

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 30<sup>th</sup> June 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’s 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 18.23 million as of second quarter of 2023 as against 17.77 million during the same period of 2022. This was due to the application of a focused sales strategy adopted by the Company by focusing on profitable business and weeding out certain loss-making accounts which contribute negatively to the Company’s profitability. This is evident by a 3% increase in profit after tax as compared to corresponding period of 2022.

### **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 7.58 million in the 2<sup>nd</sup> Quarter of 2023 as compared to RO 7.38 million in the corresponding period of 2022. The Company also took corrective measures to control the increase in Claims, as a result of which a 2% reduction was achieved in the net incurred claims as of Q2-2023 as compared to the corresponding period of 2022. Furthermore, an actuarial validation of reserves was performed, and the reserves were found to be adequate.

## **Investment Income**

The Company prudently manages its investment portfolio, while ensuring that all the investments are well diversified and are constantly monitored for Shariah' Compliance. The investment performance of your company has improved where 2% growth was achieved and Investment income of RO 774 K was reported for Q2-2023 as against RO 758K for the corresponding period.

## **Profitability of the company**

Your Company reported a 3% increase in profit after tax of RO 728K as compared to RO 706K 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.

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 country.

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 30 JUNE 2023

	Note	Shareholders' fund		Participants' fund						Grand total	
		Unaudited 30 June 2023 RO	Audited 31 December 2022 RO	General takaful		Family takaful		Total participants' fund		Unaudited 30 June 2023 RO	Audited 31 December 2022 RO
				Unaudited 30 June 2023 RO	Audited 31 December 2022 RO	Unaudited 30 June 2023 RO	Audited 31 December 2022 RO	Unaudited 30 June 2023 RO	Audited 31 December 2022 RO		
<b>ASSETS</b>											
Cash and bank balances	5	<b>798,132</b>	1,043,047	<b>5,263,977</b>	5,196,834	<b>294,353</b>	430,625	<b>5,558,330</b>	5,627,459	<b>6,356,462</b>	6,670,506
Investments carried at fair value through profit or loss	7	<b>577,442</b>	857,080	-	-	-	-	-	-	<b>577,442</b>	857,080
Takaful balance receivable	8	-	-	<b>11,511,858</b>	17,214,787	<b>1,334,496</b>	953,717	<b>12,846,354</b>	18,168,504	<b>12,846,354</b>	18,168,504
Retakaful / reinsurance balance receivable	8	-	-	<b>810,364</b>	309,936	<b>372,080</b>	597,561	<b>1,182,444</b>	907,497	<b>1,182,444</b>	907,497
Receivable from participants' fund – family takaful		-	-	<b>506,221</b>	711,304	-	-	<b>506,221</b>	711,304	<b>506,221</b>	711,304
Receivable from participants' fund	9	<b>2,554,287</b>	2,743,573	-	-	-	-	-	-	<b>2,554,287</b>	2,743,573
Due from retakaful / reinsurance companies in connection with takaful liabilities	10	-	-	<b>52,696,111</b>	53,834,700	<b>1,468,872</b>	1,454,586	<b>54,164,983</b>	55,289,286	<b>54,164,983</b>	55,289,286
Deferred policy acquisition cost	11	<b>868,717</b>	780,483	<b>38</b>	164	-	-	<b>38</b>	164	<b>868,755</b>	780,647
Other receivables and takaful assets	12	<b>960,449</b>	602,830	<b>1,704,994</b>	2,147,944	<b>718,653</b>	633,607	<b>2,423,647</b>	2,781,551	<b>3,384,096</b>	3,384,381
Investments at fair value through equity	13	<b>2,148,580</b>	2,068,442	-	-	-	-	-	-	<b>2,148,580</b>	2,068,442
Bank deposits	6	<b>4,300,000</b>	4,300,000	<b>8,625,000</b>	12,897,500	<b>1,475,000</b>	1,475,000	<b>10,100,000</b>	14,372,500	<b>14,400,000</b>	18,672,500
Investments carried at amortised cost	14	<b>5,210,738</b>	5,710,977	<b>1,460,697</b>	460,519	<b>100,000</b>	100,000	<b>1,560,697</b>	560,519	<b>6,771,435</b>	6,271,496
Deferred tax asset		<b>299,137</b>	299,137	-	-	-	-	-	-	<b>299,137</b>	299,137
Investment in real estate	15	<b>5,170,000</b>	5,170,000	-	-	-	-	-	-	<b>5,170,000</b>	5,170,000
Property and equipment	16	<b>602,049</b>	611,927	-	-	-	-	-	-	<b>602,049</b>	611,927
<b>Total assets</b>		<b>23,489,531</b>	24,187,496	<b>82,579,260</b>	92,773,688	<b>5,763,454</b>	5,645,096	<b>88,342,714</b>	98,418,784	<b>111,832,245</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 30 JUNE 2023 (CONTINUED)

	Note	Shareholders' fund		Participants' fund						Grand total	
		(Unaudited) 30 June 2023 RO	(Audited) 31 December 2022 RO	General takaful		Family takaful		Total participants' fund		(Unaudited) 30 June 2023 RO	(Audited) 31 December 2022 RO
				(Unaudited) 30 June 2023 RO	(Audited) 31 December 2022 RO	(Unaudited) 30 June 2023 RO	(Audited) 31 December 2022 RO	(Unaudited) 30 June 2023 RO	(Audited) 31 December 2022 RO		
<b>LIABILITIES, PARTICIPANTS' FUND AND SHAREHOLDERS' EQUITY</b>											
<b>LIABILITIES</b>											
Takaful liabilities	10	-	-	64,881,078	66,228,713	1,874,136	1,803,877	66,755,214	68,032,590	66,755,214	68,032,590
Unearned retakaful commission	18	-	-	224,906	163,979	-	-	224,906	163,979	224,906	163,979
Retakaful/reinsurance payables		-	-	11,395,081	17,899,454	445,015	443,971	11,840,096	18,343,425	11,840,096	18,343,425
Accounts and other payables		1,559,170	1,725,552	5,297,209	7,398,630	1,167,290	1,170,808	6,464,499	8,569,438	8,023,669	10,294,990
Charity fund payable		21,738	21,738	-	-	-	-	-	-	21,738	21,738
Payable to shareholders	9	-	-	483,955	902,896	2,070,332	1,840,677	2,554,287	2,743,573	2,554,287	2,743,573
Payable to participants' fund – general takaful		-	-	-	-	506,218	711,303	506,218	711,303	506,218	711,303
Employees' end of service benefits		538,674	510,630	-	-	-	-	-	-	538,674	510,630
<b>Total liabilities</b>		<b>2,119,582</b>	<b>2,257,920</b>	<b>82,282,229</b>	<b>92,593,672</b>	<b>6,062,991</b>	<b>5,970,636</b>	<b>88,345,220</b>	<b>98,564,308</b>	<b>90,464,802</b>	<b>100,822,228</b>
<b>PARTICIPANTS' FUND</b>											
Surplus / (deficit) in participants' fund – net		-	-	297,031	180,016	(299,537)	(325,540)	(2,506)	(145,524)	(2,506)	(145,524)
<b>Total participants' fund</b>		<b>-</b>	<b>-</b>	<b>297,031</b>	<b>180,016</b>	<b>(299,537)</b>	<b>(325,540)</b>	<b>(2,506)</b>	<b>(145,524)</b>	<b>(2,506)</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		1,332,220	1,273,697	-	-	-	-	-	-	1,332,220	1,273,697
Investment fair value reserve		395,595	315,457	-	-	-	-	-	-	395,595	315,457
Retained earnings		761,983	1,460,271	-	-	-	-	-	-	761,983	1,460,271
<b>Total shareholders' equity</b>		<b>21,369,949</b>	<b>21,929,576</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,369,949</b>	<b>21,929,576</b>
<b>Total liabilities, participants' fund and shareholders' equity</b>		<b>23,489,531</b>	<b>24,187,496</b>	<b>82,579,260</b>	<b>92,773,688</b>	<b>5,763,454</b>	<b>5,645,096</b>	<b>88,342,714</b>	<b>98,418,784</b>	<b>111,832,245</b>	<b>122,606,280</b>

Director

Director

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

## AL MADINA INSURANCE COMPANY SAOG

### UNAUDITED CONDENSED INTERIM STATEMENT OF PARTICIPANTS' REVENUE AND EXPENSES FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

	<i>Note</i>	General takaful		Family takaful		Total	
		(Unaudited) 30 June 2023 RO	(Unaudited) 30 June 2022 RO	(Unaudited) 30 June 2023 RO	(Unaudited) 30 June 2022 RO	(Unaudited) 30 June 2023 RO	(Unaudited) 30 June 2022 RO
<b>Takaful revenue</b>							
Gross contributions		16,860,510	16,147,631	1,370,706	1,624,544	18,231,216	17,772,175
Retakaful/reinsurance share		(9,649,560)	(8,948,562)	(958,631)	(1,226,598)	(10,608,191)	(10,175,160)
Retained contributions		7,210,950	7,199,069	412,075	397,946	7,623,025	7,597,015
Movement in unearned contributions reserve		8,436	(136,575)	(54,629)	(80,817)	(46,193)	(217,392)
Net earned contributions		7,219,386	7,062,494	357,446	317,129	7,576,832	7,379,623
Income earned from retakaful contracts	18	231,368	216,066	7	-	231,375	216,066
		<b>7,450,754</b>	<b>7,278,560</b>	<b>357,453</b>	<b>317,129</b>	<b>7,808,207</b>	<b>7,595,689</b>
<b>Takaful expenses</b>							
Gross claims settled	10(a)	(5,706,259)	(9,465,033)	(981,930)	(1,014,491)	(6,688,189)	(10,479,524)
Claims recovered from retakaful/reinsurance	10(a)	1,658,275	4,830,281	838,503	856,333	2,496,778	5,686,614
Net claims settled		(4,047,984)	(4,634,752)	(143,427)	(158,158)	(4,191,411)	(4,792,910)
Net movement in outstanding claims		200,610	707,724	(1,344)	2,146	199,266	709,870
Net claims incurred	19	(3,847,374)	(3,927,028)	(144,771)	(156,012)	(3,992,145)	(4,083,040)
Commission expense		(126)	(9,756)	-	(567)	(126)	(10,323)
		<b>(3,847,500)</b>	<b>(3,936,784)</b>	<b>(144,771)</b>	<b>(156,579)</b>	<b>(3,992,271)</b>	<b>(4,093,363)</b>
<b>Surplus from Takaful operations</b>							
Takaful income / (expense) – net		3,603,254	3,341,776	212,682	160,550	3,815,936	3,502,326
Provision for impairment of receivable		(205,680)	28,259	228	103	(205,452)	28,362
Surplus from takaful operations before investment income,		(60,000)	(60,000)	-	-	(60,000)	(60,000)
mudarib share and wakala fees		3,337,574	3,310,035	212,910	160,653	3,550,484	3,470,688
Investment income – net	21	337,680	229,242	41,553	31,114	379,233	260,356
Mudarib share	20	(186,137)	(126,083)	(22,854)	(17,112)	(208,991)	(143,195)
Wakala fees	20	(3,372,102)	(3,229,526)	(205,606)	(324,909)	(3,577,708)	(3,554,435)
<b>Surplus / (Deficit) from takaful operations</b>		<b>117,015</b>	<b>183,668</b>	<b>26,003</b>	<b>(150,254)</b>	<b>143,018</b>	<b>33,414</b>

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# AL MADINA INSURANCE COMPANY SAOG

## UNAUDITED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

	<i>Note</i>	Shareholders' fund	
		(Unaudited) 30 June 2023 RO	(Unaudited) 30 June 2022 RO
Wakala fees	20	3,577,708	3,554,435
Investment income – net	21	394,915	497,904
Mudarib share	20	208,991	143,195
		<b>4,181,614</b>	4,195,534
General and administrative expenses		(2,496,349)	(2,533,257)
Commission expense		(1,000,093)	(889,282)
Other income		63	113
		<b>(3,496,379)</b>	(3,422,426)
<b>Profit before tax</b>		<b>685,235</b>	773,108
Taxation		(100,000)	(100,000)
<b>Profit for the period</b>		<b>585,235</b>	673,108
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Net change in fair value of investments at fair value through equity		80,138	(157,405)
<b>Total comprehensive income for the period</b>		<b>665,373</b>	515,703
<b>Earnings per share - basic and diluted</b>	24	<b>0.003</b>	0.004

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## AL MADINA INSURANCE COMPANY SAOG

### UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 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	-	-	-	-	585,235	585,235
Other comprehensive income – change in fair value of investments at fair value through equity	-	-	-	80,138	-	80,138
	-	-	-	80,138	585,235	665,373
<b>Transaction with owners:</b>						
Dividend paid during the period	-	-	-	-	(1,225,000)	(1,225,000)
Transfer to legal reserve	-	-	58,523	-	(58,523)	-
	-	-	58,523	-	(1,283,523)	(1,225,000)
<b>At 30 June 2023 (Unaudited)</b>	<b>17,500,000</b>	<b>1,380,151</b>	<b>1,332,220</b>	<b>395,595</b>	<b>761,983</b>	<b>21,369,949</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	-	-	-	-	673,108	673,108
Other comprehensive income – change in fair value of investments at fair value through equity	-	-	-	(157,405)	-	(157,405)
	-	-	-	(157,405)	673,108	515,703
<b>Transaction with owners:</b>						
Dividend declared during the period	-	-	-	-	(1,312,500)	(1,312,500)
Transfer to legal reserve	-	-	67,310	-	(67,310)	-
	-	-	67,310	-	(1,379,810)	(1,312,500)
<b>At 30 June 2022 (Unaudited)</b>	<b>17,500,000</b>	<b>1,380,151</b>	<b>1,234,883</b>	<b>706,060</b>	<b>1,110,943</b>	<b>21,932,037</b>

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## AL MADINA INSURANCE COMPANY SAOG

### UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN PARTICIPANTS' FUND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 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>117,015</b>	<b>26,003</b>	<b>143,018</b>
<b>At 30 June 2023 (Unaudited)</b>	<b>297,031</b>	<b>(299,537)</b>	<b>(2,506)</b>
At 1 January 2022 (Audited)	(10,694)	(458,704)	(469,398)
Deficit for the period	183,668	(150,254)	33,414
At 30 June 2022 (Unaudited)	172,974	(608,958)	(435,984)

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## AL MADINA INSURANCE COMPANY SAOG

### UNAUDITED CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

	<i>Note</i>	(Unaudited) 30 June 2023 RO	(Unaudited) 30 June 2022 RO
<b>Operating activities</b>			
Profit before tax for the period		685,235	773,108
Surplus from takaful operations		143,018	33,414
<b>Adjustments for:</b>			
Depreciation	16	56,829	69,002
Dividend income	21	(92,379)	(83,737)
Income from bank deposit	21	(459,385)	(345,830)
Profit on the Mudarbah investment	21	(20,959)	(20,959)
Profit from investments carried out at amortised cost	21	(158,091)	(221,456)
End of service benefits charge for the period		36,818	83,684
Rental income on investment in real estate	21	(151,899)	(150,898)
Unrealised gain on investments at fair value through profit or loss	21	102,082	34,881
Provision for doubtful debt		60,000	60,000
Realised gain on investments carried at fair value through profit or loss	21	(434)	(12,284)
		<u>200,835</u>	218,925
Tax paid		(235,305)	(274,506)
Payment of end of service benefits		(8,775)	(60,186)
<b>Operating cash flows before working capital changes</b>		<u>(43,245)</u>	(115,767)
<b>Working capital changes:</b>			
Takaful and retakaful/reinsurance balance receivables		4,987,204	2,303,525
Retakaful / reinsurance share of outstanding claims and unearned contribution reserve		1,124,302	8,772,396
Other receivables, prepayments and other assets		(49,181)	(96,194)
Deferred policy acquisition cost		(88,108)	(19,416)
Outstanding claims and unearned premium reserve		(1,277,376)	(9,264,874)
Accounts and other payables		(2,136,019)	(95,455)
Due to retakaful / reinsurance		(6,503,328)	(3,220,235)
Unearned retakaful/reinsurance commission		60,927	12,062
<b>Net cash used in operating activities</b>		<u>(3,924,824)</u>	(1,723,958)
<b>Investing activities</b>			
Purchase of property and equipment	16	(46,951)	(39,917)
Purchase of investments carried at fair value through equity	13.1	-	(10,610)
Purchase of investments fair value through profit or loss	7(b)	(36,661)	(10,600)
Proceeds from disposal of investments at fair value through profit or loss	7(b)	214,651	109,966
Purchase of investments carried at amortised cost		(2,000,000)	-
Proceeds from disposal of carried at amortised cost		1,500,000	1,378,180
Movement in bank deposits		4,272,500	-
Rent on investment in real estate received		40,681	34,992
Profit on bank deposits received		799,181	367,089
Dividends received		92,379	83,737
<b>Net cash generated from investing activities</b>		<u>4,835,780</u>	1,912,837
<b>Cash flows from financing activity</b>			
Dividends paid		(1,225,000)	(1,312,500)
<b>Net change in cash and cash equivalents</b>		<u>(314,044)</u>	(1,123,621)
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>6,356,462</u>	6,142,553

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022****1 Legal status and principal activities**

Al Madina Insurance Company SAOG (the “Company”) was incorporated on 15 May 2006 as a closed joint stock company in the Sultanate of Oman. On 10 December 2013, the Company became a public joint stock company. The Company operates in Oman and is engaged in the business of General and Family Takaful activities and investments by adopting wakala and mudarabha model respectively, on behalf of the participants in accordance with the Islamic Shari’ah rules and principles. The retakaful/reinsurance activities are organised on an underwriting year basis with the participants pooling their contributions to compensate for losses suffered in the pool on occurrence of a defined event.

The Company commenced commercial operations from 1 August 2006. The Company was granted license from Capital Market Authority (CMA) on 15 July 2006. The Company started Takaful operations on 1 January 2014 after being granted the Takaful license by the CMA.

The Company has 9 branches in the Sultanate of Oman (31 December 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). This standard prescribes the principles for the preparation of condensed interim financial information and the relevant presentation and disclosure requirements, emphasizing the minimum disclosures specific to Islamic financial institutions in line with various financial accounting standards issued by AAOIFI. This standard is also applicable to the institutions which prepare a complete set of financial statements at interim reporting dates in line with the respective FAS’s.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023 (Continued)**

**2 Summary of significant accounting policies (continued)**

(iii) FAS 41 Interim Financial Reporting (effective 1 January 2023) (continued)

This standard is effective for financial statements for the period beginning on or after 1 January 2023. The Company adopted this standard for the basis of preparation of its condensed interim financial information. The adoption of this standard did not have any significant impact on the Company's interim financial information.

**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>30 June 2023 (Unaudited)</b>				
Cash at bank in current accounts	61,902	897,276	126,950	1,024,226
Cash at bank in call accounts	95,570	4,316,437	167,403	4,483,840
Cash balances with investment managers	636,308	48,705	-	48,705
Cash in hand	4,352	1,559	-	1,559
	<b>798,132</b>	<b>5,263,977</b>	<b>294,353</b>	<b>5,558,330</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>30 June 2023 (Unaudited)</b>				
Bank deposits with maturity of more than three months	4,300,000	8,625,000	1,475,000	10,100,000
<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 5.3% per annum (31 December 2022 – 4.75% to 5.1% per annum).

6.2 *Restrictions on transfer of assets*

In accordance with the law governing the operation of insurance companies within the Sultanate of Oman, the Company identified certain specific bank deposits with carrying value of RO 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 SIX-MONTH PERIOD ENDED 30 JUNE 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)

	Shareholders – (Unaudited)		Shareholders – (Audited)	
	30 June 2023		31 December 2022	
	Fair value RO	Cost RO	Fair value RO	Cost RO
<i>Local quoted</i>				
Service sector	100,557	106,340	112,090	122,404
Industrial sector	476,885	573,185	744,990	836,723
<b>Total investments</b>	<b>577,442</b>	<b>679,525</b>	<b>857,080</b>	<b>959,127</b>

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

	Shareholders	
	(Unaudited)	(Audited)
	30 June 2023 RO	31 December 2022 RO
<b>At 1 January</b>	<b>857,080</b>	1,252,303
Purchases	36,661	140,995
Disposals	(214,651)	(445,206)
Realised gain on disposal	434	11,035
Net change in fair value	(102,082)	(102,047)
<b>At 30 June / 31 December</b>	<b>577,442</b>	<b>857,080</b>

(c) Details of the Company's investments carried at fair value through profit or loss for which the Company's holding exceeds 10% of the fair value of investments held at fair value through profit or loss at 30 June 2023 / 31 December 2022 are:

	% of Portfolio	Number of Securities	Fair value RO	Cost RO
<b>30 June 2023 (Unaudited)</b>				
Al Maha Ceramic Company SAOG	33	587,443	187,982	256,125
Salalah Mill Company SAOG	31	256,556	181,642	221,664
Shell Oman Marketing SAOG	10	58,561	56,219	52,002
	% of Portfolio	Number of Securities	Fair value RO	Cost RO
31 December 2022 (Audited)				
Salalah Mill Company SAOG	30	587,443	256,125	262,000
Al Maha Ceramic 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 SIX-MONTH PERIOD ENDED 30 JUNE 2023 (Continued)**

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

	Participants		
	General RO	Family RO	Total RO
<b>30 June 2023 (Unaudited)</b>			
Takaful receivable including due from related parties	13,131,311	1,414,241	14,545,552
Less: specific and portfolio provision for impairment	(1,619,453)	(79,745)	(1,699,198)
	<u>11,511,858</u>	<u>1,334,496</u>	<u>12,846,354</u>
Retakaful / reinsurance balances receivable	1,115,953	392,945	1,508,898
Less: specific and portfolio provision for impairment	(305,589)	(20,865)	(326,454)
	<u>810,364</u>	<u>372,080</u>	<u>1,182,444</u>
	<u>12,322,222</u>	<u>1,706,576</u>	<u>14,028,798</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	(1,559,453)	(79,745)	(1,639,198)
	<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	(305,589)	(20,865)	(326,454)
	<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 30 June 2023, receivables past due above 121 days amounting to RO 6,536,859 (31 December 2022 RO 7,467,297) 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>30 June 2023 (Unaudited)</b>			
Neither past due nor impaired	6,563,164	928,775	7,491,939
Past due but not impaired	5,759,058	777,801	6,536,859
Past due and impaired	1,925,042	100,610	2,025,652
	<u>14,247,264</u>	<u>1,807,186</u>	<u>16,054,450</u>
<b>31 December 2022 (Audited)</b>			
Neither past due nor impaired	12,766,625	807,731	13,574,356
Past due but not impaired	4,758,098	743,547	5,501,645
Past due and impaired	1,865,042	100,610	1,965,652
	<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 SIX-MONTH PERIOD ENDED 30 JUNE 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>30 June 2023 (Unaudited)</b>			
At 1 January 2023	1,865,042	100,610	1,965,652
Charge for the period	60,000	-	60,000
<b>At 30 June 2023</b>	<b>1,925,042</b>	<b>100,610</b>	<b>2,025,652</b>
<b>31 December 2022 (Audited)</b>			
At 1 January 2022	1,760,042	85,610	1,845,652
Charge for the year	105,000	15,000	120,000
At 31 December 2022	1,865,042	100,610	1,965,652

(c) At 30 June 2023, 20% of the Company's takaful receivable is from 5 customers (31 December 2022 - 78% from 5 customers).

(d) At 30 June 2023, 72% 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) 30 June 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	3,577,708	8,941,645
Mudarib share for the period / year	208,991	294,753
Amount received from policyholders	(3,960,000)	(9,100,000)
Net movement in policyholders' account	(15,985)	(59,412)
<b>At 30 June / 31 December – net</b>	<b>2,554,287</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 30 June 2023 RO</b>	<b>Audited 31 December 2022 RO</b>
On account of qard hassan		
- From general takaful	483,955	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	-	418,940
- From family takaful	1,347,735	1,118,080
	<b>1,347,735</b>	1,537,020
	<b>2,554,287</b>	<b>2,743,573</b>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023 (Continued)**

**10 Takaful liabilities**

	30 June 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	43,392,188	(39,208,213)	4,183,975	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>47,839,749</b>	<b>(42,446,797)</b>	<b>5,392,952</b>	<b>46,421,472</b>	<b>(40,827,910)</b>	<b>5,593,562</b>
Unearned contributions reserve	17,041,329	(10,249,314)	6,792,015	19,807,241	(13,006,790)	6,800,451
	<b>64,881,078</b>	<b>(52,696,111)</b>	<b>12,184,967</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	937,512	(808,422)	129,090	939,940	(812,194)	127,746
Claims incurred but not reported	325,229	(283,705)	41,524	325,229	(283,705)	41,524
	<b>1,262,741</b>	<b>(1,092,127)</b>	<b>170,614</b>	<b>1,265,169</b>	<b>(1,095,899)</b>	<b>169,270</b>
Unearned contributions reserve	611,395	(376,745)	234,650	538,708	(358,687)	180,021
	<b>1,874,136</b>	<b>(1,468,872)</b>	<b>405,264</b>	<b>1,803,877</b>	<b>(1,454,586)</b>	<b>349,291</b>
	<b>66,755,214</b>	<b>(54,164,983)</b>	<b>12,590,231</b>	<b>68,032,590</b>	<b>(55,289,286)</b>	<b>12,743,304</b>

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

	30 June 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	(5,706,259)	1,658,275	(4,047,984)	(16,108,163)	7,294,103	(8,814,060)
Increase in liabilities arising from current and prior period claims	7,124,536	(3,277,162)	3,847,374	8,990,621	(638,618)	8,352,003
<b>Total at the end of the period / year</b>	<b>47,839,749</b>	<b>(42,446,797)</b>	<b>5,392,952</b>	<b>46,421,472</b>	<b>(40,827,910)</b>	<b>5,593,562</b>
Notified claims	43,392,188	(39,208,213)	4,183,975	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>47,839,749</b>	<b>(42,446,797)</b>	<b>5,392,952</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 SIX-MONTH PERIOD ENDED 30 JUNE 2023 (Continued)**

**10 Takaful liabilities (continued)**

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

	30 June 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
Incurred 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	(981,930)	838,503	(143,427)	(2,299,947)	1,959,880	(340,067)
Increase in liabilities arising from current and prior period claims	979,502	(834,731)	144,771	2,093,344	(1,791,040)	302,304
<b>Total at the end of the period / year</b>	<b>1,262,741</b>	<b>(1,092,127)</b>	<b>170,614</b>	<b>1,265,169</b>	<b>(1,095,899)</b>	<b>169,270</b>
Notified claims	937,512	(808,422)	129,090	939,940	(812,194)	127,746
Incurred 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>1,262,741</b>	<b>(1,092,127)</b>	<b>170,614</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**

	30 June 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	18,231,216	(10,608,192)	7,623,024	44,708,227	(29,311,234)	15,396,993
Net release during the period / year	(20,924,441)	13,347,610	(7,576,831)	(44,724,510)	29,509,882	(15,214,628)
<b>Total at the end of the period / year</b>	<b>17,652,724</b>	<b>(10,626,059)</b>	<b>7,026,665</b>	<b>20,345,949</b>	<b>(13,365,477)</b>	<b>6,980,472</b>
Unearned contributions reserves	17,041,329	(10,249,314)	6,792,015	19,807,241	(13,006,790)	6,800,451
Mathematical reserves	611,395	(376,745)	234,650	538,708	(358,687)	180,021
<b>Total at the end of the period / year</b>	<b>17,652,724</b>	<b>(10,626,059)</b>	<b>7,026,665</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 SIX-MONTH PERIOD ENDED 30 JUNE 2023 (Continued)**

**11 Deferred policy acquisition cost**

	Shareholder RO	General takaful RO	Family takaful RO	Total RO
(Unaudited)				
At 1 January 2023	780,483	164	-	164
Cost incurred during the period	1,088,327	-	-	-
Amortised during the period	<u>(1,000,093)</u>	<u>(126)</u>	<u>-</u>	<u>(126)</u>
At 30 June 2023	<u>868,717</u>	<u>38</u>	<u>-</u>	<u>38</u>

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

**12 Other receivables and takaful assets**

	Shareholders	Participants		Total RO
	RO	General takaful RO	Family takaful RO	
<b>30 June 2023 – (Unaudited)</b>				
Rent receivable	247,579	-	-	-
Accrued profit on bank deposits and Sukuks	290,332	305,713	58,577	364,290
Advances	94,429	14,861	660,076	674,937
Prepayments	65,095	-	-	-
Others	<u>263,014</u>	<u>1,384,420</u>	<u>-</u>	<u>1,384,420</u>
	<u>960,449</u>	<u>1,704,994</u>	<u>718,653</u>	<u>2,423,647</u>

	Shareholders	Participants		Total RO
	RO	General takaful RO	Family takaful RO	
31 December 2022 – (Audited)				
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	<u>195,767</u>	<u>1,552,416</u>	<u>-</u>	<u>1,552,416</u>
	<u>602,830</u>	<u>2,147,944</u>	<u>633,607</u>	<u>2,781,551</u>

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

	<b>Shareholders</b>			
	<b>30 June 2023 – (Unaudited)</b>		<b>31 December 2022 – (Audited)</b>	
	<b>Fair value</b>	<b>Cost</b>	<b>Fair value</b>	<b>Cost</b>
	<b>RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>
<i>Local quoted</i>				
Service sector	110,400	117,600	132,000	117,600
Real estate development	437,500	392,000	406,000	392,000
Industrial sector	31,500	6,330	25,500	6,330
	<b>579,400</b>	<b>515,930</b>	<b>563,500</b>	<b>515,930</b>
<i>Local unquoted</i>				
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>982,041</b>	<b>716,958</b>	<b>951,819</b>	<b>716,958</b>
<i>Foreign quoted</i>				
Financial sector	272,304	259,037	281,969	259,037
Service sector	855,631	710,690	788,662	710,690
Real estate development	32,037	19,231	7,860	10,611
Industrial sector	6,567	10,611	38,132	19,231
<b>Total Foreign</b>	<b>1,166,539</b>	<b>999,569</b>	<b>1,116,623</b>	<b>999,569</b>
<b>Total investments</b>	<b>2,148,580</b>	<b>1,716,527</b>	<b>2,068,442</b>	<b>1,716,527</b>

*13.1 Movement in investments at fair value through equity*

	<b>Shareholders</b>	
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>30 June 2023 RO</b>	<b>31 December 2022 RO</b>
At the beginning of the period / year	<b>2,068,442</b>	2,266,624
Purchases	-	453,950
Net change in fair value	<b>80,138</b>	(652,132)
At the end of the period / year	<b>2,148,580</b>	2,068,442

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023 (Continued)**

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

13.2 At the reporting date, details of the Company's investments at fair value through equity for which the Company's holding exceeds 10% of investments held at fair value through equity at 30 June 2023 / 31 December 2022 are:

	% of portfolio	Basis of valuation	Number of securities	Fair Value RO
<b>30 June 2023 – (Unaudited)</b>				
<b>Investment from shareholders' fund</b>				
DAR Al Takaful Company – listed	39	Fair value	10,504,203	836,940
<b>31 December 2022 – (Audited)</b>				
DAR Al Takaful Company – listed	37	Fair value	10,504,203	769,853

13.3 *Movement in investments fair value reserve:*

	Shareholders	
	(Unaudited) 30 June 2023 RO	(Audited) 31 December 2022 RO
<b>At 1 January</b>	315,457	863,465
Net change in fair value of investment during the period / year	80,138	(652,132)
Impact of deferred tax	-	104,124
	<b>80,138</b>	<b>(548,008)</b>
At the end of the period / year	<b>395,595</b>	<b>315,457</b>

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

**14 Investments carried at amortised cost**

The Company has invested in sukuks listed in the local and international markets. The Company has a positive intention and ability to hold sukuks until their maturity, respectively.

	Shareholders		Participants – General Takaful		Participants – Family Takaful	
	(Unaudited) 30 June 2023 RO	(Audited) 31 December 2022 RO	(Unaudited) 30 June 2023 RO	(Audited) 31 December 2022 RO	(Unaudited) 30 June 2023 RO	(Audited) 31 December 2022 RO
<b>At 1 January</b>	5,710,977	6,229,113	460,519	-	100,000	100,000
Purchased during the period / year	2,000,000	960,913	-	460,519	-	-
Disposal during the period / year	(1,500,000)	(1,478,638)	-	-	-	-
Transfer from shareholders to participants	(1,000,000)	-	1,000,000	-	-	-
Amortised during the period / year	(239)	(411)	178	-	-	-
At the end of the period / year	<b>5,210,738</b>	5,710,977	<b>1,460,697</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.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023 (Continued)**

**15 Investment in real estate**

Movement of carrying amounts of investment in real estate:

	<b>Shareholders</b>	
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>RO</b>	<b>RO</b>
<b>At 1 January</b>	<b>5,170,000</b>	5,170,000
At the beginning and end of the period / year	<b>5,170,000</b>	5,170,000

As of 30 June 2023, the Company has investment in investment real estate of RO 5,170,000 (31 December 2022 – RO 5,170,000) which is 14.59% 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 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)</b>	<b>(Audited)</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>RO</b>	<b>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>46,951</b>	48,369
Depreciation for the period / year	<b>(56,829)</b>	(122,534)
At the end of the period / year	<b>602,049</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>292,295</b>	<b>7</b>	<b>292,302</b>
Amortised during the period	<b>(231,368)</b>	<b>(7)</b>	<b>(231,375)</b>
<b>At 30 June 2023 – (Unaudited)</b>	<b>224,906</b>	-	<b>224,906</b>

	<b>General Takaful RO</b>	<b>Family Takaful RO</b>	<b>Total RO</b>
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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023 (Continued)**

**19 Net claims incurred**

	30 June 2023 – (Unaudited)			30 June 2022 – (Unaudited)		
	Retakaful / reinsurances'			Retakaful / reinsurances'		
	Gross RO	share RO	Net RO	Gross RO	share RO	Net RO
Claims notified and not settled	44,329,700	(40,016,635)	4,313,065	44,289,097	(39,886,335)	4,402,762
Claims incurred but not reported	4,772,790	(3,522,289)	1,250,501	6,178,525	(5,028,505)	1,150,020
Outstanding at end of the period	49,102,490	(43,538,924)	5,563,566	50,467,622	(44,914,840)	5,552,782
Takaful claims paid	6,688,189	(2,496,778)	4,191,411	10,479,524	(5,686,614)	4,792,910
Claims notified and not settled	42,913,851	(38,401,520)	4,512,331	48,732,261	(43,719,629)	5,012,632
Claims incurred but not reported	4,772,790	(3,522,289)	1,250,501	6,278,525	(5,028,505)	1,250,020
Outstanding at beginning of the period	47,686,641	(41,923,809)	5,762,832	55,010,786	(48,748,134)	6,262,652
Claims incurred	8,104,038	(4,111,893)	3,992,145	5,936,360	(1,853,320)	4,083,040

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

	(Unaudited) 30 June 2023 RO	(Unaudited) 30 June 2022 RO
Motor	1,654,145	1,635,339
Fire, accidents, engineering and others	10,332,631	13,975,854
Marine cargo and hull	215,912	237,456
Medical	93,395	388,619
Life	318,744	338,297
	12,614,827	16,575,565

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) 30 June 2023 RO	(Unaudited) 30 June 2022 RO
Investment property rental income	151,899	150,898
Profit on the Mudarbah investment	20,959	20,959
Profit from investment carried at amortised cost	158,091	221,456
Dividend income	92,379	83,737
Fair value gain on investments held at fair value through profit or loss	(102,082)	(34,881)
Profit on Wakala deposits	459,385	345,830
Gain on sale of investments held at fair value through profit or loss – net	434	12,284
Investment management costs	(6,917)	(42,023)
	774,148	758,260

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
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**22 Shari'ah Supervisory Committee**

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

**23 Distribution of surplus in policyholders' fund**

As per the Company's policy for distribution of surplus in participants' fund, 50% of surplus in policyholders' fund for the year shall be transferred to contingency reserve. Takaful reserve allocation will be made on the basis advised by the Shari'ah Supervisory Committee.

**24 Earnings per share**

	(Unaudited) 30 June 2023	(Unaudited) 30 June 2022
Shareholder's profit for the period - RO	585,235	673,108
Weighted average number of shares outstanding - number	175,000,000	175,000,000
Earnings per share – basic and diluted - RO	0.003	0.004

Basic earnings per share is calculated by dividing the profit for the period by the weighted average number of shares outstanding during the period. There is no effect on diluted earnings per share as the Company does not have any instruments having diluting effects.

**25 Related parties**

These represent transactions with related parties, i.e. parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions and directors of the Company and companies of which they are key management personnel. Related parties comprise the shareholders, directors, key management personnel and business entities in which they are interested or have the ability to control or exercise significant influence in financial and operating decisions. The transactions are entered into at terms and conditions which the directors consider to be comparable with those adopted for arm's length transactions with third parties. The approximate volumes of such transactions involving related parties and holders of 10% or more of the Company's shares or their family members other than those separately disclosed, during the period were as follows:

(a) Transactions with related parties

Transactions with related parties or holders of 10% or more of the Company's shares or their family members, included in the statement of participants' revenue and expenses and statement of comprehensive income are as follows:

	(Unaudited) 30 June 2023 RO	(Unaudited) 30 June 2022 RO
Gross contributions	1,952,509	1,854,526
Gross claims settled	125,563	316,259
Gross outstanding claims	150,286	289,815
Directors' sitting fee and remuneration	104,600	134,000
Shari'ah Supervisory Committee sitting fee and remuneration	22,520	20,500
Dividend paid to shareholders'	1,225,000	1,312,500

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

(b) Balances with related parties

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

	(Unaudited) 30 June 2023 RO	(Audited) 31 December 2022 RO
Contribution balances receivables from related parties	2,305,661	2,597,352
Investment in Tilal Sukuk SAOC	2,499,816	2,500,064
Investment in Mohammed Al Barwani Sukuk	1,500,000	1,500,000
Investments at fair value through equity	1,239,581	1,158,172
Investment at fair value through profit or loss	181,642	221,664
Cash with investment manager – Al Madina Investment	545,959	525,000

(c) Compensation of key management personnel of the Company

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

	(Unaudited) 30 June 2023 RO	(Unaudited) 30 June 2022 RO
Short-term benefits	405,956	449,877
Employee end of service benefits	16,573	36,228
	422,529	486,105

**26 Contingencies**

**Contingent liabilities**

At 30 June 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 56,785 (31 December 2022 - RO 28,100).

**Capital commitment**

At 30 June 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  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023 (Continued)**

**27 Segment information (continued)**

**Operating segments (continued)**

**30 June 2023**

	Fire, energy, medical, engineering, liability and general accident	Motor, marine and aviation	Total General Takaful	Family Takaful
				RO
Gross contributions	11,927,264	4,933,247	16,860,511	1,370,706
Retakaful/reinsurance share	(8,276,241)	(1,373,320)	(9,649,561)	(958,631)
Retained contributions	3,651,023	3,559,927	7,210,950	412,075
Unearned contributions adjustment – net	(22,388)	30,825	8,437	(54,630)
Net earned contributions	3,628,635	3,590,752	7,219,387	357,445
Fee and Commission income	177,343	96,670	274,013	430
Segment Revenue	3,805,978	3,687,422	7,493,400	357,876
Net claims incurred	(1,980,242)	(1,867,131)	(3,847,373)	(144,771)
Commission expense	(126)	-	(126)	-
Takaful expense	(51,490)	(196,836)	(248,326)	(195)
Underwriting surplus before wakala fees	1,774,121	1,623,454	3,397,575	212,910
Provision for impairment of receivables			(60,000)	
Wakala fees			(3,372,102)	(205,606)
Surplus from takaful operations after wakala fees			(34,527)	7,304
Investment income – net			337,680	41,553
Mudarib share			(186,137)	(22,854)
<b>Surplus / (deficit) from takaful operations</b>			<b>117,015</b>	<b>26,003</b>
<b>Identifiable assets and liabilities on 30 June 2023</b>				
Identifiable assets	57,805,481	24,773,778	82,579,258	5,763,455
Identifiable liabilities	57,597,559	24,684,668	82,282,227	6,062,992

**31 December 2022**

	Fire, energy, medical, engineering, liability and general accident	Motor, marine and aviation	Total General Takaful	Family Takaful
				RO
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)	(434,389)	(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 from takaful operations</b>			<b>190,710</b>	<b>133,164</b>
<b>Identifiable assets and liabilities on 31 December 2022</b>				
Identifiable assets	64,941,581	27,832,107	92,773,688	5,645,096
Identifiable liabilities	64,815,569	27,778,102	92,593,672	5,970,636

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023** *(Continued)***27 Segment information (continued)****Operating segments (continued)**

The activities of the Company are restricted to carrying out takaful, on the principles of Shari'ah significant portion of which is subject to similar risks and rewards. Accordingly, no segmental information relating to products and services has been presented.

**Geographical segments – secondary reporting segment**

The Company has one geographical segment as all their operations are carried inside the Sultanate of Oman.

**28 Earnings prohibited under Shari'ah**

Earnings retained during the previous year from transactions which are not permitted under Shari'ah are recorded as part of accounts and other payables amounted to RO 21,738 (31 December 2022 – RO 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.