

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> Sept 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.

The Financial statements reported by your Company are in accordance with the financial accounting standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). The AAOIFI board have issued their own IFRS 17 equivalent standard FAS 43 which is applicable to the Takaful institutions effective from the annual financial reporting year beginning on or after 1 January 2025. However, as of Q3-2023 the Company has completed the first phase of gap assessment and will initiate the Design phase to revise the policies and framework to align with the new IFRS17 equivalent AAOIFI standard.

### **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 26.6 million as of third quarter of 2023 as against 27.5 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 contributed negatively to the Company’s profitability. This is evident by a 5% 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 2% growth in Net Earned Contributions amounting to RO 11.5 million in the third Quarter of 2023 as compared to RO 11.3 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 1% reduction was achieved in the net incurred claims as of Q3-2023 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 4% growth was achieved and Investment income of RO 1.06 million was reported for Q3-2023 as against RO 1.03 million for the corresponding period.

## **Profitability of the company**

Your Company reported an impressive 5% increase in profit after tax of RO 1.07 million as compared to RO 1.02 million 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 innovations 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 are expected to provide the necessary platform for a positive engagement with customers and continuously grow on the back of superior customer service.

The Company will also keep looking at growth 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 SEPTEMBER 2023

	Note	Shareholders' fund		Participants' fund						Grand total	
		Unaudited 30 September 2023 RO	Audited 31 December 2022 RO	General takaful		Family takaful		Total participants' fund		Unaudited 30 September 2023 RO	Audited 31 December 2022 RO
				Unaudited 30 September 2023 RO	Audited 31 December 2022 RO	Unaudited 30 September 2023 RO	Audited 31 December 2022 RO	Unaudited 30 September 2023 RO	Audited 31 December 2022 RO		
<b>ASSETS</b>											
Cash and bank balances	5	867,648	1,043,047	5,775,841	5,196,834	428,327	430,625	6,204,168	5,627,459	7,071,816	6,670,506
Investments carried at fair value through profit or loss	7	524,027	857,080	-	-	-	-	-	-	524,027	857,080
Takaful balance receivable	8	-	-	12,150,525	17,214,787	1,295,258	953,717	13,445,783	18,168,504	13,445,783	18,168,504
Retakaful / reinsurance balance receivable	8	-	-	1,611,252	309,936	500,339	597,561	2,111,591	907,497	2,111,591	907,497
Receivable from participants' fund – family takaful		-	-	1,256,781	711,304	-	-	1,256,781	711,304	1,256,781	711,304
Receivable from participants' fund	9	1,847,507	2,743,573	-	-	-	-	-	-	1,847,507	2,743,573
Due from retakaful / reinsurance companies in connection with takaful liabilities	10	-	-	38,655,458	53,834,700	1,489,331	1,454,586	40,144,789	55,289,286	40,144,789	55,289,286
Deferred policy acquisition cost	11	952,758	780,483	3	164	-	-	3	164	952,761	780,647
Other receivables and takaful assets	12	1,128,515	602,830	1,561,186	2,147,944	761,366	633,607	2,322,552	2,781,551	3,451,067	3,384,381
Investments at fair value through equity	13	1,714,022	2,068,442	-	-	-	-	-	-	1,714,022	2,068,442
Bank deposits	6	4,300,000	4,300,000	11,508,750	12,897,500	1,475,000	1,475,000	12,983,750	14,372,500	17,283,750	18,672,500
Investments carried at amortised cost	14	6,210,662	5,710,977	460,759	460,519	100,000	100,000	560,759	560,519	6,771,421	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	575,414	611,927	-	-	-	-	-	-	575,414	611,927
<b>Total assets</b>		<b>23,589,690</b>	<b>24,187,496</b>	<b>72,980,555</b>	<b>92,773,688</b>	<b>6,049,621</b>	<b>5,645,096</b>	<b>79,030,176</b>	<b>98,418,784</b>	<b>102,619,866</b>	<b>122,606,280</b>

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

# AL MADINA INSURANCE COMPANY SAOG

## UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023 (CONTINUED)

	Note	Shareholders' fund		Participants' fund						Grand total	
		Unaudited 30 September 2023 RO	Audited 31 December 2022 RO	General takaful		Family takaful		Total participants' fund		Unaudited 30 September 2023 RO	Audited 31 December 2022 RO
				Unaudited 30 September 2023 RO	Audited 31 December 2022 RO	Unaudited 30 September 2023 RO	Audited 31 December 2022 RO	Unaudited 30 September 2023 RO	Audited 31 December 2022 RO		
<b>LIABILITIES, PARTICIPANTS' FUND AND SHAREHOLDERS' EQUITY</b>											
<b>LIABILITIES</b>											
Takaful liabilities	10	-	-	51,699,826	66,228,713	1,877,872	1,803,877	53,577,698	68,032,590	53,577,698	68,032,590
Unearned retakaful commission	18	-	-	161,919	163,979	-	-	161,919	163,979	161,919	163,979
Retakaful/reinsurance payables		-	-	10,335,718	17,899,454	654,030	443,971	10,989,748	18,343,425	10,989,748	18,343,425
Accounts and other payables		1,531,145	1,725,552	9,919,021	7,398,630	1,257,076	1,170,808	11,176,097	8,569,438	12,707,242	10,294,990
Charity fund payable		975	21,738	-	-	-	-	-	-	975	21,738
Payable to shareholders	9	-	-	550,768	902,896	1,296,739	1,840,677	1,847,507	2,743,573	1,847,507	2,743,573
Payable to participants' fund – general takaful		-	-	-	-	1,256,778	711,303	1,256,778	711,303	1,256,778	711,303
Employees' end of service benefits		598,731	510,630	-	-	-	-	-	-	598,731	510,630
<b>Total liabilities</b>		<b>2,130,851</b>	<b>2,257,920</b>	<b>72,667,252</b>	<b>92,593,672</b>	<b>6,342,495</b>	<b>5,970,636</b>	<b>79,009,747</b>	<b>98,564,308</b>	<b>81,140,598</b>	<b>100,822,228</b>
<b>PARTICIPANTS' FUND</b>											
Surplus / (deficit) in participants' fund – net		-	-	313,303	180,016	(292,874)	(325,540)	20,429	(145,524)	20,429	(145,524)
<b>Total participants' fund</b>		<b>-</b>	<b>-</b>	<b>313,303</b>	<b>180,016</b>	<b>(292,874)</b>	<b>(325,540)</b>	<b>20,429</b>	<b>(145,524)</b>	<b>20,429</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		1,363,894	1,273,697	-	-	-	-	-	-	1,363,894	1,273,697
Investment fair value reserve		167,744	315,457	-	-	-	-	-	-	167,744	315,457
Retained earnings		1,047,050	1,460,271	-	-	-	-	-	-	1,047,050	1,460,271
<b>Total shareholders' equity</b>		<b>21,458,839</b>	<b>21,929,576</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,458,839</b>	<b>21,929,576</b>
<b>Total liabilities, participants' fund and shareholders' equity</b>		<b>23,589,690</b>	<b>24,187,496</b>	<b>72,980,555</b>	<b>92,773,688</b>	<b>6,049,621</b>	<b>5,645,096</b>	<b>79,030,176</b>	<b>98,418,784</b>	<b>102,619,866</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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023

	<i>Note</i>	General takaful		Family takaful		Total	
		(Unaudited) 30 September 2023	(Unaudited) 30 September 2022	(Unaudited) 30 September 2023	(Unaudited) 30 September 2022	(Unaudited) 30 September 2023	(Unaudited) 30 September 2022
		RO	RO	RO	RO	RO	RO
<b>Takaful revenue</b>							
Gross contributions		24,539,158	25,204,117	2,066,209	2,265,520	26,605,367	27,469,637
Retakaful/reinsurance share		(13,140,716)	(13,524,777)	(1,486,834)	(1,738,120)	(14,627,550)	(15,262,897)
Retained contributions		11,398,442	11,679,340	579,375	527,400	11,977,817	12,206,740
Movement in unearned contributions reserve		(488,764)	(894,715)	(31,921)	(34,982)	(520,685)	(929,697)
Net earned contributions		10,909,678	10,784,625	547,454	492,418	11,457,132	11,277,043
Income earned from retakaful contracts	18	363,723	313,059	-	-	363,723	313,059
		<b>11,273,401</b>	<b>11,097,684</b>	<b>547,454</b>	<b>492,418</b>	<b>11,820,855</b>	<b>11,590,102</b>
<b>Takaful expenses</b>							
Gross claims settled	10(a)	(16,452,439)	(12,463,942)	(1,481,829)	(1,478,178)	(17,934,268)	(13,942,120)
Claims recovered from retakaful/reinsurance	10(a)	10,524,854	5,827,917	1,256,483	1,247,973	11,781,337	7,075,890
Net claims settled		(5,927,585)	(6,636,025)	(225,346)	(230,205)	(6,152,931)	(6,866,230)
Net movement in outstanding claims		(161,591)	454,689	(7,329)	12,247	(168,920)	466,936
Net claims incurred	19	(6,089,176)	(6,181,336)	(232,675)	(217,958)	(6,321,851)	(6,399,294)
Commission expense		(161)	(12,618)	-	(697)	(161)	(13,315)
		<b>(6,089,337)</b>	<b>(6,193,954)</b>	<b>(232,675)</b>	<b>(218,655)</b>	<b>(6,322,012)</b>	<b>(6,412,609)</b>
<b>Surplus from Takaful operations</b>		<b>5,184,064</b>	<b>4,903,730</b>	<b>314,779</b>	<b>273,763</b>	<b>5,498,843</b>	<b>5,177,493</b>
Takaful (expense) / income – net		(256,594)	(73,415)	123	(505)	(256,471)	(73,920)
Provision for impairment of receivables		(90,000)	(90,000)	-	-	(90,000)	(90,000)
Surplus from takaful operations before investment income, mudarib share and wakala fees		4,837,470	4,740,315	314,902	273,258	5,152,372	5,013,573
Investment income – net	21	452,552	349,617	61,543	47,186	514,095	396,803
Mudarib share	20	(248,903)	(192,290)	(33,848)	(25,952)	(282,751)	(218,242)
Wakala fees	20	(4,907,832)	(5,040,823)	(309,931)	(453,104)	(5,217,763)	(5,493,927)
<b>Surplus / (deficit) from takaful operations</b>		<b>133,287</b>	<b>(143,181)</b>	<b>32,666</b>	<b>(158,612)</b>	<b>165,953</b>	<b>(301,793)</b>

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# AL MADINA INSURANCE COMPANY SAOG

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

	<i>Note</i>	Shareholders' fund	
		(Unaudited) 30 September 2023 RO	(Unaudited) 30 September 2022 RO
Wakala fees	20	5,217,763	5,493,927
Investment income – net	21	548,467	629,705
Mudarib share	20	282,751	218,242
		<b>6,048,981</b>	6,341,874
General and administrative expenses		<b>(3,485,768)</b>	(3,526,694)
Commission expense		<b>(1,511,572)</b>	(1,346,496)
Other income		335	116
		<b>(4,997,005)</b>	(4,873,074)
<b>Profit before tax</b>		<b>1,051,976</b>	1,468,800
Taxation		<b>(150,000)</b>	(150,000)
<b>Profit for the period</b>		<b>901,976</b>	1,318,800
<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		<b>(147,713)</b>	(599,318)
<b>Total comprehensive income for the period</b>		<b>754,263</b>	719,482
<b>Earnings per share - basic and diluted</b>	23	<b>0.005</b>	0.008

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## AL MADINA INSURANCE COMPANY SAOG

### UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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>901,976</b>	<b>901,976</b>
Other comprehensive loss – change in fair value of investments at fair value through equity	-	-	-	<b>(147,713)</b>	-	<b>(147,713)</b>
	-	-	-	<b>(147,713)</b>	<b>901,976</b>	<b>754,263</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>90,197</b>	-	<b>(90,197)</b>	-
	-	-	<b>90,197</b>	-	<b>(1,315,197)</b>	<b>(1,225,000)</b>
<b>At 30 September 2023 (Unaudited)</b>	<b>17,500,000</b>	<b>1,380,151</b>	<b>1,363,894</b>	<b>167,744</b>	<b>1,047,050</b>	<b>21,458,839</b>

	Share Capital RO	Share premium RO	Legal Reserve RO	Fair value reserve RO	Retained earnings RO	Total RO
At 1 January 2022 (Audited)	17,500,000	1,380,151	1,167,573	863,465	1,817,645	22,728,834
<b>Comprehensive income:</b>						
Profit for the period	-	-	-	-	1,318,800	1,318,800
Other comprehensive loss – change in fair value of investments at fair value through equity	-	-	-	<b>(599,318)</b>	-	<b>(599,318)</b>
	-	-	-	<b>(599,318)</b>	1,318,800	719,482
<b>Transaction with owners:</b>						
Dividend declared during the period	-	-	-	-	<b>(1,312,500)</b>	<b>(1,312,500)</b>
Transfer to legal reserve	-	-	131,879	-	<b>(131,879)</b>	-
	-	-	131,879	-	<b>(1,444,379)</b>	<b>(1,312,500)</b>
At 30 September 2022 (Unaudited)	17,500,000	1,380,151	1,299,452	264,147	1,692,066	22,135,816

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## AL MADINA INSURANCE COMPANY SAOG

### UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN PARTICIPANTS' FUND FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023

	Deficit in participants' fund		
	General takaful RO	Family takaful RO	Total RO
<b>At 1 January 2023 (Audited)</b>	<b>180,016</b>	<b>(325,540)</b>	<b>(145,524)</b>
Surplus for the period	<b>133,287</b>	<b>32,666</b>	<b>165,953</b>
<b>At 30 September 2023 (Unaudited)</b>	<b>313,303</b>	<b>(292,874)</b>	<b>20,429</b>
At 1 January 2022 (Audited)	(10,694)	(458,704)	(469,398)
Deficit for the period	(143,181)	(158,612)	(301,793)
At 30 September 2022 (Unaudited)	(153,875)	(617,316)	(771,191)

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## AL MADINA INSURANCE COMPANY SAOG

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

	(Unaudited) 30 September 2023	(Unaudited) 30 September 2022
	<b>RO</b>	<b>RO</b>
<b>Cash flows from operating activities</b>		
Profit before tax for the period	1,051,976	1,468,800
Surplus / (deficit) from takaful operations	165,953	(301,793)
<i>Adjustments for:</i>		
Depreciation	16 86,649	95,739
Dividend income	21 (92,379)	(83,737)
Income from bank deposit	21 (666,881)	(528,929)
Profit on the Mudarbah investment	21 (25,000)	(25,000)
Profit from investments carried out at amortised cost	21 (270,906)	(318,358)
End of service benefits charge for the period	101,113	100,297
Rental income on investment in real estate	21 (226,321)	(226,037)
Unrealised loss on investments at fair value through profit or loss	21 155,498	109,980
Realised gain on investments carried at fair value through profit or loss	(28,496)	(11,035)
Provision for doubtful debt	90,000	90,000
	<b>341,206</b>	<b>369,927</b>
Tax paid	(235,305)	(274,506)
Donation paid	(20,763)	-
Payment of end of service benefits	(13,012)	(103,186)
<b>Operating cash flows before working capital changes</b>	<b>72,126</b>	<b>(7,765)</b>
<b>Working capital changes:</b>		
Takaful and retakaful/reinsurance balance receivables	3,428,627	1,994,261
Retakaful / reinsurance share of outstanding claims and unearned contribution reserve	15,144,497	11,597,186
Other receivables, prepayments and other assets	153,507	(31,708)
Deferred policy acquisition cost	(172,114)	(4,783)
Outstanding claims and unearned premium reserve	(14,454,892)	(11,134,424)
Accounts and other payables	2,497,557	173,943
Due to retakaful / reinsurance	(7,353,677)	(2,969,091)
Unearned retakaful/reinsurance commission	(2,060)	11,472
<b>Net cash used in operating activities</b>	<b>(686,429)</b>	<b>(370,909)</b>
<b>Investing activities</b>		
Purchase of property and equipment	16 (50,136)	(45,238)
Purchase of investments carried at fair value through equity	13.1 -	(61,950)
Purchase of investments carried at amortised cost	14 (2,000,000)	(1,421,433)
Purchase of investments fair value through profit or loss	7(b) (36,662)	(140,995)
Proceeds from disposal of investments at fair value through profit or loss	7(b) 214,651	441,653
Proceeds from redemption of investment at fair value through equity	13.1 234,770	-
Proceeds from maturity of investment carried at amortised cost	14 1,500,000	1,378,180
Movement in bank deposits	6 4,272,500	500,000
Rent on investment in real estate received	49,388	139,859
Profit on bank deposits received	919,599	474,524
Dividends received	92,379	83,737
<b>Net cash generated from investing activities</b>	<b>5,196,489</b>	<b>1,348,337</b>
<b>Cash flows from financing activity</b>		
Dividends paid	(1,225,000)	(1,312,500)
<b>Net change in cash and cash equivalents</b>	<b>3,285,060</b>	<b>(335,072)</b>
Cash and cash equivalents at the beginning of the period	6,670,506	7,266,174
<b>Cash and cash equivalents at the end of the period</b>	<b>9,955,566</b>	<b>6,931,102</b>
<i>Cash and cash equivalent consists of the following:</i>		
Cash and bank balances	5 7,071,816	6,931,102
Bank deposits with maturity of less than three months	6 2,883,750	-
	<b>9,955,566</b>	<b>6,931,102</b>

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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 mudarbha 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 nine month period ended 30 September 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 does 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 nine month period ended 30 September 2023 are not necessarily indicative of the results that may be expected for the year ending 31 December 2023.

(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)

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 this standard 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.

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

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

*(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.

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 September 2023 (Unaudited)</b>				
Cash at bank in current accounts	73,662	605,202	21,836	627,038
Cash at bank in call accounts	181,183	5,116,429	406,491	5,522,920
Cash balances with investment managers	608,783	48,705	-	48,705
Cash in hand	4,020	5,505	-	5,505
	<b>867,648</b>	<b>5,775,841</b>	<b>428,327</b>	<b>6,204,168</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>

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

**6 Bank deposits**

	Shareholders	Participants		
		General	Family	Total
<b>30 September 2023 (Unaudited)</b>	RO	RO	RO	RO
Bank deposits with maturity of less than three months	-	2,883,750	-	2,883,750
Bank deposits with maturity of more than three months	4,300,000	8,625,000	1,475,000	10,100,000
	<b>4,300,000</b>	<b>11,508,750</b>	<b>1,475,000</b>	<b>12,983,750</b>
<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 4.2% to 5.1% 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 has pledged 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.

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 September 2023		31 December 2022	
	Fair value	Cost	Fair value	Cost
	RO	RO	RO	RO
<i>Local quoted</i>				
Service sector	93,894	106,340	112,090	122,404
Industrial sector	430,133	573,185	744,990	836,723
<b>Total investments</b>	<b>524,027</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 September	31 December
	2023	2022
	RO	RO
<b>At 1 January</b>	<b>857,080</b>	1,252,303
Purchases	36,662	140,995
Disposals	(214,651)	(445,206)
Realised gain on disposal	434	11,035
Net change in fair value	(155,498)	(102,047)
<b>At 30 September / 31 December</b>	<b>524,027</b>	<b>857,080</b>

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

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

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

	% of Portfolio	Number of Securities	Fair value RO	Cost RO
<b>30 September 2023 (Unaudited)</b>				
Salalah Mill Company SAOG	<u>32</u>	<u>256,556</u>	<u>166,761</u>	<u>221,664</u>
Al Maha Ceramic Company SAOG	<u>30</u>	<u>587,443</u>	<u>158,610</u>	<u>256,125</u>
Gulf Mushroom	<u>10</u>	<u>244,473</u>	<u>54,762</u>	<u>52,895</u>

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

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

	Participants		
	General RO	Family RO	Total RO
<b>30 September 2023 (Unaudited)</b>			
Takaful receivable including due from related parties	13,799,978	1,375,003	15,174,981
Less: specific and portfolio provision for impairment	<u>(1,649,453)</u>	<u>(79,745)</u>	<u>(1,729,198)</u>
	<u>12,150,525</u>	<u>1,295,258</u>	<u>13,445,783</u>
Retakaful / reinsurance balances receivable	1,916,841	521,204	2,438,045
Less: specific and portfolio provision for impairment	<u>(305,589)</u>	<u>(20,865)</u>	<u>(326,454)</u>
	<u>1,611,252</u>	<u>500,339</u>	<u>2,111,591</u>
	<u>13,761,777</u>	<u>1,795,597</u>	<u>15,557,374</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>

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

**8 Takaful and retakaful / reinsurance balance receivable (continued)**

Normal credit period allowed to takaful debtors and retakaful / reinsurance companies is 120 days after which amounts are considered as past due. As at 30 September 2023, receivables past due above 121 days amounting to RO 7,900,797 (31 December 2022 RO 5,501,645) 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:

	<b>Participants</b>		
	<b>General RO</b>	<b>Family RO</b>	<b>Total RO</b>
<b>30 September 2023 (Unaudited)</b>			
Neither past due nor impaired	<b>6,899,906</b>	<b>756,671</b>	<b>7,656,577</b>
Past due but not impaired	<b>6,861,871</b>	<b>1,038,926</b>	<b>7,900,797</b>
Past due and impaired	<b>1,955,042</b>	<b>100,610</b>	<b>2,055,652</b>
	<b>15,716,819</b>	<b>1,896,207</b>	<b>17,613,026</b>
<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
	19,389,765	1,651,888	21,041,653

(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 September 2023 (Unaudited)</b>			
<b>At 1 January 2023</b>	<b>1,865,042</b>	<b>100,610</b>	<b>1,965,652</b>
Charge for the period	<b>90,000</b>	<b>-</b>	<b>90,000</b>
<b>At 30 September 2023</b>	<b>1,955,042</b>	<b>100,610</b>	<b>2,055,652</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 September 2023, 16% of the Company's takaful receivable is from 5 customers (31 December 2022 - 78% from 5 customers).

(d) At 30 September 2023, 67% of the Company's due from retakaful / reinsurance companies are from 5 retakaful / reinsurance companies (31 December 2022 - 63% from 5 retakaful / reinsurance companies).



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

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

	<b>Shareholders</b>	
	<b>(Unaudited)</b> <b>30 September</b> <b>2023</b> <b>RO</b>	<b>(Audited)</b> <b>31 December</b> <b>2022</b> <b>RO</b>
<b>At 1 January</b>	<b>2,743,573</b>	2,666,587
Wakala fee income for the period / year	<b>5,217,763</b>	8,941,645
Mudarib share for the period / year	<b>282,752</b>	294,753
Amount received from policyholders	<b>(6,360,000)</b>	(9,100,000)
Net movement in policyholders' account	<b>(36,581)</b>	(59,412)
<b>At 30 September / 31 December – net</b>	<b>1,847,507</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)</b> <b>30 September</b> <b>2023</b> <b>RO</b>	<b>(Audited)</b> <b>31 December</b> <b>2022</b> <b>RO</b>
On account of qard hassan		
- From general takaful	<b>483,956</b>	483,956
- From family takaful	<b>722,597</b>	722,597
	<b>1,206,553</b>	1,206,553
On account of wakala fees, mudarib share and inter-fund balances		
- From general takaful	<b>66,812</b>	418,940
- From family takaful	<b>574,142</b>	1,118,080
	<b>640,954</b>	1,537,020
	<b>1,847,507</b>	<b>2,743,573</b>

**10 Takaful liabilities**

	<b>30 September 2023 – (Unaudited)</b>			<b>31 December 2022 – (Audited)</b>		
	<b>Gross</b> <b>RO</b>	<b>Retakaful /</b> <b>reinsurance</b> <b>RO</b>	<b>Net</b> <b>RO</b>	<b>Gross</b> <b>RO</b>	<b>Retakaful /</b> <b>reinsurance</b> <b>RO</b>	<b>Net</b> <b>RO</b>
<b>General takaful</b>						
Claims incurred but not settled	<b>32,797,237</b>	<b>(28,251,061)</b>	<b>4,546,176</b>	41,973,911	(37,589,326)	4,384,585
Claims incurred but not reported	<b>4,447,561</b>	<b>(3,238,584)</b>	<b>1,208,977</b>	4,447,561	(3,238,584)	1,208,977
	<b>37,244,798</b>	<b>(31,489,645)</b>	<b>5,755,153</b>	46,421,472	(40,827,910)	5,593,562
Unearned contributions reserve	<b>14,455,028</b>	<b>(7,165,813)</b>	<b>7,289,215</b>	19,807,241	(13,006,790)	6,800,451
	<b>51,699,826</b>	<b>(38,655,458)</b>	<b>13,044,368</b>	66,228,713	(53,834,700)	12,394,013
<b>Family takaful</b>						
Claims incurred but not settled	<b>973,212</b>	<b>(838,137)</b>	<b>135,075</b>	939,940	(812,194)	127,746
Claims incurred but not reported	<b>325,229</b>	<b>(283,705)</b>	<b>41,524</b>	325,229	(283,705)	41,524
	<b>1,298,441</b>	<b>(1,121,842)</b>	<b>176,599</b>	1,265,169	(1,095,899)	169,270
Unearned contributions reserve	<b>579,431</b>	<b>(367,489)</b>	<b>211,942</b>	538,708	(358,687)	180,021
	<b>1,877,872</b>	<b>(1,489,331)</b>	<b>388,541</b>	1,803,877	(1,454,586)	349,291
	<b>53,577,698</b>	<b>(40,144,789)</b>	<b>13,432,909</b>	68,032,590	(55,289,286)	12,743,304

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

**10 Takaful liabilities (continued)**

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

	30 September 2023 – (Unaudited)			31 December 2022 – (Audited)		
	Gross	Retakaful /	Net	Gross	Retakaful /	Net
	RO	reinsurance RO	RO	RO	reinsurance RO	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
Incurring 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	(16,452,439)	10,524,854	(5,927,585)	(16,108,163)	7,294,103	(8,814,060)
Increase in liabilities arising from current and prior period claims	7,275,765	(1,186,589)	6,089,176	8,990,621	(638,618)	8,352,003
<b>Total at the end of the period / year</b>	<b>37,244,798</b>	<b>(31,489,645)</b>	<b>5,755,153</b>	<b>46,421,472</b>	<b>(40,827,910)</b>	<b>5,593,562</b>
Notified claims	32,797,237	(28,251,061)	4,546,176	41,973,911	(37,589,326)	4,384,585
Incurring 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>37,244,798</b>	<b>(31,489,645)</b>	<b>5,755,153</b>	<b>46,421,472</b>	<b>(40,827,910)</b>	<b>5,593,562</b>

	30 September 2023 – (Unaudited)			31 December 2022 – (Audited)		
	Gross	Retakaful /	Net	Gross	Retakaful /	Net
	RO	reinsurance RO	RO	RO	reinsurance 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	(1,481,829)	1,256,483	(225,346)	(2,299,947)	1,959,880	(340,067)
Increase in liabilities arising from current and prior period claims	1,515,101	(1,282,426)	232,675	2,093,344	(1,791,040)	302,304
<b>Total at the end of the period / year</b>	<b>1,298,441</b>	<b>(1,121,842)</b>	<b>176,599</b>	<b>1,265,169</b>	<b>(1,095,899)</b>	<b>169,270</b>
Notified claims	973,212	(838,137)	135,075	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>1,298,441</b>	<b>(1,121,842)</b>	<b>176,599</b>	<b>1,265,169</b>	<b>(1,095,899)</b>	<b>169,270</b>

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

**10 Takaful liabilities (continued)**

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

	30 September 2023 – (Unaudited)			31 December 2022 – (Audited)		
	Retakaful /		Net	Retakaful /		Net
	Gross	reinsurance		Gross	reinsurance	
	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	26,605,367	(14,627,550)	11,977,817	44,708,227	(29,311,234)	15,396,993
Net release during the period / year	(31,916,857)	20,459,725	(11,457,132)	(44,724,510)	29,509,882	(15,214,628)
<b>Total at the end of the period / year</b>	<b>15,034,459</b>	<b>(7,533,302)</b>	<b>7,501,157</b>	<b>20,345,949</b>	<b>(13,365,477)</b>	<b>6,980,472</b>
Unearned contributions reserves	14,455,028	(7,165,813)	7,289,215	19,807,241	(13,006,790)	6,800,451
Mathematical reserves	579,431	(367,489)	211,942	538,708	(358,687)	180,021
<b>Total at the end of the period / year</b>	<b>15,034,459</b>	<b>(7,533,302)</b>	<b>7,501,157</b>	<b>20,345,949</b>	<b>(13,365,477)</b>	<b>6,980,472</b>

**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	1,683,847	-	-	-
Amortised during the period	(1,511,572)	(161)	-	(161)
<b>At 30 September 2023</b>	<b>952,758</b>	<b>3</b>	<b>-</b>	<b>3</b>

	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	(1,773,977)	(13,547)	(724)	(14,271)
<b>At 31 December 2022</b>	<b>780,483</b>	<b>164</b>	<b>-</b>	<b>164</b>

**12 Other receivables and takaful assets**

	Shareholders RO	Participants		Total RO
		General takaful RO	Family takaful RO	
<b>30 September 2023 – (Unaudited)</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>
Rent receivable	313,294	-	-	-
Accrued profit on bank deposits and Sukuks	416,418	363,300	78,848	442,148
Advances	63,183	14,861	682,518	697,379
Prepayments	36,670	-	-	-
Others	298,950	1,183,025	-	1,183,025
	<b>1,128,515</b>	<b>1,561,186</b>	<b>761,366</b>	<b>2,322,552</b>

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

**12 Other receivables and takaful assets (continued)**

	Shareholders		Participants		Total RO
	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	195,767	1,552,416	-		1,552,416
	<u>602,830</u>	<u>2,147,944</u>	<u>633,607</u>		<u>2,781,551</u>

**13 Investments at fair value through equity**

	Shareholders			
	30 September 2023 (Unaudited)		31 December 2022 (Audited)	
	Fair value RO	Cost RO	Fair value RO	Cost RO
<b>Local quoted</b>				
Service sector	112,800	117,600	132,000	117,600
Real estate development	406,000	392,000	406,000	392,000
Industrial sector	30,000	6,330	25,500	6,330
	<u>548,800</u>	<u>515,930</u>	<u>563,500</u>	<u>515,930</u>
<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
	<u>402,641</u>	<u>201,028</u>	<u>388,319</u>	<u>201,028</u>
<b>Total Local</b>	<u>951,441</u>	<u>716,958</u>	<u>951,819</u>	<u>716,958</u>
<b>Foreign quoted</b>				
Financial sector	41,256	51,340	281,969	259,037
Service sector	683,225	710,690	788,662	710,690
Real estate development	30,943	19,231	7,860	10,611
Industrial sector	7,157	10,610	38,132	19,231
	<u>762,581</u>	<u>791,871</u>	<u>1,116,623</u>	<u>999,569</u>
<b>Total Foreign</b>	<u>762,581</u>	<u>791,871</u>	<u>1,116,623</u>	<u>999,569</u>
<b>Total investments</b>	<u>1,714,022</u>	<u>1,508,829</u>	<u>2,068,442</u>	<u>1,716,527</u>

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

	Shareholders	
	(Unaudited) 30 September 2023 RO	(Audited) 31 December 2022 RO
At the beginning of the period / year	2,068,442	2,266,624
Purchases	-	453,950
Disposals	(234,770)	-
Realised gain	28,063	-
Net change in fair value	(147,713)	(652,132)
At the end of the period / year	<u>1,714,022</u>	<u>2,068,442</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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 total investments held at fair value through equity at 30 September 2023 / 31 December 2022 are:

	% of portfolio	Basis of valuation	Number of securities	Fair Value  RO
<b>30 September 2023 – (Unaudited)</b>				
<b>Investment from shareholders' fund</b>				
<b>Watania International Holding PJSC</b>	<b>39</b>	<b>Fair value</b>	<b>10,504,203</b>	<b>666,473</b>
<b>31 December 2022 – (Audited)</b>				
<b>Watania International Holding PJSC</b>	<b>37</b>	<b>Fair value</b>	<b>10,504,203</b>	<b>769,853</b>

13.3 *Movement in investments fair value reserve:*

	<b>Shareholders</b>	
	<b>(Unaudited) 30 September 2023 RO</b>	<b>(Audited) 31 December 2022 RO</b>
<b>At 1 January</b>	<b>315,457</b>	863,465
Net change in fair value of investment during the period / year	<b>(147,713)</b>	(652,132)
Impact of deferred tax (note 13.5)	-	104,124
	<b>(147,713)</b>	(548,008)
At the end of the period / year	<b>167,744</b>	315,457

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

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

**14 Investments carried at amortised cost**

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

	<b>Shareholders</b>		<b>Participants – General Takaful</b>		<b>Participants – Family Takaful</b>	
	<b>(Unaudited) 30 September 2023 RO</b>	<b>(Audited) 31 December 2022 RO</b>	<b>(Unaudited) 30 September 2023 RO</b>	<b>(Audited) 31 December 2022 RO</b>	<b>(Unaudited) 30 September 2023 RO</b>	<b>(Audited) 31 December 2022 RO</b>
<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 period / year	<b>2,000,000</b>	960,913	-	460,519	-	-
Matured during the period / year	<b>(1,500,000)</b>	(1,478,638)	-	-	-	-
Amortised during the period / year	<b>(315)</b>	(411)	<b>240</b>	-	-	-
At the end of the period / year	<b>6,210,662</b>	5,710,977	<b>460,759</b>	460,519	<b>100,000</b>	100,000

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

**14 Investments carried at amortised cost (continued)**

*14.1 Restrictions on transfer of assets*

In accordance with the law governing the operation of insurance companies within the Sultanate of Oman, the Company has pledged 1,557,888 units (31 December 2022 – 1,565,000 units) with the carrying value of RO 3,999,688 (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:

	<b>Shareholders</b>	
	<b>(Unaudited) 30 September 2023 RO</b>	<b>(Audited) 31 December 2022 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 September 2023, the Company has investment in real estate of RO 5,170,000 (31 December 2022 – RO 5,170,000) which is 13.42% (31 December 2022 – 13.02%) 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 2,470,000 (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) 30 September 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>50,136</b>	48,369
Depreciation for the period / year	<b>(86,649)</b>	(122,534)
At the end of the period / year	<b>575,414</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>361,663</b>	-	<b>361,663</b>
Amortised during the period	<b>(363,723)</b>	-	<b>(363,723)</b>
<b>At 30 September 2023 – (Unaudited)</b>	<b>161,919</b>	-	<b>161,919</b>

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

**18 Unearned retakaful commission (continued)**

	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**

	30 September 2023 – (Unaudited)			30 September 2022 – (Unaudited)		
	Retakaful / reinsurances'			Retakaful / reinsurances'		
	Gross RO	share RO	Net RO	Gross RO	share RO	Net RO
Claims notified and not settled	33,770,449	(29,089,198)	4,681,251	43,685,992	(39,290,296)	4,395,696
Claims incurred but not reported	4,772,790	(3,522,289)	1,250,501	6,428,525	(5,028,505)	1,400,020
Outstanding at end of the period	38,543,239	(32,611,487)	5,931,752	50,114,517	(44,318,801)	5,795,716
Takaful claims paid	17,934,268	(11,781,337)	6,152,931	13,942,120	(7,075,890)	6,866,230
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	8,790,866	(2,469,015)	6,321,851	9,045,851	(2,646,557)	6,399,294

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

	(Unaudited) 30 September 2023 RO	(Unaudited) 30 September 2022 RO
Motor	2,478,785	2,480,655
Fire, accidents, engineering and others	19,643,731	20,716,538
Marine cargo and hull	394,270	310,610
Medical	(157,933)	419,301
Life	510,508	647,603
	22,869,361	24,574,707

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

**20 Wakala fees and mudarib share**

The shareholders manage the general and family takaful operations for the participants and charged 15% for general takaful (2022 -20%) 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.

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

**21 Investment income - net**

	(Unaudited) 30 September 2023 RO	(Unaudited) 30 September 2022 RO
Investment property rental income	226,321	226,037
Profit on the Mudarbah investment	25,000	25,000
Profit from investment carried at amortised cost	270,906	318,358
Dividend income	92,379	83,737
Fair value loss on investments held at fair value through profit or loss	(155,498)	(109,980)
Profit on Wakala deposits	666,881	528,929
Gain on sale of investments held at fair value – net	28,496	11,035
Investment management costs	(91,923)	(56,608)
	<u>1,062,562</u>	<u>1,026,508</u>

**22 Shari'ah Supervisory Committee**

The Company business activities are subject to the supervision of a Shari'ah Supervisory Committee consisting of three 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 Earnings per share**

	(Unaudited) 30 September 2023	(Unaudited) 30 September 2022
Shareholders' profit for the period – RO	<u>901,976</u>	<u>1,318,800</u>
Weighted average number of shares outstanding – number	<u>175,000,000</u>	<u>175,000,000</u>
Earnings per share – basic and diluted – RO	<u>0.005</u>	<u>0.008</u>

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

**24 Related parties**

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



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

**24 Related parties (continued)**

(a) Transactions with related parties

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

	(Unaudited) 30 September 2023 RO	(Unaudited) 30 September 2022 RO
Gross contributions	3,364,811	2,785,032
Gross claims settled	206,447	484,866
Gross outstanding claims	115,705	198,291
Directors' sitting fee and remuneration	115,800	145,200
Shari'ah Supervisory Committee sitting fee and remuneration	23,520	24,000
Dividend paid to shareholders'	1,225,000	1,312,500

(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) 30 September 2023 RO	(Audited) 30 September 2022 RO
Contribution balances receivables from related parties	2,878,232	3,003,245
Investment in Tilal Sukuk SAOC	2,499,688	2,500,336
Investment in Mohammed Al Barwani Sukuk	1,500,000	1,500,000
Investments at fair value through equity	1,069,113	1,220,430
Investment at fair value through profit or loss	166,761	221,664
Cash with investment manager – Al Madina Investment	550,000	520,959

(c) Compensation of key management personnel of the Company

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

	(Unaudited) 30 September 2023 RO	(Unaudited) 30 September 2022 RO
Short-term benefits	530,282	380,378
Employee end of service benefits	36,469	19,736
	566,751	400,114

**25 Contingencies**

**Contingent liabilities**

At 30 September 2023, the Company had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business amounting to RO 23,935 (31 December 2022 - RO 28,100).

**Capital commitment**

At 30 September 2023, the Company has no capital commitment (31 December 2022 - Nil).

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

**25 Contingencies (continued)**

**Legal claims**

The Company, in common with the significant majority of insurers, is subject to litigation in the normal course of its business. The Company, based on independent legal advice, does not believe that the outcome of these court cases will have a material impact on the Company's financial performance.

**26 Segment information**

**Business segments – primary reporting segment**

The Company has two reportable business segments, as described below, which are the Company's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic units, the Company's CEO reviews internal management reports on at least a quarterly basis.

**Operating segments**

The Company has the following operating segments:

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

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

**30 September 2023**

(Unaudited)	Fire, energy, medical, engineering, liability and general accident	Motor, marine and aviation	Total General Takaful	Family Takaful
				<b>RO</b>
Gross contributions	16,752,500	7,786,658	24,539,158	2,066,209
Retakaful/reinsurance share	(11,440,017)	(1,700,699)	(13,140,716)	(1,486,834)
Retained contributions	5,312,483	6,085,959	11,398,442	579,375
Unearned contributions adjustment – net	150,334	(639,098)	(488,764)	(31,921)
Net earned contributions	5,462,817	5,446,861	10,909,678	547,454
Fee and Commission income	278,415	284,138	562,553	574
Segment Revenue	5,741,232	5,730,999	11,472,231	548,028
Net claims incurred	(2,893,377)	(3,195,799)	(6,089,176)	(232,675)
Commission expense	(161)	-	(161)	-
Takaful expense	(159,844)	(295,580)	(455,424)	(451)
Underwriting surplus before wakala fees	2,687,850	2,239,620	4,927,470	314,902
Provision for impairment of receivables	-	-	(90,000)	-
Wakala fees	-	-	(4,907,832)	(309,931)
(Deficit) / surplus from takaful operations after wakala fees	-	-	(70,362)	4,971
Investment income – net	-	-	452,552	61,543
Mudarib share	-	-	(248,903)	(33,848)
<b>Surplus from takaful operations</b>	-	-	133,287	32,666
<b>Identifiable assets and liabilities on 30 September 2022</b>				
Identifiable assets	51,086,388	21,894,167	72,980,555	6,049,621
Identifiable liabilities	50,867,077	21,800,175	72,667,252	6,342,495

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

**26 Segment information (continued)**

**Operating segments (continued)**

31 December 2022

Audited	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)
Deficit 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
Surplus from takaful operations	-	-	190,710	133,164
<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	27,778,103	92,593,672	5,970,636

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

**27 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 and amounted to RO 975 (31 December 2022 – RO 21,738). All non-Islamic income is credited to a charity account where the Company uses these funds for charitable purposes.