

Dear Shareholders,

Assalamu alaikum wa rahamatullahi wa Barakatuh!

(May the Peace, Mercy and Blessing of Allah be with you)

It gives me great pleasure to report on the performance of your company for the first quarter of 2015.

The highlight of the performance are given in AAOIFI (Accounting and Auditing Organization for Islamic Financial Institutions) format.

Item	Shareholders		General Takaful		Family Takaful		Total	
	Q1 2014	Q1 2015	Q1 2014	Q1 2015	Q1 2014	Q1 2015	Q1 2014	Q1 2015
Gross Contributions	-	-	4,865,665	5,878,902	458,396	678,507	5,324,061	6,557,409
Net Retained Contributions	-	-	2,541,986	3,713,293	145,648	174,601	2,687,634	3,887,894
Net Earned Contributions	-	-	2,412,683	3,186,212	89,708	170,604	2,502,391	3,356,816
Net Claims Incurred	-	-	(1,177,234)	(2,263,263)	(24,484)	61,378	(1,201,718)	(2,201,885)
Surplus from Takaful Operations before Wakala Fees	-	-	1,114,904	807,025	39,746	200,886	1,154,650	1,007,911
Investment Income	314,044	396,753	20,503	24,094	103	243	334,650	421,090
Wakala Fees	1,064,812	1,311,482	(973,133)	(1,175,780)	(91,679)	(135,702)	-	-
Mudharib Fee	15,455	17,036	(15,378)	(16,866)	(77)	(170)	-	-
Net Profit before tax	579,129	723,919	146,896	(361,528)	(51,907)	62,257	674,118	424,648
Provision for tax		(68,750)	-		-		-	(68,750)
Net Profit and Surplus for the year (afterTax)	579,129	655,169	146,896	(361,528)	(51,907)	65,257	674,118	358,898

- Company Gross Written contribution was higher at RO 6.55 million compared to RO 5.32 million in the previous year showing a growth of 23%.
- Incurred claims ratio of the Company increased from 48% in Q1 of FY 2014 to 66% in Q1 of FY 2015 reflected in the fall of underwriting income. The Company received number of court awards in the first quarter where the quantum of the award far exceeded the normal trend.
- Investment income grow by 26 % due to improvement in the stock market and income from Sukuk and property rentals over the same period last year.

Looking ahead: The Company has a number of interesting initiatives that will be launched in the forthcoming quarters that will help in growth of businesses, overall profitability and strengthening the presence of Takaful in the Sultanate of Oman.

We extend our gratitude and appreciation to His Majesty Sultan Qaboos Bin Said for his vision and leadership. We also extend our thanks to Capital Market Authorities, our shareholders, business partners, valuable customers and staff members for their support.

May God Bless you all.

Dr. Mohammed Ali Al Barwani
Chairman of the Board.

AL MADINA INSURANCE COMPANY SAOG

2

Interim condensed statement of financial position

As at 31 March 2015

	Notes	Shareholders		General Takaful		Family Takaful		Total	
		Unaudited 31 March 2015 RO	Audited 31 December 2014 RO	Unaudited 31 March 2015 RO	Audited 31 December 2014 RO	Unaudited 31 March 2015 RO	Audited 31 December 2014 RO	Unaudited 31 March 2015 RO	Audited 31 December 2014 RO
ASSETS									
Cash and bank balances	3	948,205	955,645	1,083,207	1,441,913	152,807	104,771	2,184,219	2,502,329
Bank deposits	4	2,155,854	2,176,154	4,251,416	4,251,416	22,084	22,084	6,429,354	6,449,654
Investment carried at fair value through profit or loss	5	5,328,577	5,437,139	-	-	-	-	5,328,577	5,437,139
Takaful and retakaful/reinsurance balance receivable	6	-	-	7,762,898	6,778,660	1,339,791	1,407,145	9,102,689	8,185,805
Receivable from participants –family takaful	7	766,751	4,812	-	801,925	-	-	766,751	806,737
Due from retakaful / reinsurance companies in connection with outstanding claims and deferred retakaful / reinsurance contribution	8	-	-	7,686,358	7,795,909	643,935	1,544,377	8,330,293	9,340,286
Deferred policy acquisition cost		-	-	852,996	817,760	45,735	41,820	898,731	859,580
Other receivables and takaful assets		1,474,905	699,655	308,492	407,631	-	-	1,783,397	1,107,286
Investments at fair value through equity	9	1,605,504	2,042,447	-	-	-	-	1,605,504	2,042,447
Investments carried at amortised cost	10	2,760,677	2,762,436	-	-	-	-	2,760,677	2,762,436
Deferred tax asset		205,363	274,113	-	-	-	-	205,363	274,113
Investment in real estate	11	5,735,111	6,235,111	-	-	-	-	5,735,111	6,235,111
Property and equipment	12	1,042,102	947,087	-	-	-	-	1,042,102	947,087
Total assets		22,023,049	21,534,599	21,945,367	22,295,214	2,204,352	3,120,197	46,172,768	46,950,010

The accompanying notes form an integral part of these financial statements.

AL MADINA INSURANCE COMPANY SAOG

3

Interim condensed Statement of financial position as at 31 March 2015 (continued)

	Notes	Shareholders		General Takaful		Family Takaful		Total	
		Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
		31 March 2015 RO	31 December 2014 RO	31 March 2015 RO	31 December 2014 RO	31 March 2015 RO	31 December 2014 RO	31 March 2015 RO	31 December 2014 RO
EQUITY, PARTICIPANTS' FUND AND LIABILITIES									
Capital and reserves									
Share capital		17,500,000	17,500,000	-	-	-	-	17,500,000	17,500,000
Share premium		1,380,151	1,380,151	-	-	-	-	1,380,151	1,380,151
Legal reserve		617,890	552,373	-	-	-	-	617,890	552,373
Contingency reserve	13	1,206,553	1,206,553	-	-	-	-	1,206,553	1,206,553
Investment fair value reserve		(616,003)	(193,189)	-	-	-	-	(616,003)	(193,189)
Retained earnings		1,088,921	499,269	-	-	-	-	1,088,921	499,269
Total shareholders' equity		21,177,512	20,945,157	-	-	-	-	21,177,512	20,945,157
Participants' fund									
Surplus / (deficit) in participants' fund		-	-	(476,298)	173,104	(101,897)	(167,150)	(578,195)	5,954
Contingency reserve		-	-	287,871	-	-	-	287,871	-
Liabilities									
End of service benefits		222,228	192,096	-	-	-	-	222,228	192,096
Gross outstanding claims	8	-	-	7,266,347	6,571,420	305,455	1,460,759	7,571,802	8,032,179
Unearned contributions reserve	8	-	-	10,166,898	9,710,946	526,580	361,224	10,693,478	10,072,170
Unearned retakaful/reinsurance commission		-	-	384,654	375,848	4,389	2,955	389,043	378,803
Retakaful/reinsurance payables		-	-	3,387,191	3,945,287	668,914	610,892	4,056,105	4,556,179
Accounts and other payables		623,309	397,346	909,355	1,518,609	53,509	44,780	1,586,173	1,960,735
Payable to shareholders	7	-	-	19,350	-	747,401	4,812	766,751	4,812
Payable to participants – general takaful	7	-	-	-	-	-	801,925	-	801,925
Total liabilities		845,537	589,442	22,133,795	22,122,110	2,306,248	3,287,347	25,285,580	25,998,899
Total shareholders' equity, participants' fund and liabilities		22,023,049	21,534,599	21,945,367	22,295,214	2,204,351	3,120,197	46,172,768	46,950,010

Director

Director

The accompanying notes form an integral part of these financial statements.

AL MADINA INSURANCE COMPANY SAOG

4

Interim condensed statement of participants' revenue and expenses for the three month period ended 31 March 2015 (unaudited)

	Notes	General Takaful		Family Takaful		Total	
		31 March 2015 RO	31 March 2014 RO	31 March 2015 RO	31 March 2014 RO	31 March 2015 RO	31 March 2014 RO
Takaful revenues							
Gross contributions	14	5,878,902	4,865,665	678,507	458,396	6,557,409	5,324,061
Retakaful/reinsurance share	14	(2,165,610)	(2,323,679)	(503,906)	(312,748)	(2,669,516)	(2,636,427)
Retained contributions		3,713,292	2,541,986	174,601	145,648	3,887,893	2,687,634
Movement in unearned contributions	14	(527,082)	(129,303)	(3,999)	(55,940)	(531,081)	(185,243)
Net earned contributions		3,186,210	2,412,683	170,602	89,708	3,356,812	2,502,391
Net commission and other takaful income / (expense)	14	(115,930)	(120,544)	(31,100)	(25,478)	(147,030)	(146,022)
Total takaful revenue		3,070,280	2,292,139	139,502	64,230	3,209,782	2,356,369
Takaful expenses							
Gross claims settled	16	(2,749,824)	(1,209,907)	(227,020)	(287,873)	(2,976,844)	(1,497,780)
Claims recovered from retakaful/reinsurance	16	1,219,912	230,989	194,895	250,484	1,414,807	481,473
Net movement in outstanding claims	16	(733,347)	(198,316)	93,504	12,905	(639,843)	(185,411)
Net claims incurred		(2,263,259)	(1,177,234)	61,379	(24,484)	(2,201,880)	(1,201,718)
Provision for bad and doubtful debt		-	-	-	-	-	-
Total takaful expenses		(2,263,259)	(1,177,234)	61,379	(24,484)	(2,201,880)	(1,201,718)
Surplus from takaful operations		807,021	1,114,905	200,881	39,746	1,007,902	1,154,651
Investment income		24,094	20,503	243	103	24,337	20,606
Mudarib share	17	(16,866)	(15,378)	(170)	(77)	(17,036)	(15,455)
Wakala fees	17	(1,175,780)	(973,133)	(135,701)	(91,679)	(1,311,481)	(1,064,812)
Surplus / (deficit) from takaful operations		(361,531)	146,897	65,253	(51,907)	(296,278)	94,990

The accompanying notes form an integral part of these financial statements.

**Interim condensed statement of
profit or loss and other comprehensive income
for the three month period ended 31 March 2015 (unaudited)**

	Notes	Shareholders' fund	
		31 March 2015 RO	31 March 2014 RO
Investment income (net)		396,754	314,044
Wakala fees	17	1,311,481	1,064,812
Mudarib share	17	17,036	15,455
		<hr/>	<hr/>
		1,725,271	1,394,311
General and administrative expenses		(1,001,352)	(818,082)
Other income		-	2,900
		<hr/>	<hr/>
		(1,001,352)	(815,182)
		<hr/>	<hr/>
Profit before tax		723,919	579,129
Taxation		(68,750)	-
		<hr/>	<hr/>
Profit for the period		655,169	579,129
		<hr/>	<hr/>
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Net change in fair value of investments at fair value through equity		(422,814)	-
		<hr/>	<hr/>
Total comprehensive income for the period		232,355	579,129
		<hr/>	<hr/>
Earnings per share	20	0.121	0.130
		<hr/>	<hr/>

The accompanying notes form an integral part of these financial statements.

AL MADINA INSURANCE COMPANY SAOG

9

Interim condensed statement of cash flows for the three month period ended 31 March 2015 (unaudited)

	31 March 2015 RO	31 March 2014 RO
Cash flows from operating activities	427,641	674,119
Profit before tax for the period (including surplus / (deficit) from takaful operations)		
Adjustments for :		
Depreciation (Note 12)	49,884	51,000
Gain on disposal of fixed assets	-	-
Finance income	-	410
Dividend income	(220,926)	(154,156)
Income from bank deposit	(10,674)	(29,564)
Profit from investments carried at amortized cost	(34,943)	(30,685)
Amortisation of investments carried at amortized cost	1,759	(56,345)
End of service benefits charge for the period	30,132	17,407
Rental income on investment in real estate	(145,750)	-
Unrealised gains on investments at fair value through equity	(27,253)	-
Provision for bad and doubtful debt	-	-
Realised gain on investments carried at fair value through profit or loss	9,313	-
Impairment loss on investments at fair value through equity	7,336	-
Realised profit on redemption of investments at fair value through equity	-	-
Working capital changes:		
Takaful and retakaful/reinsurance balance receivables	(1,033,546)	(1,157,761)
Retakaful / reinsurance share of outstanding claims and unearned premium reserve	1,009,993	416,118
Other receivables, prepayments and other assets	(801,674)	(1,026,741)
Deferred policy acquisition cost	(39,151)	(14,429)
Outstanding claims and unearned premium reserve	(286,494)	(45,464)
Accounts and other payables	374,562	(240,736)
Due to retakaful / reinsurance	500,075	331,830
Unearned retakaful/reinsurance commission	(10,240)	537
Cash generated from / (used in) operating activities	(199,957)	(1,264,460)
End of service benefits paid	-	-
Net cash from / (used in) operating activities	(199,957)	(1,264,460)

The accompanying notes form an integral part of these financial statements.

**Interim condensed statement of cash flows
for the three month period ended 31 March 2015 (unaudited) (continued)**

	Notes	31 March 2015 RO	31 March 2014 RO
Cash flows from investing activities			
Purchase of property and equipment	12	(144,899)	(172,034)
Purchases of investments carried at fair value through profit or loss		-	(865,601)
Purchase of investments at fair value through equity		-	169,674
Proceeds from disposal of fixed assets		-	-
Proceeds from disposal of investments carried at fair value through profit or loss		146,667	119,154
Proceeds from redemption of investment at fair value through equity			
Movement in bank deposits		30,974	29,392
Rent on investment in real estate received		145,750	-
Purchase of investment in real estate		-	-
Purchase of investments carried at amortized cost – net of income		34,943	(995,930)
Change in fair value of investment at fair value through equity		(422,814)	-
Dividends received		220,926	154,156
Net cash (used in) / generated from investing activities		11,547	(1,561,189)
Cash flows from financing activities			
Proceeds from share capital issued		-	-
Proceeds from share premium collected (net of IPO expenses)		-	-
Dividends paid		-	-
Finance cost paid		-	(410)
Net cash (used in) / from financing activities		-	(410)
Net (decrease) / increase in cash and cash equivalents		(188,410)	(2,826,059)
Cash and cash equivalents at the beginning of the period		2,645,008	9,563,981
Cash and cash equivalents at the end of period		2,456,598	6,737,922

The accompanying notes form an integral part of these financial statements.

AL MADINA INSURANCE COMPANY SAOG

6

Interim condensed statement of changes in owners' equity for the three month period ended 31 March 2015 (unaudited)

	Share capital RO	Share premium RO	Legal reserve RO	Special reserve RO	Contingency reserve RO	Investment fair value reserve RO	(Accumulated losses) / retained earnings RO	Total RO
At 1 January 2015 (Audited)	17,500,000	1,380,151	552,373	-	1,206,553	(193,189)	499,269	20,945,157
Profit for the period	-	-	-	-	-	-	655,169	655,169
Other comprehensive income	-	-	-	-	-	(422,814)	-	(422,814)
Total comprehensive income for the period	-	-	-	-	-	(422,814)	655,169	232,355
Transaction with owner								
Dividends paid	-	-	-	-	-	-	-	-
Transfer from share premium as free shares	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-	-
Transfer to contingency reserve	-	-	-	-	-	-	-	-
Transfer to legal reserve	-	-	65,517	-	-	-	(65,517)	-
At 31 March 2015	17,500,000	1,380,151	617,890	-	1,206,553	(616,003)	1,088,921	21,177,512

The accompanying notes form an integral part of these financial statements.

AL MADINA INSURANCE COMPANY SAOG

7

Interim condensed statement of changes in owners' equity for the three month period ended 31 March 2015 (unaudited) (continued)

	Share capital RO	Share premium RO	Legal reserve RO	Proposed dividend RO	Contingency reserve RO	Investment fair value reserve RO	(Accumulated losses) / retained earnings RO	Total RO
At 1 January 2014 (audited)	16,666,667	2,213,484	450,716	-	421,767	141,282	1,202,477	21,096,393
Profit for the period	-	-	-	-	-	-	579,129	579,129
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	579,129	579,129
Transaction with owner								
Dividends paid	-	-	-	833,333	-	-	(833,333)	-
Transfer from share premium as free shares	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	833,333	-	-	(833,333)	-
Transfer to contingency reserve	-	-	-	-	784,786	-	(784,786)	-
Transfer to legal reserve	-	-	57,913	-	-	-	(57,913)	-
At 31 March 2014	16,666,667	2,213,484	508,629	833,333	1,206,553	141,282	105,574	21,675,522

The accompanying notes form an integral part of these financial statements.

**Interim condensed statement of changes in participants' fund
for the three month period ended 31 March 2015 (unaudited)**

	General Takaful RO	Family Takaful RO	Total RO
As at 1 January 2015 (Audited)	173,104	(167,150)	5,954
Surplus / (deficit) for the period	(361,531)	65,253	(296,278)
Contingency reserve	(287,871)	-	(287,871)
Takaful reserve (note 19)	-	-	-
As at 31 March 2015	(476,298)	(101,897)	(578,195)
As at 1 January 2014 (Audited)	-	-	-
Surplus / (deficit) for the period	146,897	(51,907)	94,990
Takaful reserve (note 19)	-	-	-
As at 31 March 2014	146,897	(51,907)	94,990

The accompanying notes form an integral part of these financial statements.

**Notes to the financial statements
for the three month period ended 31 March 2015****1 General**

Al Madina Insurance Company SAOG (formerly Al Madina Insurance Company SAOC) (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 has become 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 Sharia’a principles. The retakaful/reinsurance activities organised on an underwriting period 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.

2. Basis of preparation

The interim condensed financial statements for the three month period ended 31 March 2015 have 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 interim condensed financial statement has been presented in condensed form in accordance with the guidance provided by International Accounting Standard 34 – ‘Interim Financial Reporting’.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Company’s annual financial statements as at 31 December 2014. In addition, results for the three months period ended 31 March 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

The interim condensed financial statements are prepared in Rial Omani (RO), rounded to the nearest thousand except when otherwise indicated.

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2014.

Accounting estimates

The basis and the methods used for critical accounting estimates and judgments adopted in the preparation of this interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2014.

Financial risk management

The financial risk management objective and policies adopted by the Bank are consistent with those disclosed in the financial statements of the Bank for the year ended 31 December 2014.

**Notes to the financial statements
for the three month period ended 31 March 2015 (continued)**

3. Cash and bank balances

	Unaudited 31 March 2015 RO	Audited 31 December 2014 RO
Cash and bank balances		
Cash and bank balances	1,498,390	1,910,842
Cash balances with investment managers	685,829	591,487
	2,184,219	2,502,329

4. Bank deposits

Bank deposits

Bank deposits with maturity of less than three months from the date of placement	272,379	142,679
Bank deposits with maturity of more than three months from the date of placement	6,156,975	6,306,975
	6,429,354	6,449,654

Bank deposit amounting to RO 263,589 (31 December 2014 – RO 263,589) is allocated for payment to be made to retakaful/reinsurance reserve.

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 6,105,000 (31 December 2014 - RO 6,105,000) to the CMA. The Company can only transfer these assets with the prior approval of the Capital Market Authority.

5. Investments carried at fair value through profit or loss

Investments held for trading

	Fair value Unaudited 31 March 2015 RO	Cost Unaudited 31 March 2015 RO	Fair value Audited 31 December 2014 RO	Cost Audited 31 December 2014 RO
Service sector	136,109	141,560	2,959,186	2,917,495
Industrial sector	2,195,283	2,202,537	2,277,067	2,516,621
Financial sector	2,997,185	2,959,106	200,886	225,174
	5,328,577	5,303,203	5,437,139	5,659,290

The above investments are local and foreign quoted investments.

**Notes to the financial statements
for the three month period ended 31 March 2015 (continued)**

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

The cost and fair value of the foreign investments at the period-end as follows:

	Unaudited 31 March 2015 Fair value RO	Unaudited 31 March 2015 Cost RO	Audited 31 December 2014 Fair value RO	Audited 31 December 2014 Cost RO
Foreign investments	1,642,903	1,631,232	1,745,889	1,764,437

Restrictions on transfer of assets

In accordance with the law governing the operation of insurance companies within the Sultanate of Oman, the Company identified certain specific investments with the carrying value of RO 878,685 (31 December 2014 - RO 900,280) to the Capital Market Authority. The Company can only transfer these assets with the prior approval of the Capital Market Authority.

6. Takaful and retakaful/reinsurance contract receivables

	Un-audited 31 March 2015 RO	Audited 31 December 2014 RO
Takaful receivable	8,332,668	7,323,452
Retakaful / reinsurance balances receivable	1,121,402	1,213,734
Gross receivables	9,454,070	8,537,186
Less: provision for impairment of receivables	(351,381)	(351,381)
	9,102,689	8,185,805
Not due	5,147,005	5,134,396
Past due but not impaired: Above 121 days	3,604,303	3,051,409
Past due and impaired: Above 121 days	351,381	351,381
	9,102,689	8,537,186

**Notes to the financial statements
for the three month period ended 31 March 2015 (continued)**

6. Takaful and retakaful/reinsurance contract receivables (continued)

The normal credit period allowed to takaful debtors and retakaful/reinsurance companies is 120 days, after which amounts are considered as past due. As at 31 March 2015, past due receivables above 121 days of RO 3,604,303 (31 December 2014 - RO 3,051,409) were considered recoverable, as these are due from government and quasi-government entities, brokers and corporate with which the Company deals in the normal course of takaful business and with which there is no recent history of default.

At 31 March 2014, takaful debtors of RO 351,381 (31 December 2014 - RO 351,381) were impaired and provided for fully.

Movement in the provision for impairment of receivables during the period is as follows:

	Un-audited 31 March 2015 RO	Audited 31 December 2014 RO
At the beginning of the period	351,381	328,821
Provision made during the period	-	22,560
At the end of the period	351,381	351,381

7. Receivable from shareholders' and payable to shareholders'

Receivable from participants includes due from General takaful and Family takaful policyholders' on account of wakala fees, mudarib share and inter-entity balances.

**Notes to the financial statements
for the three month period ended 31 March 2015 (continued)**

8. Outstanding claims and unearned contributions reserve

	Unaudited 31 March 2015			Audited 31 December 2014		
	Gross RO	Retakaful / reinsurance RO	Net RO	Gross RO	Retakaful / reinsurance RO	Net RO
A) General Takaful						
Claims outstanding	6,988,498	(3,484,075)	3,504,423	6,299,915	(3,520,609)	2,779,306
Claims incurred but not reported	277,849	(170,218)	107,631	271,505	(172,105)	99,400
	<u>7,266,347</u>	<u>(3,654,293)</u>	<u>3,612,054</u>	<u>6,571,420</u>	<u>(3,692,714)</u>	<u>2,878,706</u>
Unearned contributions reserve	10,166,898	(4,032,065)	6,134,833	9,710,946	(4,103,195)	5,607,751
	<u>17,433,245</u>	<u>(7,686,358)</u>	<u>9,746,886</u>	<u>16,282,366</u>	<u>(7,795,909)</u>	<u>8,486,457</u>
B) Family Takaful						
Claims outstanding	169,697	(140,492)	29,205	277,121	(236,016)	41,105
Claims incurred but not reported	135,758	(116,386)	19,372	1,183,638	(1,082,661)	100,977
	<u>305,455</u>	<u>(256,878)</u>	<u>48,577</u>	<u>1,460,759</u>	<u>(1,318,677)</u>	<u>142,082</u>
Unearned contributions reserve	526,580	(387,057)	139,523	361,224	(225,700)	135,524
	<u>832,035</u>	<u>(643,935)</u>	<u>188,100</u>	<u>1,821,983</u>	<u>(1,544,377)</u>	<u>277,606</u>
	<u>18,265,280</u>	<u>(8,330,293)</u>	<u>9,934,986</u>	<u>18,104,349</u>	<u>(9,340,286)</u>	<u>8,764,063</u>

Substantially all of the claims are expected to be paid within twelve months of the statement of financial position date. The amounts due from takaful/reinsurance are contractually due within a maximum of three months from the date of payment of the claims.

**Notes to the financial statements
for the period ended 31 December 2014 (continued)**

9. Investments at fair value through equity

Un-audited 31 March 2015	% of overall portfolio	Basis of valuation RO	Number of securities RO	Cost / fair value RO
Investment from shareholders' fund				
<u>Investment in equity</u>				
Omani Unified Bureau for the Orange Card SAOC	12	Fair value	71,428	200,141
National Mass Housing	11	Fair value	150,000	172,200
Shazah Hotel, Muscat	7	Fair value	100,000	108,900
National Takaful Company (Watania)	70	Fair value	14,303,596	1,124,263
	<u>100</u>			<u>1,605,504</u>
 Audited 31 December 2014				
Investment from shareholders' fund				
<u>Investment in equity</u>				
Omani Unified Bureau for the Orange Card SAOC	10	Fair value	71,428	200,141
National Mass Housing	8	Fair value	150,000	172,200
Shazah Hotel, Muscat	5	Fair value	100,000	108,900
National Takaful Company (Watania)	76	Fair value	14,303,596	1,547,077
<u>Investment in unit</u>				
U.S. Residential Condominium Fund II	1	Cost	1,750	14,129
	<u>100</u>			<u>2,042,447</u>

Currently the percentage of National Takaful Company (Watania) investment in relation to overall investments of the Company is 5.17% which exceeds the limit prescribed by Regulations for Investing Assets for Insurance Companies issued by CMA. As per the Regulation, investments in any one listed company should not exceed 5% of the total investments of the insurer. The Company has obtained approval from CMA to purchase this investment with the condition that total investments by end of the period will be adjusted to comply as per the Regulation.

**Notes to the financial statements
for the period ended 31 December 2014 (continued)**

9. Investments at fair value through equity (continued)

Movement in investments at fair value through equity

	Unaudited 31 March 2015 RO	Audited 31 December 2014 RO
At the beginning of the period	2,042,447	629,445
Purchases	-	1,890,207
Net change in fair value	(422,814)	(334,471)
Redemption of investment	-	(154,688)
Realized profit/(loss) on redemption of investment	-	11,954
Impairment loss on investment	(7,337)	-
	<hr/>	<hr/>
At the end of the period	1,612,296	2,042,447
	<hr/> <hr/>	<hr/> <hr/>

Included in investments at fair value through equity are unquoted local and foreign investments that are carried at fair value / cost and comprise amounts invested in certain real estate funds. On 31 March 2014, the units in Tital Fund were redeemed in full.

Movement in investments fair value reserve:

	Unaudited 31 March 2015 RO	Audited 31 December 2014 RO
At the beginning of the period	(193,189)	141,154
Add / (less) movement for the period		
Reversal of investment of fair value reserve of during the period	-	(27,576)
Movement of investment fair value adjustment at the end of the period	(422,814)	(306,767)
	<hr/>	<hr/>
Total movement for the period	(422,814)	(334,343)
	<hr/>	<hr/>
At the end of the period	(616,003)	(193,189)
	<hr/> <hr/>	<hr/> <hr/>

10. Instruments carried at amortised cost

The Company has invested in sukuk listed in the local and international markets. The Company has a positive intention and ability to hold sukuk until their maturity in October 2018 and November 2018, respectively.

**Notes to the financial statements
for the period ended 31 December 2014 (continued)**

10. Instruments carried at amortised cost (continued)

	Unaudited 31 March 2015 RO	Audited 31 December 2014 RO
At the beginning of the period	2,762,436	1,754,112
Purchased during the period	-	1,015,161
Amortized during the period	(1,759)	(6,837)
	<hr/>	<hr/>
At the end of the period	2,760,677	2,762,436
	<hr/> <hr/>	<hr/> <hr/>

The fair value of local and foreign sukuks as at 31 March 2015 is of RO 2,760,677 (31 December 2014 – RO 2,762,906).

Restrictions on transfer of assets

In accordance with the law governing the operation of insurance companies within the Sultanate of Oman, the Company identified 25,000 units (31 December 2014 -25,000 units) with the carrying value of RO 2,514,142 (31 December 2014 - RO 2,515,205) to the Capital Market Authority. The Company can only transfer these assets with the prior approval of the CMA.

11. Investment in real estate

Movement of carrying amounts of investment in real estate:

	Unaudited 31 March 2015 RO	Audited 31 December 2014 RO
At the beginning of the period	6,235,111	2,600,000
Addition during the period	-	3,635,111
Deletion during the period	(500,000)	-
	<hr/>	<hr/>
At the end of the period	5,735,111	6,235,111
	<hr/> <hr/>	<hr/> <hr/>

As of 31 December 2014, the Company has investment in investment real estate of RO 5,735,111 which is 27% of overall investments of the Company, which exceeds the limit prescribed by Regulations for Investing Assets for Insurance Companies issued by CMA. As per the Regulation, investments in real estate should not exceed 20% of the total investments of the insurer. The Company has obtained approval from CMA to purchase this investment with the condition that total investments by end of the period will be adjusted to comply as per the Regulation.

**Notes to the financial statements
for the period ended 31 December 2014 (continued)**

12. Property and equipment

	Unaudited 31 March 2015 RO	Audited 31 December 2014 RO
Net book value	947,087	912,762
Additions	144,899	222,859
Disposal	-	(44,007)
Depreciation for the period	(49,884)	(144,527)
	<hr/>	<hr/>
Net book value	1,042,102	947,087
	<hr/> <hr/>	<hr/> <hr/>

13. Contingency reserve

In accordance with Article 10(bis) (2)(c) and 10(bis) (3)(b) of Regulations for Implementing Insurance Companies Law (Ministerial Order 5/80), as amended, 10% of the net outstanding claims in case of the general insurance business and 1% of the life assurance contributions for the period for life insurance business at the reporting date is transferred from retained earnings to a contingency reserve. The Company may discontinue this transfer when the reserve equals to the issued share capital. No dividend shall be declared in any period until the deficit in the reserve is covered from the retained profits. The reserves shall not be used except by prior approval of the Capital Market Authority.

The movement in contingency reserve is the catch up amount for the reserve that should have been recognized from 31 December 2007 to 31 March 2015. No amounts were recognized in the previous period in view of the accumulated losses in those periods. The above regulation requires such deficit in reserve to be made up in the period when there are available retained earnings.

CMA has issued the Draft Takaful Law, however, the detailed rules and regulations are not available for the calculation of the Contingency reserve for Takaful Business operations. Accordingly, no transfer for contingency reserves has been recorded in these financial statements. Management understands that once the basis the rules and regulations are framed by CMA the Contingency / Takaful reserve will be recorded in the financial statements in accordance with the rules and regulations.

**Notes to the financial statements
for the period ended 31 December 2014 (continued)**

14. Takaful revenue / insurance income

	Unaudited 31 March 2015	Unaudited 31 March 2014
Gross contributions	6,557,409	5,324,061
Movement in unearned contributions reserve	(621,308)	(119,490)
Contributions before retakaful / reinsurance, net	5,936,101	5,204,571
Contributions ceded to retakaful/reinsurance, Movement in unearned contributions reserve	(2,669,516) 90,227	(2,636,427) (65,756)
Contributions ceded to retakaful/reinsurance, net	(2,579,289)	(2,702,183)
Net contributions earned	3,356,812	2,502,388
Commission received on business ceded to retakaful / reinsurance	223,008	200,233
Commissions paid	(523,776)	(436,778)
Movement in unearned commission reserve	28,912	13,892
Net commission expense	(271,856)	(222,653)
Takaful policy expenses (technical)	8,734	(4,742)
Policy fee and other takaful / insurance related income	116,092	81,376
Total takaful revenue	3,209,782	2,356,369

15. Takaful / insurance revenue analysis

	Unaudited 31 March 2015		Unaudited 31 March 2014	
	Net contributions RO	Contributions revenue before retakaful / reinsurance RO	Net contributions RO	Contributions revenue before reinsurance RO
Motor	2,189,228	2,462,510	1,946,764	2,072,795
Fire, general accidents, engineering and others	378,757	2,298,221	300,450	1,450,911
Marine cargo and hull	18,003	128,240	17,071	842,189
Medical	600,222	989,931	148,395	499,770
Life	170,602	678,507	89,708	458,396
	3,356,812	6,557,409	2,502,388	5,324,061

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.

**Notes to the financial statements
for the period ended 31 December 2014 (continued)**

16. Net claims incurred

	Un-audited 31 March 2015			Un-audited 31 March 2014		
	Gross RO	Retakaful / share reinsurance RO	Net RO	Gross RO	Retakaful / share reinsurance RO	Net RO
Claims outstanding	7,158,196	(3,624,567)	3,533,629	5,706,168	(3,059,641)	2,646,527
IBNR	413,606	(286,603)	127,003	484,632	(344,385)	140,247
Outstanding at end of the period	<u>7,571,802</u>	<u>(3,911,170)</u>	<u>3,660,632</u>	<u>6,190,800</u>	<u>(3,404,026)</u>	<u>2,786,774</u>
Takaful claims paid during the period	<u>2,976,844</u>	<u>(1,414,807)</u>	<u>1,562,037</u>	<u>1,497,780</u>	<u>(481,473)</u>	<u>1,016,307</u>
Claims outstanding	6,577,036	(3,756,624)	2,820,412	5,582,693	(3,133,574)	2,449,119
IBNR	1,455,142	(1,254,765)	200,377	773,059	(620,815)	152,244
Outstanding at beginning of the period	<u>8,032,178</u>	<u>(5,011,389)</u>	<u>3,020,789</u>	<u>6,355,752</u>	<u>(3,754,389)</u>	<u>2,601,363</u>
Claims incurred	<u>2,516,468</u>	<u>(314,588)</u>	<u>2,201,880</u>	<u>1,332,828</u>	<u>(131,110)</u>	<u>1,201,718</u>

17. Wakala fees and mudharaba share

The shareholders manage the General and Family Takaful operations for the participants and charge 20% and 20% respectively of gross contributions as a Wakala fee. The shareholders also manage the participants fund as a Mudharab and charge 70% and 70% of the General Takaful and Family Takaful investment income earned by the participants' investment funds, respectively. The maximum chargeable Wakala fee and Mudharaba share as approved by the Sharia Supervisory Board, are 20% and 70% respectively.

18. Sharia supervisory board

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

19. Takaful reserve

Sharia Board of the Company has formulated a policy for the Takaful Reserve. As per the policy in one period maximum of 50% of the Takaful Surplus for the period can be transferred to the Takaful Reserve until such balance equals the share capital. During the period the Company has not transferred any amount from Takaful Surplus to Takaful Reserve.

**Notes to the financial statements
for the period ended 31 December 2014 (continued)**

20. Earnings per share and net assets per share

	Unaudited 31 March 2015 RO	Unaudited 31 March 2014 RO
Profit for the period	655,169	674,119
Weighted average number of shares outstanding during the period	175,000,000	16,666,667
Earning per share	0.004	0.040
Net assets	21,177,512	21,675,522
Number of shares at the reporting date	175,000,000	16,666,667
Net assets per share	0.121	1.300

Basic earnings per share is calculated by dividing the profit for the period by the weighted average number of shares outstanding during the period.

Net assets per share are calculated by dividing net assets by the number of shares at the reporting date.

21. 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 profit or loss and comprehensive income are as follows:

**Notes to the financial statements
for the period ended 31 December 2014 (continued)**

21. Related parties (continued)

a) Transactions with related parties

	Unaudited 31 March 2015 RO	Unaudited 31 March 2014 RO
Premium	270,013	255,866
Retakaful/reinsurance premium	46,208	38,472
Claims	860,924	177,828
Retakaful/reinsurance claims	597	3,937
Board sitting fees	27,132	18,000
Rental income	52,000	52,000
Sharia committee fee	9,877	-
Management consultancy fee	12,934	3,843

b) Balances with related parties

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

	Unaudited 31 March 2015 RO	Audited 31 December 2014 RO
Takaful and retakaful / reinsurance contract receivables		
Premium balances receivables from other related parties	360,916	263,243
Net claim recoverable from related parties	3,609	2,954
Investment receivables		
Rental income receivable	104,000	104,000
Other receivable	503,750	-
Accounts and other payables		
Tilal Development Company SAOC	97,441	97,441

Outstanding balances at period-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables. For the period ended 31 December 2014, the Company has not established any provision for doubtful debts relating to amounts owed by related parties as the payment history has been good (2014: same terms and conditions). This assessment is undertaken each financial period through examining the financial position of the related party and the market in which the related party operates. Amount due to, and from, related parties are income free and payable on demand.

**Notes to the financial statements
for the period ended 31 December 2014 (continued)**

21. Related parties (continued)

c) Compensation of key management personnel of the Company:

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

	Unaudited 31 March 2015 RO	Unaudited 31 March 2014 RO
Short-term benefits	132,556	124,075
Employee end of service benefits	30,347	7,870
	<hr/> 162,903 <hr/>	<hr/> 131,945 <hr/>

22. Contingencies

Contingent liabilities

At 31 March 2015, 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 122,379 (31 December 2014 - RO 142,679).

Capital Commitment

At 31 March 2015, the Company had capital commitment in respect of design and interior fit-out work at head office of RO 62,641 (31 December 2014 – 109,500).

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.

**Notes to the financial statements
for the period ended 31 December 2014 (continued)**

23. 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:

General takaful

General business includes takaful and retakaful/reinsurance of motor; fire and general accident; and marine cargo and hull.

Family takaful

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

Operating segments

Un-audited 31 March 2015	General takaful RO	Family takaful RO	Total RO
Takaful revenue (net of retakaful/reinsurance)	3,070,280	139,502	3,209,782
Takaful expenses (net of retakaful/reinsurance)	(2,263,259)	61,379	(2,201,880)
Segment results	<u>807,021</u>	<u>200,881</u>	<u>1,007,902</u>
Investment income	24,094	243	24,337
Mudarib share	(16,866)	(170)	(17,036)
Wakala fees	(1,175,780)	(135,701)	(1,311,481)
Surplus/(deficit)for the period	<u>(361,531)</u>	<u>65,253</u>	<u>(296,278)</u>
Segment assets	21,945,367	2,204,352	24,149,719
Assets allocated to shareholders'			22,023,049
Total assets			<u>46,172,768</u>
Segment liabilities	21,945,367	2,204,352	24,149,719
Liabilities allocated to shareholders'			22,023,049
Total liabilities			<u>46,172,768</u>

**Notes to the financial statements
for the period ended 31 December 2014 (continued)**

23. Segment information (continued)

Operating segments (continued)			
Unaudited 31 March 2014	General takaful RO	Family takaful RO	Total RO
Takaful revenue (net of retakaful/reinsurance)	2,292,139	64,230	2,356,369
Takaful expenses (net of retakaful/reinsurance)	(1,177,234)	(24,484)	(1,201,718)
Segment results	1,114,905	39,746	1,154,651
Investment income	20,503	103	20,606
Mudarib share	(15,378)	(77)	(15,455)
Wakala fees	(973,133)	(91,679)	(1,064,812)
Surplus/(deficit)for the period	146,897	(51,907)	94,990
Audited 31 December 2014			
Segment assets	22,169,651	3,120,197	25,289,848
Assets allocated to shareholders'			21,534,599
Total assets			46,824,447
Segment liabilities	22,169,651	3,120,197	25,289,848
Liabilities allocated to shareholders'			21,534,599
Total liabilities			46,824,447

The activities of the Company are restricted to carrying out takaful, on the principles of Sharia'a significant portion of which is concentrated in the GCC countries which are 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.

24. Comparative figures

Certain comparative figures have been reclassified in order to conform to the presentation adopted for the current period. Such reclassifications do not affect previously reported results or equity.