-	-	313,059	335,564
		11,097,684	10,437,692	492,418	461,140	11,590,102	10,898,832
Takaful expenses							
Gross claims settled	10(a)	(12,463,942)	(11,396,085)	(1,478,178)	(2,190,587)	(13,942,120)	(13,586,672)
Claims recovered from retakaful/reinsurance	10(a)	5,827,917	6,555,101	1,247,973	1,881,163	7,075,890	8,436,264
Net claims settled		(6,636,025)	(4,840,984)	(230,205)	(309,424)	(6,866,230)	(5,150,408)
Net movement in outstanding claims		454,689	(304,687)	12,247	(19,241)	466,936	(323,928)
Net claims incurred	19	(6,181,336)	(5,145,671)	(217,958)	(328,665)	(6,399,294)	(5,474,336)
Commission expense		(12,618)	(717,080)	(697)	(51,156)	(13,315)	(768,236)
		(6,193,954)	(5,862,751)	(218,655)	(379,821)	(6,412,609)	(6,242,572)
Surplus from Takaful operations		4,903,730	4,574,941	273,763	81,319	5,177,493	4,656,260
Takaful income / (expense) – net		(73,415)	(38,076)	(505)	117	(73,920)	(37,959)
Provision for impairment of receivables		(90,000)	(135,000)	-	-	(90,000)	(135,000)
Surplus from takaful operations before investment income, mudarib share and wakala fees		4,740,315	4,401,865	273,258	81,436	5,013,573	4,483,301
Investment income – net	21	349,617	248,993	47,186	24,567	396,803	273,560
Mudarib share	20	(192,290)	(136,946)	(25,952)	(13,512)	(218,242)	(150,458)
Wakala fees	20	(5,040,823)	(5,570,594)	(453,104)	(420,988)	(5,493,927)	(5,991,582)
Deficit from takaful operations		(143,181)	(1,056,682)	(158,612)	(328,497)	(301,793)	(1,385,179)

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 2022

	<i>Note</i>	Shareholders' fund	
		(Unaudited) 30 September 2022 RO	(Unaudited) 30 September 2021 RO
Wakala fees	20	5,493,927	5,991,582
Investment income – net	21	629,705	1,033,102
Mudarib share	20	218,242	150,458
		6,341,874	7,175,142
General and administrative expenses		(3,526,694)	(3,506,621)
Commission expense		(1,346,496)	(654,801)
Other income		116	196
		(4,873,074)	(4,161,226)
Profit before tax		1,468,800	3,013,916
Taxation		(150,000)	(187,500)
Profit for the period		1,318,800	2,826,416
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		(599,318)	72,494
Impairment loss on investment reclassified to profit or loss		-	(66,824)
Total comprehensive income for the period		719,482	2,832,086
Earnings per share - basic and diluted	24	0.008	0.016

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AL MADINA INSURANCE COMPANY SAOG

UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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	-	-	-	-	1,318,800	1,318,800
Other comprehensive income – change in fair value of investments at fair value through equity	-	-	-	(599,318)	-	(599,318)
	-	-	-	(599,318)	1,318,800	719,482
Transaction with owners:						
Dividend declared during the period	-	-	-	-	(1,312,500)	(1,312,500)
Transfer to legal reserve	-	-	131,879	-	(131,879)	-
	-	-	131,879	-	(1,444,379)	(1,312,500)
At 30 September 2022 (Unaudited)	17,500,000	1,380,151	1,299,452	264,147	1,692,066	22,135,816

	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	-	-	-	-	2,826,416	2,826,416
Net change in fair value of investments at fair value through equity	-	-	-	72,494	-	72,494
Impairment loss on investment reclassified to profit or loss	-	-	-	(66,824)	-	(66,824)
	-	-	-	5,670	2,826,416	2,832,086
Transaction with owners:						
Dividend declared during the period	-	-	-	-	(1,750,000)	(1,750,000)
Transfer to legal reserve	-	-	282,641	-	(282,641)	-
	-	-	282,641	-	(2,032,641)	(1,750,000)
At 30 September 2021 (Unaudited)	17,500,000	1,380,151	1,354,734	746,794	3,502,090	24,483,769

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 2022

	Deficit in participants' fund		
	General takaful RO	Family takaful RO	Total RO
At 1 January 2022 (Audited)	(10,694)	(458,704)	(469,398)
Deficit for the period	(143,181)	(158,612)	(301,793)
At 30 September 2022 (Unaudited)	(153,875)	(617,316)	(771,191)
At 1 January 2021 (Audited)	(288,215)	(619,229)	(907,444)
Deficit for the period	(1,056,682)	(328,497)	(1,385,179)
At 30 September 2021 (Unaudited)	(1,344,897)	(947,726)	(2,292,623)

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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

	(Unaudited) 30 September 2022	(Unaudited) 30 September 2021
Note	RO	RO
Operating activities		
Profit before tax for the period	1,468,800	3,013,916
Deficit from takaful operations	(301,793)	(1,385,179)
Adjustments for:		
Depreciation	16 95,739	87,877
Dividend income	21 (83,737)	(199,722)
Income from bank deposit	21 (528,929)	(498,614)
Profit on the Mudarbah investment	21 (25,000)	-
Profit from investments carried out at amortised cost	21 (318,358)	(287,075)
End of service benefits charge for the period	100,297	71,614
Rental income on investment in real estate	21 (226,037)	(248,365)
Unrealised gain on investments at fair value through profit or loss	21 109,980	(349,180)
Realised (gain) / loss on investments carried at fair value through profit or loss	(11,035)	(21,875)
Provision for doubtful debt	90,000	135,000
Impairment loss on investments at fair value through equity	21 -	66,824
Realised gain on investments carried at fair value through profit or loss	21 -	(18,994)
	<u>369,927</u>	369,817
Tax paid	(274,506)	(354,585)
Donation paid	-	(26,325)
Payment of end of service benefits	(103,186)	(45,315)
Operating cash flows before working capital changes	<u>(7,765)</u>	(56,407)
Working capital changes:		
Takaful and retakaful/reinsurance balance receivables	1,994,261	(5,119,069)
Retakaful / reinsurance share of outstanding claims and unearned contribution reserve	11,597,186	(9,928,999)
Other receivables, prepayments and other assets	(31,708)	(113,959)
Deferred policy acquisition cost	(4,783)	(46,592)
Outstanding claims and unearned premium reserve	(11,134,424)	11,461,600
Accounts and other payables	173,943	2,388,895
Due to retakaful / reinsurance	(2,969,091)	3,513,448
Unearned retakaful/reinsurance commission	11,472	13,236
Net cash (used) in / generated from operating activities	<u>(370,909)</u>	2,112,153
Investing activities		
Purchase of property and equipment	16 (45,238)	(63,976)
Purchase of investments carried at fair value through equity	13.1 (61,950)	-
Purchase of investments carried at amortised cost	(1,421,433)	-
Purchase of investments fair value through profit or loss	7(b) (140,995)	(19,995)
Proceeds from disposal of investments at fair value through profit or loss	7(b) 441,653	144,956
Proceeds from redemption of investment at fair value through equity	13 -	70,405
Proceeds from disposal of carried at amortised cost	1,378,180	-
Movement in bank deposits	500,000	(1,000,000)
Rent on investment in real estate received	139,859	479,248
Profit on bank deposits received	474,524	771,064
Dividends received	83,737	199,722
Net cash generated from investing activities	<u>1,348,337</u>	581,424
Cash flows from financing activity		
Dividends paid	(1,312,500)	(1,750,000)
Net change in cash and cash equivalents	<u>(335,072)</u>	943,578
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	<u>5 6,931,102</u>	<u>8,203,964</u>

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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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 nine month period ended 30 September 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 nine month period ended 30 September 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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022 (Continued)**

2 Summary of significant accounting policies (continued)

(g) Standards issued but not yet effective

(ii) FAS 39 Financial Reporting for Zakah (effective 1 January 2023)

AAOIFI has issued FAS 39 “Financial Reporting for Zakah”. The objective of this standard is to establish the principles of financial reporting related to Zakah attributable to different stakeholders of an Islamic financial institution and provides guidance on two main categories of institutions namely “institutions obliged to pay Zakah” and “institutions not obliged to pay Zakah”. This standard improves upon and supersedes FAS 9 on “Zakah” and aims at setting out the accounting treatment of Zakah in the books of the institutions, including the presentation and disclosure by an Islamic financial institution. The Company will evaluate the impact of this standard and will take into consideration and necessary adjustments accordingly.

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.

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 September 2022 (Unaudited)				
Cash at bank in current accounts	50,342	1,708,834	6,153	1,714,987
Cash at bank in call accounts	440,254	3,473,800	411,715	3,885,515
Cash balances with investment managers	798,487	36,946	-	36,946
Cash in hand	4,049	522	-	522
	1,293,132	5,220,102	417,868	5,637,970
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

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

6 Bank deposits

	Shareholders	Participants		
		General	Family	Total
	RO	RO	RO	RO
30 September 2022 (Unaudited)				
Bank deposits with maturity of less than three months	-	300,000	350,000	650,000
Bank deposits with maturity of more than three months	3,850,000	6,725,000	725,000	7,450,000
	3,850,000	7,025,000	1,075,000	8,100,000
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 4.5% to 5.1% per annum (31 December 2021 – 4.5% 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.

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 September 2022		31 December 2021	
	Fair value	Cost	Fair value	Cost
	RO	RO	RO	RO
<i>Local quoted</i>				
Service sector	112,032	122,404	318,880	310,470
Industrial sector	737,168	836,723	927,370	678,315
Financial sector	3,500	3,553	6,053	6,008
Total investments	852,700	962,680	1,252,303	994,793

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

	Shareholders	
	(Unaudited)	(Audited)
	30 September	31 December
	2022	2021
	RO	RO
At 1 January	1,252,303	1,212,211
Purchases	140,995	44,576
Disposals	(441,653)	(283,717)
Realised gain on disposal	11,035	21,722
Net change in fair value	(109,980)	257,511
At 30 September / 31 December	852,700	1,252,303

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

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

(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 September 2022 / 31 December 2021 are:

	% of Portfolio	Number of Securities	Fair value RO	Cost RO
30 September 2022 (Unaudited)				
Al Maha Ceramic Company SAOG	30	587,443	258,475	262,000
Salalah Mill Company SAOG	26	256,556	221,664	282,212
Oman Refreshment Company SAOG	14	76,978	115,467	134,712

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

(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.

8 Takaful and retakaful / reinsurance balance receivable

	Participants		
	General RO	Family RO	Total RO
30 September 2022 (Unaudited)			
Takaful receivable including due from related parties	14,685,320	1,033,792	15,719,112
Less: specific and portfolio provision for impairment	(1,544,453)	(64,745)	(1,609,198)
	13,140,867	969,047	14,109,914
Retakaful / reinsurance balances receivable	1,018,778	252,120	1,270,898
Less: specific and portfolio provision for impairment	(305,589)	(20,865)	(326,454)
	713,189	231,255	944,444
	13,854,056	1,200,302	15,054,358

	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)
	15,208,309	1,058,288	16,266,597
Retakaful / reinsurance balances receivable	528,479	669,997	1,198,476
Less: specific and portfolio provision for impairment	(305,589)	(20,865)	(326,454)
	222,890	649,132	872,022
	15,431,199	1,707,420	17,138,619

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

8 Takaful and retakaful / reinsurance balance receivable (continued)

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 2022, receivables past due above 121 days amounting to RO 7,132,193 (31 December 2021 RO 6,220,743) 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 September 2022 (Unaudited)			
Neither past due nor impaired	7,424,719	497,446	7,922,165
Past due but not impaired	6,429,337	702,856	7,132,193
Past due and impaired	1,850,042	85,610	1,935,652
	<u>15,704,098</u>	<u>1,285,912</u>	<u>16,990,010</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>

(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 2022 (Unaudited)			
At 1 January 2022	1,760,042	85,610	1,845,652
Charge for the period	90,000	-	90,000
At 30 September 2022	<u>1,850,042</u>	<u>85,610</u>	<u>1,935,652</u>
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	<u>1,760,042</u>	<u>85,610</u>	<u>1,845,652</u>

(c) At 30 September 2022, 25% of the Company's takaful receivable is from 5 customers (31 December 2021 - 41% from 5 customers).

(d) At 30 September 2022, 65% of the Company's due from retakaful / reinsurance companies are from 5 retakaful / reinsurance companies (31 December 2021 - 70% from 5 retakaful / reinsurance companies).

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

9 Receivable from participants and payable to shareholders

	Shareholders	
	(Unaudited)	(Audited)
	30 September	31 December
	2022	2021
	RO	RO
At 1 January	2,666,587	1,637,332
Wakala fee income for the period / year	5,493,927	8,824,814
Mudarib share for the period / year	218,242	205,953
Amount received from policyholders	(5,294,000)	(7,750,000)
Net movement in policyholders' account	(45,766)	(251,512)
At 30 September / 31 December – net	3,038,990	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	Audited
	30 September	31 December
	2022	2021
	RO	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	676,080	775,751
- From family takaful	1,156,357	684,283
	1,832,437	1,460,034
	3,038,990	2,666,587

10 Takaful liabilities

	30 September 2022 – (Unaudited)			31 December 2021 – (Audited)		
	Gross	Retakaful / reinsurance	Net	Gross	Retakaful / reinsurance	Net
	RO	RO	RO	RO	RO	RO
General takaful						
Claims incurred but not settled	42,667,114	(38,396,504)	4,270,610	47,769,540	(42,894,241)	4,875,299
Claims incurred but not reported	5,919,474	(4,589,154)	1,330,320	5,769,474	(4,589,154)	1,180,320
	48,586,588	(42,985,658)	5,600,930	53,539,014	(47,483,395)	6,055,619
Unearned contributions reserve	13,489,849	(5,965,880)	7,523,969	19,810,385	(13,181,132)	6,629,253
	62,076,437	(48,951,538)	13,124,899	73,349,399	(60,664,527)	12,684,872
Family takaful						
Claims incurred but not settled	1,018,878	(893,792)	125,086	962,721	(825,388)	137,333
Claims incurred but not reported	509,051	(439,351)	69,700	509,051	(439,351)	69,700
	1,527,929	(1,333,143)	194,786	1,471,772	(1,264,739)	207,033
Unearned contributions reserve	634,228	(430,392)	203,836	551,847	(382,993)	168,854
	2,162,157	(1,763,535)	398,622	2,023,619	(1,647,732)	375,887
	64,238,594	(50,715,073)	13,523,521	75,373,018	(62,312,259)	13,060,759

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

10 Takaful liabilities (continued)

(a) Claims and loss adjustment expenses

	30 September 2022 – (Unaudited)			31 December 2021 – (Audited)		
	Gross	Retakaful /	Net	Gross	Retakaful /	Net
	RO	RO	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
Incurring 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	(12,463,942)	5,827,917	(6,636,025)	(14,103,250)	7,280,848	(6,822,402)
Increase in liabilities arising from current and prior period claims	7,511,516	(1,330,180)	6,181,336	28,628,669	(21,653,025)	6,975,644
Total at the end of the period / year	48,586,588	(42,985,658)	5,600,930	53,539,014	(47,483,395)	6,055,619
Notified claims	42,667,114	(38,396,504)	4,270,610	47,769,540	(42,894,241)	4,875,299
Incurring but not reported	5,919,474	(4,589,154)	1,330,320	5,769,474	(4,589,154)	1,180,320
Total at the end of the period / year	48,586,588	(42,985,658)	5,600,930	53,539,014	(47,483,395)	6,055,619
	30 September 2022 – (Unaudited)			31 December 2021 – (Audited)		
	Gross	Retakaful /	Net	Gross	Retakaful /	Net
	RO	RO	RO	RO	RO	RO
Family takaful						
Notified claims	962,721	(825,388)	137,333	948,609	(815,407)	133,202
Incurring 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	(1,478,178)	1,247,973	(230,205)	(3,160,991)	2,744,110	(416,881)
Increase in liabilities arising from current and prior period claims	1,534,335	(1,316,377)	217,958	3,382,071	(2,938,885)	443,186
Total at the end of the period / year	1,527,929	(1,333,143)	194,786	1,471,772	(1,264,739)	207,033
Notified claims	1,018,878	(893,792)	125,086	962,721	(825,388)	137,333
Incurring but not reported	509,051	(439,351)	69,700	509,051	(439,351)	69,700
Total at the end of the period / year	1,527,929	(1,333,143)	194,786	1,471,772	(1,264,739)	207,033

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

10 Takaful liabilities (continued)

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

	30 September 2022 – (Unaudited)			31 December 2021 – (Audited)		
	Retakaful /		Net	Retakaful /		Net
	Gross RO	reinsurance RO		Gross RO	reinsurance 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	27,469,637	(15,262,897)	12,206,740	44,124,069	(29,289,097)	14,834,972
Net release during the period / year	(33,707,792)	22,430,750	(11,277,042)	(40,650,957)	26,309,938	(14,341,019)
Total at the end of the period / year	14,124,077	(6,396,272)	7,727,805	20,362,232	(13,564,125)	6,798,107
Unearned contributions reserves	13,489,849	(5,965,880)	7,523,969	19,810,385	(13,181,132)	6,629,253
Mathematical reserves	634,228	(430,392)	203,836	551,847	(382,993)	168,854
Total at the end of the period / year	14,124,077	(6,396,272)	7,727,805	20,362,232	(13,564,125)	6,798,107

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	1,364,592	-	-	-
Amortised during the period	(1,346,494)	(12,618)	(697)	(13,315)
At 30 September 2022	794,178	1,093	27	1,120

	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 RO	Participants		Total RO
		General takaful RO	Family takaful RO	
30 September 2022 – (Unaudited)	RO	RO	RO	RO
Rent receivable	98,349	-	-	-
Accrued profit on bank deposits and Sukuks	456,639	503,475	77,331	580,806
Advances	102,214	14,861	571,539	586,400
Prepayments	46,051	-	-	-
Others	168,852	747,577	-	747,577
	872,105	1,265,913	648,870	1,914,783

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

12 Other receivables and takaful assets (continued)

	Shareholders		Participants		Total RO
	RO	RO	General takaful RO	Family takaful RO	
31 December 2021 – (Audited)	RO	RO	RO	RO	RO
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
	<u>587,373</u>	<u>1,182,090</u>	<u>501,227</u>		<u>1,683,317</u>

13 Investments at fair value through equity

	Shareholders			
	30 September 2022 (Unaudited)		31 December 2021 (Audited)	
	Fair value RO	Cost RO	Fair value RO	Cost RO
Local quoted				
Service sector	123,000	117,600	114,000	117,600
Industrial sector	21,600	6,330	15,525	6,330
	<u>144,600</u>	<u>123,930</u>	<u>129,525</u>	<u>123,930</u>
Local unquoted				
Service sector	247,141	71,428	221,355	71,428
Real estate development	129,750	129,600	129,750	129,450
	<u>376,891</u>	<u>201,028</u>	<u>351,105</u>	<u>200,878</u>
Total Local	<u>521,491</u>	<u>324,958</u>	<u>480,630</u>	<u>324,808</u>
Foreign quoted				
Financial sector	297,879	259,037	225,740	207,698
Service sector	862,851	710,690	1,518,362	710,690
Real estate development	38,462	19,231	41,892	19,231
Industrial sector	8,573	10,610	-	-
Total Foreign	<u>1,207,765</u>	<u>999,568</u>	<u>1,785,994</u>	<u>937,619</u>
Total investments	<u>1,729,256</u>	<u>1,324,526</u>	<u>2,266,624</u>	<u>1,262,427</u>

13.1 Movement in investments at fair value through equity

	Shareholders	
	(Unaudited) 30 September 2022 RO	(Audited) 31 December 2021 RO
	At the beginning of the period / year	2,266,624
Purchases	61,950	21,142
Disposals	-	(70,405)
Realised gain	-	15,404
Net change in fair value	(599,318)	141,333
Impairment loss on investment	-	(66,824)
At the end of the period / year	<u>1,729,256</u>	<u>2,266,624</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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 September 2022 / 31 December 2021 are:

	% of portfolio	Basis of valuation	Number of securities	Fair Value RO
30 September 2022 – (Unaudited)				
Investment from shareholders' fund				
National Takaful Company (Watania) – listed	49	Fair value	10,504,203	843,539
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 September 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	(599,318)	141,333
Impact of deferred tax (note 13.5)	-	(18,992)
	(599,318)	122,341
At the end of the period / year	264,147	863,465

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

13.5 Deferred tax was not calculated at period end. The impact of deferred tax will be assessed and recognised at year end.

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		General takaful		Family takaful	
	(Unaudited) 30 September 2022 RO	(Audited) 31 December 2021 RO	(Unaudited) 30 September 2022	(Audited) 31 December 2021	(Unaudited) 30 September 2022	(Audited) 31 December 2021
At 1 January	6,229,113	6,229,587	-	-	100,000	-
Purchased during the period / year	960,914	100,182	460,519	-	-	-
Disposal during the period / year	(1,378,180)	-	-	-	-	-
Transfer from shareholders to participants	-	(100,000)	-	-	-	100,000
Amortised during the period / year	(552)	(656)	-	-	-	-
At the end of the period / year	5,811,295	6,229,113	460,519	-	100,000	100,000

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

14 Investments carried at amortised cost (continued)

14.1 Restrictions on transfer of assets

In accordance with the law governing the operation of insurance companies within the Sultanate of Oman, the Company identified 1,557,888 units (31 December 2021 – 2,986,068 units) with the carrying value of RO 4,000,200 (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.

15 Investment in real estate

Movement of carrying amounts of investment in real estate:

	Shareholders	
	(Unaudited) 30 September 2022 RO	(Audited) 31 December 2021 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	<u>5,170,000</u>	<u>5,170,000</u>

As of 30 September 2022, the Company has investment in investment real estate of RO 5,170,000 (31 December 2021 – RO 5,170,000) which is 15.66% 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) 30 September 2022 RO	(Audited) 31 December 2021 RO
Net book value		
At beginning of the period / year	686,092	729,144
Additions during the period / year	45,238	74,542
Depreciation for the period / year	(95,739)	(117,594)
At the end of the period / year	<u>635,591</u>	<u>686,092</u>

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 Takaful RO	Family takaful RO	Total RO
At 1 January 2022	162,408	-	162,408
Income from retakaful contracts accrued during the period	324,531	-	324,531
Amortised during the period	(313,059)	-	(313,059)
At 30 September 2022 – (Unaudited)	<u>173,880</u>	<u>-</u>	<u>173,880</u>

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

18 Unearned retakaful commission (continued)

	General Takaful RO	Family Takaful RO	Total 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)	<u>162,408</u>	<u>-</u>	<u>162,408</u>

19 Net claims incurred

	30 September 2022 – (Unaudited)			30 September 2021 – (Unaudited)		
	Retakaful / reinsurances’			Retakaful / reinsurances’		
	Gross RO	share RO	Net RO	Gross RO	share RO	Net RO
Claims notified and not settled	43,685,992	(39,290,296)	4,395,696	43,936,088	(39,355,279)	4,580,809
Claims incurred but not reported	6,428,525	(5,028,505)	1,400,020	6,522,044	(4,695,820)	1,826,224
Outstanding at end of the period	50,114,517	(44,318,801)	5,795,716	50,458,132	(44,051,099)	6,407,033
Takaful claims paid	13,942,120	(7,075,890)	6,866,230	13,586,672	(8,436,264)	5,150,408
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	9,045,851	(2,646,557)	6,399,294	23,780,517	(18,306,181)	5,474,336

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

	(Unaudited) 30 September 2022 RO	(Unaudited) 30 September 2021 RO
Motor	2,480,655	1,785,924
Fire, accidents, engineering and others	20,716,538	1,291,644
Marine cargo and hull	310,610	284,589
Medical	419,301	1,110,655
Life	647,603	(369,364)
	24,574,707	4,103,448

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.

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

21 Investment income - net

	(Unaudited) 30 September 2022 RO	(Unaudited) 30 September 2021 RO
Investment property rental income	226,037	248,365
Profit on the Mudarbah investment	25,000	-
Profit from investment carried at amortised cost	318,358	287,075
Dividend income	83,737	199,722
Fair value (loss) / gain on investments held at fair value through profit or loss	(109,980)	349,180
Profit on Wakala deposits	528,929	498,614
Gain on sale of investments held at fair value through profit or loss – net	11,035	37,279
Investment management costs	(56,608)	(246,749)
Impairment on investments at fair value through equity	-	(66,824)
	1,026,508	1,306,662

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 September 2022	(Unaudited) 30 September 2021
Shareholder's profit for the period - RO	1,318,800	2,826,416
Weighted average number of shares outstanding - number	175,000,000	175,000,000
Earnings per share – basic and diluted - RO	0.008	0.016

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:

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

25 Related parties (continued)

(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 September 2022 RO	(Unaudited) 30 September 2021 RO
Gross contributions	2,785,032	3,625,574
Gross claims settled	484,866	1,887,714
Gross outstanding claims	198,291	419,999
Directors' sitting fee and remuneration	145,200	41,800
Shari'ah Supervisory Committee sitting fee and remuneration	24,000	25,750
Dividend paid to shareholders'	1,312,500	1,750,000

(b) Balances with related parties

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

	(Unaudited) 30 September 2022 RO	(Audited) 31 December 2021 RO
Contribution balances receivables from related parties	3,003,245	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	1,220,430	1,848,692
Investment at fair value through profit or loss	221,664	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 September 2022 RO	(Unaudited) 30 September 2021 RO
Short-term benefits	380,378	557,748
Employee end of service benefits	19,736	23,187
	400,114	580,935

26 Contingencies

Contingent liabilities

At 30 September 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 20,545 (31 December 2021 - RO 67,109).

Capital commitment

At 30 September 2022, the Company has no capital commitment (31 December 2021 - Nil).

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

26 Contingencies (continued)

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.

30 September 2022

(Unaudited)	Fire, energy, medical, engineering, liability and general accident	Motor, marine and aviation	Total General Takaful	Family Takaful
				RO
Gross contributions	18,275,490	6,928,628	25,204,118	2,265,520
Retakaful/reinsurance share	(11,924,240)	(1,600,537)	(13,524,777)	(1,738,120)
Retained contributions	6,351,250	5,328,091	11,679,341	527,400
Unearned contributions adjustment – net	(625,402)	(269,314)	(894,715)	(34,982)
Net earned contributions	5,725,849	5,058,777	10,784,626	492,418
Fee and Commission income	375,286	165,906	541,192	571
Segment Revenue	6,101,135	5,224,683	11,325,818	492,989
Net claims incurred	(3,178,622)	(2,852,714)	(6,031,336)	(217,958)
Commission expense	(12,609)	(10)	(12,619)	(697)
Takaful expense	(134,878)	(166,670)	(301,548)	(1,076)
Underwriting surplus before wakala fees	2,775,026	2,205,289	4,980,315	273,258
Provision for impairment of receivables			(90,000)	-
Wakala fees			(5,040,823)	(453,104)
Surplus from takaful operations after wakala fees			(150,508)	(179,846)
Investment income – net			349,617	47,186
Mudarib share			(192,289)	(25,952)
Surplus / (deficit) from takaful operations			(143,181)	(158,612)
Identifiable assets and liabilities on 30 September 2022				
Identifiable assets	53,927,428	23,111,755	77,039,183	5,205,633
Identifiable liabilities	54,035,141	23,157,917	77,193,058	5,822,949

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

27 Segment information (continued)

Operating segments (continued)

31 December 2021

Audited	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

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.