



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 Management team of Al Madina Insurance Co (“Al Madina”), it gives me great pleasure to present to you the financial results achieved by your company for the period ending on 31<sup>st</sup> March 2023.

The financial results delivered by your Company reflect its intent to deliver consistent surplus from Insurance operations so that the Policyholder’s interest is safeguarded while we continue to reward our shareholders.

Al Madina continues to maintain a healthy and well-balanced portfolio across all lines of business. Your Company is constantly enhancing its customer experience by ongoing process enhancements, efficient claims servicing, and by adopting best international practices in the field of insurance operations.

### **Operating Environment**

The economic environment continues to be challenging where pressure on pricing prevails in the insurance market. Whereas the global insurance & reinsurance markets have also been witnessing rate corrections and insurers operating margins are shrinking. In these tough circumstances your Company achieved a Gross written contribution of RO 8.53 million as of first quarter of 2023 as against 9.29 million during the same period of 2022. This was due to the application of strict underwriting discipline and a focused sales strategy where the Company consciously did not renew certain loss-making accounts which contribute negatively to the Company’s profitability. This is evident in 4% increase in profit after tax despite a decrease in Gross written contribution.

### **Results from Operations**

Your Company continues to deliver stable growth while strengthening the adequacy & sufficiency of its reserves. The Company registered a 3% growth in Net Earned Contributions amounting to RO 3.72 million in the 1<sup>st</sup> Quarter of 2023 as compared to RO 3.63 million in the corresponding period of 2022. However, simultaneously an 8% increase in the incurred claims was witnessed in the first quarter of 2023 which impacted the combined net surplus from operations.



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### **Investment Income**

The investment performance of your company has been encouraging and achieved a 4% growth in Q1-2023 as compared to Q1-2022. Investment income of RO 437 K was registered for Q1-2023 as against RO 422K for the corresponding period.

Your Company prudently manages all its investments and will continue to look at growing opportunities within the Islamic Finance space for optimizing its Investment Income in line with the Company's risk appetite.

### **Profitability of the company**

Despite the increase in incurred claims, the Company reported a 4% increase in profit after tax of RO 465K as compared to RO 446K for the corresponding period.

### **Risk Management**

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

### **Company's Outlook & Vision**

As we embark into the post-pandemic era, we are extremely optimistic about the year 2023, as the Insurance industry in Oman is poised for a period of stable growth and the overall outlook appears to be positive, as markets have witnessed some stability in the oil prices.

Our emphasis will be on stability and sustainable growth, while keeping the focus on some key drivers such as customer service, launching of new products, technological innovations, and regulatory changes. Much will also depend on how the global reinsurance market responds to the rapid frequency of natural catastrophic events in Oman, subsequently impacting reinsurance pricing in addition to the availability of reinsurance capacities and issues of risk concentrations. Apart from these, public spending, foreign investment, market credit issue and cashflow will also be crucial factors for the growth of the Insurance industry.

Our position in the market, combined with strong underwriting fundamentals will enable us to continue our endeavor to provide sustained growth and profitability to all stakeholders in FY2023. We expect to maintain our market position in line with our projection for FY2023 by strengthening the distribution channels and supply chains. Furthermore, mandatory health insurance is expected to be launched soon and it is expected to give a thrust to the Health Insurance market. Al Madina has fulfilled the licensing requirement and awaits further instructions from the Capital Market Authority.



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

Al Madina will focus on its mission of Superior Customer service with many technology-driven innovation and consumer centric strategies. The Company, with its well-planned growth strategy and business continuity plan is well positioned to achieve stable growth and Operational Profit in 2023 through disciplined underwriting, Process efficiency, Expense management and focused sales planning.

Al Madina will continue to invest in IT upgrades, Process automations and digitization of Insurance processes which is expected to provide the necessary platform for a positive engagement with customers and grow on the back of superior customer service.

The Company will also keep looking at growing opportunities within the Islamic finance space to generate stable yield on its investment book and to achieve the targeted investment returns for shareholders and policyholders.

## **Acknowledgements**

It gives me immense pleasure to express appreciation on behalf of the Board. We extend our thanks to our customers, business partners, shareholders, Sharia Supervisory committee, and staff members, for their support and contributions. We also thank and appreciate the Capital Market Authority for their constant support and their initiatives oriented towards the Insurance market, with a special emphasis on the development of Takaful Insurance in the Sultanate.

On behalf of the Board, I take this opportunity to express our most sincere gratitude to His Majesty Sultan Haitham Bin Tariq Al Said, for his dynamic and progressive leadership. We are confident that under the leadership of His Majesty, the Sultanate will continue to march toward further progress, development, 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 31 MARCH 2023

	Note	Shareholders' fund		Participants' fund						Grand total	
		Unaudited 31 March 2023 RO	Audited 31 December 2022 RO	General takaful		Family takaful		Total participants' fund		Unaudited 31 March 2023 RO	Audited 31 December 2022 RO
				Unaudited 31 March 2023 RO	Audited 31 December 2022 RO	Unaudited 31 March 2023 RO	Audited 31 December 2022 RO	Unaudited 31 March 2023 RO	Audited 31 December 2022 RO		
<b>ASSETS</b>											
Cash and bank balances	5	2,722,407	1,043,047	17,352,728	5,196,834	145,940	430,625	17,498,668	5,627,459	20,221,075	6,670,506
Investments carried at fair value through profit or loss	7	693,244	857,080	-	-	-	-	-	-	693,244	857,080
Takaful balance receivable	8	-	-	14,826,022	17,214,787	693,974	953,717	15,519,996	18,168,504	15,519,996	18,168,504
Retakaful / reinsurance balance receivable	8	-	-	674,691	309,936	399,243	597,561	1,073,934	907,497	1,073,934	907,497
Receivable from participants' fund – family takaful		-	-	-	711,304	71,448	-	71,448	711,304	71,448	711,304
Receivable from participants' fund	9	2,658,367	2,743,573	-	-	-	-	-	-	2,658,367	2,743,573
Due from retakaful / reinsurance companies in connection with takaful liabilities	10	-	-	48,106,242	53,834,700	1,591,767	1,454,586	49,698,009	55,289,286	49,698,009	55,289,286
Deferred policy acquisition cost	11	782,141	780,483	102	164	-	-	102	164	782,243	780,647
Other receivables and takaful assets	12	918,855	602,830	1,572,328	2,147,944	671,653	633,607	2,243,981	2,781,551	3,162,836	3,384,381
Investments at fair value through equity	13	2,072,896	2,068,442	-	-	-	-	-	-	2,072,896	2,068,442
Bank deposits	6	4,300,000	4,300,000	6,175,000	12,897,500	1,475,000	1,475,000	7,650,000	14,372,500	11,950,000	18,672,500
Investments carried at amortised cost	14	4,210,812	5,710,977	460,635	460,519	100,000	100,000	560,635	560,519	4,771,447	6,271,496
Deferred tax asset		299,137	299,137	-	-	-	-	-	-	299,137	299,137
Investment in real estate	15	5,170,000	5,170,000	-	-	-	-	-	-	5,170,000	5,170,000
Property and equipment	16	611,604	611,927	-	-	-	-	-	-	611,604	611,927
<b>Total assets</b>		<b>24,439,463</b>	24,187,496	<b>89,167,748</b>	92,773,688	<b>5,149,025</b>	5,645,096	<b>94,316,773</b>	98,418,784	<b>118,756,236</b>	122,606,280

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 31 MARCH 2023 (CONTINUED)

	Note	Shareholders' fund		Participants' fund						Grand total	
		(Unaudited) 31 March 2023 RO	(Audited) 31 December 2022	General takaful		Family takaful		Total participants' fund		(Unaudited) 31 March 2023 RO	(Audited) 31 December 2022 RO
				(Unaudited) 31 March 2023 RO	(Audited) 31 December 2022 RO	(Unaudited) 31 March 2023 RO	(Audited) 31 December 2022 RO	(Unaudited) 31 March 2023 RO	(Audited) 31 December 2022 RO		
<b>LIABILITIES, PARTICIPANTS' FUND AND SHAREHOLDERS' EQUITY</b>											
<b>LIABILITIES</b>											
Takaful liabilities	10	-	-	59,764,933	66,228,713	2,005,438	1,803,877	61,770,371	68,032,590	61,770,371	68,032,590
Unearned retakaful commission	18	-	-	184,223	163,979	-	-	184,223	163,979	184,223	163,979
Retakaful/reinsurance payables		-	-	22,270,278	17,899,454	221,925	443,971	22,492,203	18,343,425	22,492,203	18,343,425
Accounts and other payables		3,087,442	1,725,552	5,589,106	7,398,630	1,327,486	1,170,808	6,916,592	8,569,438	10,004,034	10,294,990
Charity fund payable		21,738	21,738	-	-	-	-	-	-	21,738	21,738
Payable to shareholders	9	-	-	717,082	902,896	1,941,285	1,840,677	2,658,367	2,743,573	2,658,367	2,743,573
Payable to participants' fund – family takaful		-	-	71,448	-	-	711,303	71,448	711,303	71,448	711,303
Employees' end of service benefits		525,363	510,630	-	-	-	-	-	-	525,363	510,630
<b>Total liabilities</b>		<b>3,634,543</b>	<b>2,257,920</b>	<b>88,597,070</b>	<b>92,593,672</b>	<b>5,496,134</b>	<b>5,970,636</b>	<b>94,093,204</b>	<b>98,564,308</b>	<b>97,727,747</b>	<b>100,822,228</b>
<b>PARTICIPANTS' FUND</b>											
Surplus / (deficit) in participants' fund – net		-	-	570,678	180,016	(347,109)	(325,540)	223,569	(145,524)	223,569	(145,524)
<b>Total participants' fund</b>		<b>-</b>	<b>-</b>	<b>570,678</b>	<b>180,016</b>	<b>(347,109)</b>	<b>(325,540)</b>	<b>223,569</b>	<b>(145,524)</b>	<b>223,569</b>	<b>(145,524)</b>
<b>SHAREHOLDERS' EQUITY</b>											
<b>Capital and reserves</b>											
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		1,283,285	1,273,697	-	-	-	-	-	-	1,283,285	1,273,697
Investment fair value reserve		319,911	315,457	-	-	-	-	-	-	319,911	315,457
Retained earnings		321,573	1,460,271	-	-	-	-	-	-	321,573	1,460,271
<b>Total shareholders' equity</b>		<b>20,804,920</b>	<b>21,929,576</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,804,920</b>	<b>21,929,576</b>
<b>Total liabilities, participants' fund and shareholders' equity</b>		<b>24,439,463</b>	<b>24,187,496</b>	<b>89,167,748</b>	<b>92,773,688</b>	<b>5,149,025</b>	<b>5,645,096</b>	<b>94,316,773</b>	<b>98,418,784</b>	<b>118,756,236</b>	<b>122,606,280</b>

Director

Director

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## AL MADINA INSURANCE COMPANY SAOG

### UNAUDITED CONDENSED INTERIM STATEMENT OF PARTICIPANTS' REVENUE AND EXPENSES FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

	General takaful		Family takaful		Total	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	31 March	31 March	31 March	31 March	31 March	31 March
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>
<b>Takaful revenue</b>						
Gross contributions	7,944,606	8,365,454	584,548	928,847	8,529,154	9,294,301
Retakaful/reinsurance share	(4,600,899)	(4,561,896)	(397,947)	(693,868)	(4,998,846)	(5,255,764)
Retained contributions	3,343,707	3,803,558	186,601	234,979	3,530,308	4,038,537
Movement in unearned contributions reserve	223,178	(316,550)	(26,508)	(89,923)	196,670	(406,473)
Net earned contributions	3,566,885	3,487,008	160,093	145,056	3,726,978	3,632,064
Income earned from retakaful contracts	18 114,429	105,314	7	-	114,436	105,314
	<b>3,681,314</b>	<b>3,592,322</b>	<b>160,100</b>	<b>145,056</b>	<b>3,841,414</b>	<b>3,737,378</b>
<b>Takaful expenses</b>						
Gross claims settled	19 (3,143,167)	(3,283,439)	(517,263)	(383,903)	(3,660,430)	(3,667,342)
Claims recovered from retakaful/reinsurance	19 942,721	1,039,700	451,308	324,127	1,394,029	1,363,827
Net claims settled	(2,200,446)	(2,243,739)	(65,955)	(59,776)	(2,266,401)	(2,303,515)
Net movement in outstanding claims	512,144	629,550	(37,872)	15,334	474,272	644,884
Net claims incurred	19 (1,688,302)	(1,614,189)	(103,827)	(44,442)	(1,792,129)	(1,658,631)
Commission expense	(62)	(6,275)	-	(329)	(62)	(6,604)
	<b>(1,688,364)</b>	<b>(1,620,464)</b>	<b>(103,827)</b>	<b>(44,771)</b>	<b>(1,792,191)</b>	<b>(1,665,235)</b>
<b>Surplus from Takaful operations</b>	<b>1,992,950</b>	<b>1,971,858</b>	<b>56,273</b>	<b>100,285</b>	<b>2,049,223</b>	<b>2,072,143</b>
Takaful (expense) / income – net	(59,301)	(61,884)	75	110	(59,226)	(61,774)
Provision for impairment of receivable	(30,000)	(30,000)	-	-	(30,000)	(30,000)
Surplus from takaful operations	1,903,649	1,879,974	56,348	100,395	1,959,997	1,980,369
Investment income – net	21 168,743	120,755	21,699	15,155	190,442	135,910
Mudarib share	20 (92,809)	(66,415)	(11,934)	(8,335)	(104,743)	(74,750)
Wakala fees	20 (1,588,921)	(1,673,091)	(87,682)	(185,769)	(1,676,603)	(1,858,860)
<b>Surplus / (Deficit) from takaful operations</b>	<b>390,662</b>	<b>261,223</b>	<b>(21,569)</b>	<b>(78,554)</b>	<b>369,093</b>	<b>182,669</b>

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# AL MADINA INSURANCE COMPANY SAOG

## UNAUDITED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

		Shareholders' fund	
		(Unaudited) 31 March 2023 RO	(Unaudited) 31 March 2022 RO
	<i>Note</i>		
Wakala fees	20	1,676,603	1,858,860
Investment income – net	21	246,479	286,399
Mudarib share	20	104,743	74,750
		<u>2,027,825</u>	<u>2,220,009</u>
General and administrative expenses		(1,435,026)	(1,465,238)
Commission expense		(446,959)	(441,938)
Other income		50	5
		<u>(1,881,935)</u>	<u>(1,907,171)</u>
<b>Profit before tax</b>		<b>145,890</b>	312,838
Taxation		(50,000)	(50,000)
<b>Profit for the period</b>		<b>95,890</b>	262,838
<b>Earnings per share - basic and diluted</b>	24	<b>0.001</b>	0.002

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## AL MADINA INSURANCE COMPANY SAOG

### UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

	Share Capital RO	Share premium RO	Legal Reserve RO	Fair value reserve RO	Retained earnings RO	Total RO
<b>At 1 January 2023 (Audited)</b>	<b>17,500,000</b>	<b>1,380,151</b>	<b>1,273,697</b>	<b>315,457</b>	<b>1,460,271</b>	<b>21,929,576</b>
<b>Comprehensive income:</b>						
Profit for the period	-	-	-	-	<b>95,890</b>	<b>95,890</b>
Other comprehensive income – change in fair value of investments at fair value through equity	-	-	-	<b>4,454</b>	-	<b>4,454</b>
	-	-	-	<b>4,454</b>	<b>95,890</b>	<b>100,344</b>
<b>Transaction with owners:</b>						
Dividend declared during the period	-	-	-	-	<b>(1,225,000)</b>	<b>(1,225,000)</b>
Transfer to legal reserve	-	-	<b>9,588</b>	-	<b>(9,588)</b>	-
	-	-	<b>9,588</b>	-	<b>(1,234,588)</b>	<b>(1,225,000)</b>
<b>At 31 March 2023 (Unaudited)</b>	<b>17,500,000</b>	<b>1,380,151</b>	<b>1,283,285</b>	<b>319,911</b>	<b>321,573</b>	<b>20,804,920</b>
	Share Capital RO	Share premium RO	Legal Reserve RO	Fair value reserve RO	Retained earnings RO	Total RO
<b>At 1 January 2022 (Audited)</b>	<b>17,500,000</b>	<b>1,380,151</b>	<b>1,167,573</b>	<b>863,465</b>	<b>1,817,645</b>	<b>22,728,834</b>
<b>Comprehensive income:</b>						
Profit for the period	-	-	-	-	262,838	262,838
Other comprehensive income – change in fair value of investments at fair value through equity	-	-	-	67,973	-	67,973
	-	-	-	67,973	262,838	330,811
<b>Transaction with owners:</b>						
Dividend declared during the period	-	-	-	-	<b>(1,312,500)</b>	<b>(1,312,500)</b>
Transfer to legal reserve	-	-	26,283	-	<b>(26,283)</b>	-
	-	-	26,283	-	<b>(1,338,783)</b>	<b>(1,312,500)</b>
<b>At 31 March 2022 (Unaudited)</b>	<b>17,500,000</b>	<b>1,380,151</b>	<b>1,193,856</b>	<b>931,438</b>	<b>741,700</b>	<b>21,747,145</b>

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## AL MADINA INSURANCE COMPANY SAOG

### UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN PARTICIPANTS' FUND FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

	<b>Deficit in participants' fund</b>		
	<b>General takaful RO</b>	<b>Family takaful RO</b>	<b>Total RO</b>
<b>At 1 January 2023 (Audited)</b>	<b>180,016</b>	<b>(325,540)</b>	<b>(145,524)</b>
Surplus / (deficit) for the period	<b>390,662</b>	<b>(21,569)</b>	<b>369,093</b>
<b>At 31 March 2023 (Unaudited)</b>	<b>570,678</b>	<b>(347,109)</b>	<b>223,569</b>
At 1 January 2022 (Audited)	(10,694)	(458,704)	(469,398)
Surplus / (deficit) for the period	261,223	(78,554)	182,669
At 31 March 2022 (Unaudited)	250,529	(537,258)	(286,729)

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## AL MADINA INSURANCE COMPANY SAOG

### UNAUDITED CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

	<i>Note</i>	(Unaudited) 31 March 2023 RO	(Unaudited) 31 March 2022 RO
<b>Operating activities</b>			
Profit before tax for the period		145,890	312,838
Surplus from takaful operations		369,093	182,669
<b>Adjustments for:</b>			
Depreciation	16	27,024	39,477
Dividend income	21	(78,749)	(72,543)
Income from bank deposit	21	(231,463)	(179,731)
Profit on the Mudarbah investment		(14,726)	-
Profit from investments carried out at amortised cost	21	(98,344)	(100,889)
End of service benefits charge for the period		23,508	67,023
Rental income on investment in real estate	21	(76,134)	(75,639)
Unrealised gain on investments at fair value through profit or loss	21	30,688	(4,362)
Provision for doubtful debt		30,000	30,000
Realised gain on investments carried at fair value through profit or loss	21	21,525	(4,889)
		<u>148,312</u>	<u>193,954</u>
<b>Payment of end of service benefits</b>		<u>(8,775)</u>	<u>-</u>
		139,537	193,954
<b>Working capital changes:</b>			
Takaful and retakaful/reinsurance balance receivables		2,452,071	262,680
Retakaful / reinsurance share of outstanding claims and unearned contribution reserve		5,591,276	2,399,101
Other receivables, prepayments and other assets		82,018	(245,369)
Deferred policy acquisition cost		(1,596)	(25,515)
Outstanding claims and unearned premium reserve		(6,262,219)	(2,637,511)
Accounts and other payables		(1,565,952)	(566,548)
Due to retakaful / reinsurance		4,148,779	(1,336,085)
Unearned retakaful/reinsurance commission		20,244	(10,521)
<b>Net cash generated from / (used in) operating activities</b>		<u>4,604,158</u>	<u>(1,965,814)</u>
<b>Investing activities</b>			
Purchase of property and equipment	16	(26,701)	(35,214)
Purchase of investments fair value through profit or loss		(36,661)	-
Proceeds from disposal of investments at fair value through profit or loss	7	148,285	51,871
Proceeds from disposal of carried at amortised cost		1,500,000	-
Movement in bank deposits		6,722,500	-
Rent on investment in real estate received		25,749	24,168
Profit on bank deposits received		534,490	46,807
Dividends received		78,749	72,543
<b>Net cash generated from investing activities</b>		<u>8,946,411</u>	<u>160,175</u>
<b>Net change in cash and cash equivalents</b>		<u>13,550,569</u>	<u>(1,805,639)</u>
Cash and cash equivalents at the beginning of the period	5	6,670,506	7,266,174
<b>Cash and cash equivalents at the end of the period</b>	5	<u>20,221,075</u>	<u>5,460,535</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023****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 2022: 9).

**2 Summary of significant accounting policies**

(a) This unaudited condensed interim financial information for the three month period ended 31 March 2023 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 2022.

(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 2022. In addition, results for the three month period ended 31 March 2023 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.

(i) FAS 39 Financial Reporting for Zakah (effective 1 January 2023). *We are currently assessing the impact.* 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 accounting and financial reporting requirements such as recognition, presentation and disclosure requirements of this standard shall apply to institutions that are obliged to pay Zakah on behalf of certain or all stakeholders. Institutions that are not obliged to pay Zakah shall apply the disclosure requirements of this standard for certain or all stakeholders, as relevant. 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.

(ii) FAS 41 Interim Financial Reporting (effective 1 January 2023). *We are currently assessing the impact.* The objective of this standard is to set out the principles for interim financial reporting for all institutions having adopted AAOIFI FASs and it should be read with other AAOIFI FASs and generally accepted accounting principles, applicable in relevant jurisdictions. The standard applies to institutions that elect to publish or are required to publish interim financial reports according to applicable laws, regulations, or practices. The Company is currently assessing the impact, however, based on the preliminary assessment, the Company reasonably expects

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023 (Continued)**

that the issued standard may not result in changes to previously reported net profit or equity, however, may result in additional disclosures at year end.

**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 2022.

**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 2022. 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
<b>31 March 2023 (Unaudited)</b>				
Cash at bank in current accounts	503,840	10,750,969	6,979	10,757,948
Cash at bank in call accounts	1,063,377	6,552,254	138,961	6,691,215
Cash balances with investment managers	1,150,604	48,705	-	48,705
Cash in hand	4,586	800	-	800
	<b>2,722,407</b>	<b>17,352,728</b>	<b>145,940</b>	<b>17,498,668</b>
<b>31 December 2022 (Audited)</b>				
Cash at bank in current accounts	45,811	2,151,204	6,305	2,157,509
Cash at bank in call accounts	170,057	2,995,977	424,320	3,420,297
Cash balances with investment managers	823,156	48,705	-	48,705
Cash in hand	4,023	948	-	948
	<b>1,043,047</b>	<b>5,196,834</b>	<b>430,625</b>	<b>5,627,459</b>

**6 Bank deposits**

	Shareholders RO	Participants		
		General RO	Family RO	Total RO
<b>31 March 2023 (Unaudited)</b>				
Bank deposits with maturity of more than three months	4,300,000	6,175,000	1,475,000	7,650,000
<b>31 December 2022 (Audited)</b>				
Bank deposits with maturity of more than three months	4,300,000	12,897,500	1,475,000	14,372,500

6.1 Bank deposits carry profit rates in range of 4.5% to 5.25% per annum (31 December 2022 – 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 7,600,000 (31 December 2022 - RO 7,600,000) 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 THREE-MONTH PERIOD ENDED 31 MARCH 2023 (Continued)**

**6 Bank deposits (continued)**

6.3 The Company has kept a deposit of RO 50,000 (31 December 2022 - 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)

	<b>Shareholders – (Unaudited)</b>		<b>Shareholders – (Audited)</b>	
	<b>31 March 2023</b>		<b>31 December 2022</b>	
	<b>Fair value RO</b>	<b>Cost RO</b>	<b>Fair value RO</b>	<b>Cost RO</b>
<i>Local quoted</i>				
Service sector	<b>98,503</b>	<b>106,340</b>	112,090	122,404
Industrial sector	<b>594,741</b>	<b>617,592</b>	744,990	836,723
<b>Total investments</b>	<b>693,244</b>	<b>723,932</b>	857,080	959,127

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

	<b>Shareholders</b>	
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>31 March 2023 RO</b>	<b>31 December 2022 RO</b>
<b>At 1 January</b>	<b>857,080</b>	1,252,303
Purchases	<b>36,661</b>	140,995
Disposals	<b>(148,285)</b>	(445,206)
Realised (loss) / gain on disposal	<b>(21,525)</b>	11,035
Net change in fair value	<b>(30,687)</b>	(102,047)
<b>At 31 March / 31 December</b>	<b>693,244</b>	857,080

(c) Details of the Company's investments carried at fair value through profit or loss for which the Company's holding exceeds 10% of the fair value of investments held at fair value through profit or loss at 31 March 2023 / 31 December 2022 are:

	<b>% of Portfolio</b>	<b>Number of Securities</b>	<b>Fair value RO</b>	<b>Cost RO</b>
<b>31 March 2023 (Unaudited)</b>				
Al Maha Ceramic Company SAOG	<b>36</b>	<b>587,443</b>	<b>246,726</b>	<b>256,125</b>
Salalah Mill Company SAOG	<b>29</b>	<b>256,556</b>	<b>203,192</b>	<b>221,664</b>
	<b>% of Portfolio</b>	<b>Number of Securities</b>	<b>Fair value RO</b>	<b>Cost RO</b>
<b>31 December 2022 (Audited)</b>				
Al Maha Ceramic Company SAOG	30	587,443	256,125	262,000
Salalah Mill Company SAOG	26	256,556	221,664	282,212
Oman Refreshment Company SAOG	15	76,978	127,399	134,712

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023 (Continued)**

**8 Takaful and retakaful / reinsurance balance receivable**

	Participants		
	General RO	Family RO	Total RO
<b>31 March 2023 (Unaudited)</b>			
Takaful receivable including due from related parties	16,415,475	773,719	17,189,194
Less: specific and portfolio provision for impairment	<u>(1,589,453)</u>	<u>(79,745)</u>	<u>(1,669,198)</u>
	<u>14,826,022</u>	<u>693,974</u>	<u>15,519,996</u>
Retakaful / reinsurance balances receivable	980,280	420,108	1,400,388
Less: specific and portfolio provision for impairment	<u>(305,589)</u>	<u>(20,865)</u>	<u>(326,454)</u>
	<u>674,691</u>	<u>399,243</u>	<u>1,073,934</u>
	<u>15,500,713</u>	<u>1,093,217</u>	<u>16,593,930</u>

	Participants		
	General RO	Family RO	Total RO
<b>31 December 2022 (Audited)</b>			
Takaful receivable including due from related parties	18,774,240	1,033,462	19,807,702
Less: specific and portfolio provision for impairment	<u>(1,559,453)</u>	<u>(79,745)</u>	<u>(1,639,198)</u>
	<u>17,214,787</u>	<u>953,717</u>	<u>18,168,504</u>
Retakaful / reinsurance balances receivable	615,525	618,426	1,233,951
Less: specific and portfolio provision for impairment	<u>(305,589)</u>	<u>(20,865)</u>	<u>(326,454)</u>
	<u>309,936</u>	<u>597,561</u>	<u>907,497</u>
	<u>17,524,723</u>	<u>1,551,278</u>	<u>19,076,001</u>

Normal credit period allowed to takaful debtors and retakaful / reinsurance companies is 120 days after which amounts are considered as past due. As at 31 March 2023, receivables past due above 121 days amounting to RO 8,942,178 (31 December 2022 RO 5,445,468) 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
<b>31 March 2023 (Unaudited)</b>			
Neither past due nor impaired	9,218,715	428,689	9,647,404
Past due but not impaired	6,281,998	664,527	6,946,525
Past due and impaired	<u>1,895,042</u>	<u>100,610</u>	<u>1,995,652</u>
	<u>17,395,755</u>	<u>1,193,826</u>	<u>18,589,581</u>
<b>31 December 2022 (Audited)</b>			
Neither past due nor impaired	12,766,624	807,731	13,574,355
Past due but not impaired	4,758,099	743,547	5,501,646
Past due and impaired	<u>1,865,042</u>	<u>100,610</u>	<u>1,965,652</u>
	<u>19,389,765</u>	<u>1,651,888</u>	<u>21,041,653</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023 (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:

	<b>Participants</b>		
	<b>General RO</b>	<b>Family RO</b>	<b>Total RO</b>
<b><u>31 March 2023 (Unaudited)</u></b>			
At 1 January 2023	1,865,042	100,610	1,965,652
Charge for the period	30,000	-	30,000
<b>At 31 March 2023</b>	<b>1,895,042</b>	<b>100,610</b>	<b>1,995,652</b>
<b><u>31 December 2022 (Audited)</u></b>			
At 1 January 2022	1,760,042	85,610	1,845,652
Charge for the year	105,000	15,000	120,000
<b>At 31 December 2022</b>	<b>1,865,042</b>	<b>100,610</b>	<b>1,965,652</b>

(c) At 31 March 2023, 27% of the Company's takaful receivable is from 5 customers (31 December 2022 - 78% from 5 customers).

(d) At 31 March 2023, 66% of the Company's due from retakaful / reinsurance companies are from 5 retakaful / reinsurance companies (31 December 2022 - 63% from 5 retakaful / reinsurance companies).

**9 Receivable from participants and payable to shareholders**

	<b>Shareholders</b>	
	<b>(Unaudited) 31 March 2023 RO</b>	<b>(Audited) 31 December 2022 RO</b>
<b>At 1 January</b>	<b>2,743,573</b>	2,666,587
Wakala fee income for the period / year	1,676,603	8,941,645
Mudarib share for the period / year	104,743	294,753
Amount received from policyholders	(1,860,000)	(9,100,000)
Net movement in policyholders' account	(6,552)	(59,412)
<b>At 31 March / 31 December – net</b>	<b>2,658,367</b>	<b>2,743,573</b>

(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:

	<b>Shareholders</b>	
	<b>Unaudited 31 March 2023 RO</b>	<b>Audited 31 December 2022 RO</b>
On account of qard hassan		
- From general takaful	483,956	483,956
- From family takaful	722,597	722,597
	<b>1,206,553</b>	1,206,553
On account of wakala fees, mudarib share and inter-fund balances		
- From general takaful	233,125	418,940
- From family takaful	1,218,689	1,118,080
	<b>1,451,814</b>	1,537,020
	<b>2,658,367</b>	<b>2,743,573</b>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023 (Continued)**

**10 Takaful liabilities**

	31 March 2023 – (Unaudited)			31 December 2022 – (Audited)		
	Gross RO	Retakaful / reinsurance RO	Net RO	Gross RO	Retakaful / reinsurance RO	Net RO
<b>General takaful</b>						
Claims incurred but not settled	37,320,533	(33,448,092)	3,872,441	41,973,911	(37,589,326)	4,384,585
Claims incurred but not reported	4,447,561	(3,238,584)	1,208,977	4,447,561	(3,238,584)	1,208,977
	<b>41,768,094</b>	<b>(36,686,676)</b>	<b>5,081,418</b>	<b>46,421,472</b>	<b>(40,827,910)</b>	<b>5,593,562</b>
Unearned contributions reserve	17,996,839	(11,419,566)	6,577,273	19,807,241	(13,006,790)	6,800,451
	<b>59,764,933</b>	<b>(48,106,242)</b>	<b>11,658,691</b>	<b>66,228,713</b>	<b>(53,834,700)</b>	<b>12,394,013</b>
<b>Family takaful</b>						
Claims incurred but not settled	1,129,858	(964,240)	165,618	939,940	(812,194)	127,746
Claims incurred but not reported	325,229	(283,705)	41,524	325,229	(283,705)	41,524
	<b>1,455,087</b>	<b>(1,247,945)</b>	<b>207,142</b>	<b>1,265,169</b>	<b>(1,095,899)</b>	<b>169,270</b>
Unearned contributions reserve	550,351	(343,822)	206,529	538,708	(358,687)	180,021
	<b>2,005,438</b>	<b>(1,591,767)</b>	<b>413,671</b>	<b>1,803,877</b>	<b>(1,454,586)</b>	<b>349,291</b>
	<b>61,770,371</b>	<b>(49,698,009)</b>	<b>12,072,362</b>	<b>68,032,590</b>	<b>(55,289,286)</b>	<b>12,743,304</b>

**(a) Claims and loss adjustment expenses**

	31 March 2023 – (Unaudited)			31 December 2022 – (Audited)		
	Gross RO	Retakaful / reinsurance RO	Net RO	Gross RO	Retakaful / reinsurance RO	Net RO
<b>General takaful</b>						
Notified claims	41,973,911	(37,589,326)	4,384,585	47,769,540	(42,894,241)	4,875,299
Incurred but not reported	4,447,561	(3,238,584)	1,208,977	5,769,474	(4,589,154)	1,180,320
<b>Total at the beginning of the period / year</b>	<b>46,421,472</b>	<b>(40,827,910)</b>	<b>5,593,562</b>	<b>53,539,014</b>	<b>(47,483,395)</b>	<b>6,055,619</b>
Cash paid for claims settled during the period / year	(3,143,167)	942,721	(2,200,446)	(16,108,163)	7,294,103	(8,814,060)
Increase in liabilities arising from current and prior period claims	(1,510,211)	3,198,513	1,688,302	8,990,621	(638,618)	8,352,003
<b>Total at the end of the period / year</b>	<b>41,768,094</b>	<b>(36,686,676)</b>	<b>5,081,418</b>	<b>46,421,472</b>	<b>(40,827,910)</b>	<b>5,593,562</b>
Notified claims	37,320,533	(33,448,092)	3,872,441	41,973,911	(37,589,326)	4,384,585
Incurred but not reported	4,447,561	(3,238,584)	1,208,977	4,447,561	(3,238,584)	1,208,977
<b>Total at the end of the period / year</b>	<b>41,768,094</b>	<b>(36,686,676)</b>	<b>5,081,418</b>	<b>46,421,472</b>	<b>(40,827,910)</b>	<b>5,593,562</b>



**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023 (Continued)**

**10 Takaful liabilities (continued)**

**(a) Claims and loss adjustment expenses (continued)**

	31 March 2023 – (Unaudited)			31 December 2022 – (Audited)		
	Gross	Retakaful / reinsurance	Net	Gross	Retakaful / reinsurance	Net
	RO	RO	RO	RO	RO	RO
<b>Family takaful</b>						
Notified claims	939,940	(812,194)	127,746	962,721	(825,388)	137,333
Incurring but not reported	325,229	(283,705)	41,524	509,051	(439,351)	69,700
<b>Total at the beginning of the period / year</b>	<b>1,265,169</b>	<b>(1,095,899)</b>	<b>169,270</b>	<b>1,471,772</b>	<b>(1,264,739)</b>	<b>207,033</b>
Cash paid for claims settled during the period / year	(517,263)	451,307	(65,955)	(2,299,947)	1,959,880	(340,067)
Increase in liabilities arising from current and prior period claims	707,181	(603,353)	103,827	2,093,344	(1,791,040)	302,304
<b>Total at the end of the period / year</b>	<b>1,455,087</b>	<b>(1,247,945)</b>	<b>207,142</b>	<b>1,265,169</b>	<b>(1,095,899)</b>	<b>169,270</b>
Notified claims	1,129,858	(964,240)	165,618	939,940	(812,194)	127,746
Incurring but not reported	325,229	(283,705)	41,524	325,229	(283,705)	41,524
<b>Total at the end of the period / year</b>	<b>1,455,087</b>	<b>(1,247,945)</b>	<b>207,142</b>	<b>1,265,169</b>	<b>(1,095,899)</b>	<b>169,270</b>

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

	31 March 2023 – (Unaudited)			31 December 2022 – (Audited)		
	Gross	Retakaful / reinsurance	Net	Gross	Retakaful / reinsurance	Net
	RO	RO	RO	RO	RO	RO
Unearned contributions reserves	19,807,241	(13,006,790)	6,800,451	19,810,385	(13,181,132)	6,629,253
Mathematical reserves	538,708	(358,687)	180,021	551,847	(382,993)	168,854
<b>Total at the beginning of the period / year</b>	<b>20,345,949</b>	<b>(13,365,477)</b>	<b>6,980,472</b>	<b>20,362,232</b>	<b>(13,564,125)</b>	<b>6,798,107</b>
Gross contributions during the period / year	8,529,154	(4,998,846)	3,530,308	44,708,227	(29,311,234)	15,396,993
Net release during the period / year	(10,327,913)	6,600,935	(3,726,978)	(44,724,510)	29,509,882	(15,214,628)
<b>Total at the end of the period / year</b>	<b>18,547,190</b>	<b>(11,763,388)</b>	<b>6,783,802</b>	<b>20,345,949</b>	<b>(13,365,477)</b>	<b>6,980,472</b>
Unearned contributions reserves	17,996,839	(11,419,566)	6,577,273	19,807,241	(13,006,790)	6,800,451
Mathematical reserves	550,351	(343,822)	206,529	538,708	(358,687)	180,021
<b>Total at the end of the period / year</b>	<b>18,547,190</b>	<b>(11,763,388)</b>	<b>6,783,802</b>	<b>20,345,949</b>	<b>(13,365,477)</b>	<b>6,980,472</b>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023 (Continued)**

**11 Deferred policy acquisition cost**

	Shareholder RO	General takaful RO	Family takaful RO	Total RO
<b>(Unaudited)</b>				
<b>At 1 January 2023</b>	<b>780,483</b>	<b>164</b>	<b>-</b>	<b>164</b>
Cost incurred during the period	448,615	-	-	-
Amortised during the period	(446,959)	(62)	-	(62)
<b>At 31 March 2023</b>	<b>782,139</b>	<b>102</b>	<b>-</b>	<b>102</b>

	Shareholder RO	General takaful RO	Family takaful RO	Total RO
<b>(Audited)</b>				
At 1 January 2022	776,080	13,711	724	14,435
Cost incurred during the year	1,778,380	-	-	-
Amortised during the year	(1,773,977)	(13,547)	(724)	(14,271)
At 31 December 2022	780,483	164	-	164

**12 Other receivables and takaful assets**

	<u>Shareholders</u>	<u>Participants</u>		
	RO	General takaful RO	Family takaful RO	Total RO
<b>31 March 2023 – (Unaudited)</b>				
Rent receivable	186,746	-	-	-
Accrued profit on bank deposits and Sukuks	303,702	267,515	54,178	321,693
Advances	66,834	-	-	-
Prepayments	90,372	14,861	617,475	632,336
Others	271,201	1,289,952	-	1,289,952
	<b>918,855</b>	<b>1,572,328</b>	<b>671,653</b>	<b>2,243,981</b>

	<u>Shareholders</u>	<u>Participants</u>		
	RO	General takaful RO	Family takaful RO	Total RO
<b>31 December 2022 – (Audited)</b>				
Rent receivable	136,361	-	-	-
Accrued profit on bank deposits and Sukuks	195,021	580,667	39,618	620,285
Advances	47,065	14,861	593,989	608,850
Prepayments	28,616	-	-	-
Other	195,767	1,552,416	-	1,552,416
	<b>602,830</b>	<b>2,147,944</b>	<b>633,607</b>	<b>2,781,551</b>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023 (Continued)**

**13 Investments at fair value through equity**

	Shareholders			
	31 March 2023 – (Unaudited)		31 December 2022 – (Audited)	
	Fair value	Cost	Fair value	Cost
	RO	RO	RO	RO
<b>Local quoted</b>				
Service sector	122,400	117,600	132,000	117,600
Real estate development	416,500	392,000	406,000	392,000
Industrial sector	24,900	6,330	25,500	6,330
	<b>563,800</b>	<b>515,930</b>	<b>563,500</b>	<b>515,930</b>
<b>Local unquoted</b>				
Service sector	270,641	71,428	258,569	71,428
Real estate development	132,000	129,600	129,750	129,600
	<b>402,641</b>	<b>201,028</b>	<b>388,319</b>	<b>201,028</b>
<b>Total Local</b>	<b>966,441</b>	<b>716,958</b>	<b>951,819</b>	<b>716,958</b>
<b>Foreign quoted</b>				
Financial sector	259,742	259,037	281,969	259,037
Service sector	804,395	710,690	788,662	710,690
Real estate development	34,381	19,231	38,132	19,231
Industrial sector	7,937	10,610	7,860	10,611
<b>Total Foreign</b>	<b>1,106,455</b>	<b>999,568</b>	<b>1,116,623</b>	<b>999,569</b>
<b>Total investments</b>	<b>2,072,896</b>	<b>1,716,526</b>	<b>2,068,442</b>	<b>1,716,527</b>

**13.1 Movement in investments at fair value through equity**

	Shareholders	
	(Unaudited)	(Audited)
	31 March 2023 RO	31 December 2022 RO
At the beginning of the period / year	2,068,442	2,266,624
Purchases	-	453,950
Net change in fair value	4,454	(652,132)
At the end of the period / year	<b>2,072,896</b>	<b>2,068,442</b>

13.2 At the reporting date, details of the Company's investments at fair value through equity for which the Company's holding exceeds 10% of investments held at fair value through equity at 31 March 2023 / 31 December 2022 are:

	% of portfolio	Basis of valuation	Number of securities	Fair Value RO
<b>31 March 2023 – (Unaudited)</b>				
<b>Investment from shareholders' fund</b>				
Dar Al Takaful PJSC	38	Fair value	10,504,203	785,250
<b>31 December 2022 – (Audited)</b>				
Dar Al Takaful PJSC	37	Fair value	10,504,203	769,853

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023 (Continued)**

**13 Investments at fair value through equity (continued)**

*13.3 Movement in investments fair value reserve: (continued)*

	Shareholders	
	(Unaudited) 31 March 2023 RO	(Audited) 31 December 2022 RO
<b>At 1 January</b>	<b>315,457</b>	863,465
Net change in fair value of investment during the period / year	<b>4,454</b>	(652,132)
Impact of deferred tax	-	104,124
	<b>4,454</b>	(548,008)
At the end of the period / year	<b>319,911</b>	315,457

*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		General takaful		Family takaful	
	31 March 2023 RO	31 December 2022 RO	31 March 2023	31 December 2022	31 March 2023	31 December 2022
<b>At 1 January</b>	<b>5,710,977</b>	6,229,113	<b>460,519</b>	-	<b>100,000</b>	100,000
Purchased during the year	-	960,913	-	460,519	-	-
Disposal during the year	<b>(1,500,000)</b>	(1,478,638)	-	-	-	-
Amortised during the year	<b>(165)</b>	(411)	<b>116</b>	-	-	-
<b>At 31 December</b>	<b>4,210,812</b>	5,710,977	<b>460,635</b>	460,519	<b>100,000</b>	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 1,486,068 units (31 December 2022 – 2,986,068 units) with the carrying value of RO 3,929,098 (31 December 2022 - 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) 31 March 2023 RO	(Audited) 31 December 2022 RO
<b>At 1 January</b>	<b>5,170,000</b>	5,170,000
Impairment on investment in real estate	-	-
At the beginning and end of the period / year	<b>5,170,000</b>	5,170,000

As of 31 March 2023, the Company has investment in investment real estate of RO 5,170,000 (31 December 2022 – RO 5,170,000) which is 11.52% 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.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023 (Continued)**

**15 Investment in real estate (continued)**

*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 2022 – 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**

	<b>Shareholders</b>	
	<b>(Unaudited) 31 March 2023 RO</b>	<b>(Audited) 31 December 2022 RO</b>
<b>Net book value</b>		
At beginning of the period / year	<b>611,927</b>	686,092
Additions during the period / year	<b>26,701</b>	48,369
Depreciation for the period / year	<b>(27,024)</b>	(122,534)
At the end of the period / year	<b>611,604</b>	611,927

**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:

	<b>Participants</b>		
	<b>General Takaful RO</b>	<b>Family takaful RO</b>	<b>Total RO</b>
<b>At 1 January 2023</b>	<b>163,979</b>	-	<b>163,979</b>
Income from retakaful contracts accrued during the period	<b>134,673</b>	-	<b>134,673</b>
Amortised during the period	<b>(114,429)</b>	-	<b>(114,429)</b>
<b>At 31 March 2023 – (Unaudited)</b>	<b>184,223</b>	-	<b>184,223</b>

	General Takaful RO	Family Takaful RO	Total RO
At 1 January 2022	162,408	-	162,408
Income from retakaful contracts accrued during the year	430,528	-	430,528
Amortised during the year	(428,957)	-	(428,957)
At 31 December 2022 – (Audited)	163,979	-	163,979

**19 Net claims incurred**

	<b>31 March 2023 – (Unaudited)</b>			<b>31 March 2022 – (Unaudited)</b>		
	<b>Retakaful / reinsurances'</b>			<b>Retakaful / reinsurances'</b>		
	<b>Gross RO</b>	<b>share RO</b>	<b>Net RO</b>	Gross RO	share RO	Net RO
Claims notified and not settled	<b>38,450,391</b>	<b>(34,412,332)</b>	<b>4,038,059</b>	48,145,328	(43,677,580)	4,467,748
Claims incurred but not reported	<b>4,772,790</b>	<b>(3,522,289)</b>	<b>1,250,501</b>	6,178,525	(5,028,505)	1,150,020
Outstanding at end of the period	<b>43,223,181</b>	<b>(37,934,621)</b>	<b>5,288,560</b>	54,323,853	(48,706,085)	5,617,768
Takaful claims paid	<b>3,660,430</b>	<b>(1,394,029)</b>	<b>2,266,401</b>	3,667,342	(1,363,827)	2,303,515
Claims notified and not settled	<b>42,913,851</b>	<b>(38,401,520)</b>	<b>4,512,331</b>	48,732,261	(43,719,629)	5,012,632
Claims incurred but not reported	<b>4,772,790</b>	<b>(3,522,289)</b>	<b>1,250,501</b>	6,278,525	(5,028,505)	1,250,020
Outstanding at beginning of the period	<b>47,686,641</b>	<b>(41,923,809)</b>	<b>5,762,832</b>	55,010,786	(48,748,134)	6,262,652
Claims incurred	<b>(803,030)</b>	<b>2,595,159</b>	<b>1,792,129</b>	2,980,409	(1,321,778)	1,658,631

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023 (Continued)**

**19 Net claims incurred (continued)**

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

	(Unaudited) 31 March 2023 RO	(Unaudited) 31 March 2022 RO
Motor	1,146,444	945,498
Fire, accidents, engineering and others	10,025,338	6,416,199
Marine cargo and hull	98,632	138,822
Medical	(64,554)	375,271
Life	(134,201)	320,305
	<u>11,071,659</u>	<u>8,196,095</u>

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 charged 15% for general takaful and 20% family takaful (2022 -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% (2022 - 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% (2022 – 20% and 55%) respectively.

**21 Investment income - net**

	(Unaudited) 31 March 2023 RO	(Unaudited) 31 March 2022 RO
Investment property rental income	76,134	75,639
Profit from investment carried at amortised cost	98,344	100,889
Dividend income	78,749	72,543
Fair value (loss) / gain on investments held at fair value through profit or loss	(30,687)	4,362
Profit on Wakala deposits	246,189	179,731
(Loss) / gain on sale of investments held at fair value through profit or loss – net	(21,525)	4,889
Investment management costs	(10,283)	(15,744)
	<u>436,921</u>	<u>422,309</u>

**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.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023 (Continued)**

**24 Earnings per share**

	(Unaudited) 31 March 2023	(Unaudited) 31 March 2022
Shareholder's profit for the period - RO	95,890	262,838
Weighted average number of shares outstanding - number	175,000,000	175,000,000
Earnings per share – basic and diluted - RO	0.001	0.002

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) 31 March 2023 RO	(Unaudited) 31 March 2022 RO
Gross contributions	570,805	568,391
Gross claims settled	38,772	56,242
Gross outstanding claims	165,032	391,356
Directors' sitting fee	14,400	13,600
Shari'ah Supervisory Committee sitting fee	2,250	3,500

(b) Balances with related parties

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

	(Unaudited) 31 March 2023 RO	(Audited) 31 December 2022 RO
Contribution balances receivables from related parties	2,498,766	2,597,352
Investment in Tilal Sukuk SAOC	2,499,940	2,500,064
Investment in Mohammed Al Barwani Sukuk	-	1,500,000
Investments at fair value through equity	1,187,891	1,158,172
Investment at fair value through profit or loss	203,192	221,664
Cash with investment manager – Al Madina Investment	539,726	525,000

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
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**25 Related parties (continued)**

(c) Compensation of key management personnel of the Company

Compensation of key management personnel of the Company, consisting of salaries and benefits, was as follows:

	<b>(Unaudited)</b> <b>31 March</b> <b>2023</b> <b>RO</b>	<b>(Unaudited)</b> <b>31 March</b> <b>2022</b> <b>RO</b>
Short-term benefits	<b>281,630</b>	318,951
Employee end of service benefits	<b>11,641</b>	30,252
	<b><u>293,271</u></b>	<b><u>349,203</u></b>

**26 Contingencies**

**Contingent liabilities**

At 31 March 2023, 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 65,264 (31 December 2022 - RO 30,754).

**Capital commitment**

At 31 March 2023, the Company has no capital commitment (31 December 2022 - 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  
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**27 Segment information (continued)**

**Operating segments (continued)**

**31 March 2023**

	Fire, energy, medical, engineering, liability and general accident	Motor, marine and aviation	Total General Takaful	Family Takaful
				<b>RO</b>
Gross contributions	5,234,457	2,710,149	7,944,606	584,548
Retakaful/reinsurance share	(3,755,839)	(845,060)	(4,600,899)	(397,947)
Retained contributions	1,478,618	1,865,089	3,343,707	186,601
Unearned contributions adjustment – net	301,622	(78,444)	223,178	(26,508)
Net earned contributions	1,780,240	1,786,645	3,566,885	160,093
Fee and Commission income	106,173	47,647	153,820	214
Segment Revenue	1,886,413	1,834,292	3,720,705	160,307
Net claims incurred	(1,051,176)	(637,126)	(1,688,302)	(103,827)
Commission expense	(62)	-	(62)	-
Takaful expense	(2,691)	(96,001)	(98,692)	(132)
Underwriting surplus before wakala fees	832,484	1,101,165	1,933,649	56,348
Provision for impairment of receivables			(30,000)	-
Wakala fees			(1,588,921)	(87,682)
Surplus from takaful operations after wakala fees			314,728	(31,334)
Investment income – net			168,743	21,699
Mudarib share			(92,809)	(11,934)
<b>Surplus / (deficit) from takaful operations</b>			<b>390,662</b>	<b>(21,569)</b>
<b>Identifiable assets and liabilities on 31 March 2023</b>				
Identifiable assets	62,417,424	26,750,324	89,167,748	5,149,025
Identifiable liabilities	62,017,949	26,579,121	88,597,071	5,496,134

**31 December 2022**

	Fire, energy, medical, engineering, liability and general accident	Motor, marine and aviation	Total General Takaful	Family Takaful
				<b>RO</b>
Gross contributions	32,448,983	9,169,388	41,618,371	3,089,856
Retakaful/reinsurance share	(24,850,322)	(2,072,103)	(26,922,425)	(2,388,809)
Retained contributions	7,598,661	7,097,285	14,695,946	701,047
Unearned contributions adjustment - net	65,429	(236,627)	(171,198)	(11,167)
Net earned contributions	7,664,090	6,860,658	14,524,748	689,880
Fee and Commission income	528,102	204,123	732,225	815
Segment Revenue	8,192,192	7,064,781	15,256,973	690,695
Net claims incurred	(4,428,539)	(3,923,464)	(8,352,003)	(302,304)
Commission expense	(13,537)	(10)	(13,547)	(724)
Takaful expense	(146,067)	(288,323)	(434,390)	(343)
Underwriting surplus before wakala fees	3,604,049	2,852,984	6,457,033	387,324
Provision for impairment of receivables			(105,000)	(15,000)
Wakala fees			(8,323,674)	(617,971)
Surplus from takaful operations after wakala fees			(1,971,641)	(245,647)
Investment income - net			471,891	64,024
Mudarib share			(259,540)	(35,213)
Hiba from Shareholder's to Policyholder's			1,950,000	350,000
<b>Surplus / (deficit) from takaful operations</b>			<b>190,710</b>	<b>133,164</b>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023 (Continued)**

Identifiable assets and liabilities on 31 December 2022				
Identifiable assets	64,941,581	27,832,107	92,773,688	5,645,096
Identifiable liabilities	60,660,128	25,997,199	86,657,327	6,308,845

**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 21,738 (31 December 2022 – 21,738). 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.