

Takaful Oman Insurance SAOG
Notes to the condensed consolidated interim financial statements (Unaudited)
For the nine months ended September 2025

1. Legal status and principal activities

Takaful Oman Insurance SAOG (the Company) is incorporated as a public joint stock company in the Sultanate of Oman. OMINVEST is the ultimate parent company of the Company. The principal activity of the Company is to manage the General and Family takaful activities by adopting Hybrid model by applying Wakala and Mudaraba models. The Company operates in accordance with the Islamic Shari'a principles. The retakaful activities are organized 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 was registered on 3 February 2014 and was granted a license from the Capital Market Authority on 5 April 2014 to commence operations. The Company has agents and branches across Sultanate of Oman to distribute its products.

Takaful Sukuk SPC (Single Person Company) is incorporated in Muscat and fully owned by the Company with limited liability for sole purpose of Sukuk issuance, for the benefit of the Company. Takaful Sukuk SPC has license to issue sukuk in favor of Takaful Oman Insurance SAOG for a period of 5 years from the date of issuing sukuk.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Takaful and re-Takaful arrangements classification

The Company issues Takaful arrangements in the normal course of business. This includes life and non-life takaful to individuals and businesses. Non-life takaful products include Motor, Marine, Medical, Fire, Engineering, Liability and General Accident. These products offer protection of participant's assets and indemnification of other parties that have suffered damage because of a participant's accident.

The Company does not issue any arrangements with direct investment component.

2.2 Takaful and re-Takaful arrangements accounting treatment.

2.2.1 Separating components from takaful and re-Takaful arrangements

The Company assesses its non-life takaful and re-Takaful arrangements to determine whether they contain non-Takaful components which must be accounted for under other relevant FAS instead of under FAS 43. After separating any non-Takaful components, the Company applies FAS 43 to all remaining components of the Takaful arrangement. Currently, the Company's products do not include any non-Takaful components that are distinct and measurable.

2.2.2 Level of aggregation

FAS 43 requires the Company to determine the level of aggregation for applying its requirements. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of arrangements with similar risks which are managed together.

The Company divides a portfolio of issued Takaful arrangements into groups (at the minimum) of:

- i) arrangements that are onerous at initial recognition.
- ii) arrangements that have no significant possibility of subsequently turning into/becoming onerous from inception.

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- iii) the remaining arrangements in the portfolio.

Subdivision of groups

A Takaful institution may subdivide the groups based on various levels of profitability or the different possibilities of arrangements turning onerous after initial recognition.

Takaful arrangements shall be included in a different group if issued more than one year apart.

The profitability of groups of arrangements is assessed by actuarial valuation models that take into consideration existing and new business. The Company assumes that no arrangements in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For arrangements that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Company considers facts and circumstances to identify whether a group of arrangements are onerous based on:

- Pricing information
- Loss Ratios, Risk Adjustment.
- Results of similar arrangements it has recognised.
- Environmental factors, e.g., a change in market experience or regulations

The Company divides portfolios of re-Takaful arrangements held applying the same principles set out above, except that the references to onerous arrangements refer to arrangements on which there is a net gain on initial recognition. For some groups of re-Takaful arrangements held, a Company can comprise a single arrangement.

2.2.3 The boundary of a Takaful arrangement

The Company includes in the measurement of a group of Takaful arrangements all the future cash flows within the boundary of each arrangement in the group. Cash flows are within the boundary of a takaful arrangement if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the participant to pay the contributions, or in which the Company has a substantive obligation to provide the participant with takaful arrangement services. A substantive obligation to provide takaful arrangement services ends when:

- The Company has the practical ability to reassess the risks of the particular participant and, as a result, can set a price or level of benefits that fully reflects those risks; or
- Both of the following criteria are satisfied:
 - The Company has the practical ability to reassess the risks of the portfolio of Takaful arrangements that contain the arrangement and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio.
 - The pricing of the contributions up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date. A liability or asset relating to expected contributions or claims outside the boundary of the takaful arrangement is not recognised. Such amounts relate to future Takaful arrangements.

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2.2.4 Transition Approach

The Company has applied fair value and retrospective approach for Life and non-Life business respectively for the transition to FAS 42 and 43.

2.2.6 Recognition

2.2.6.1 Timing of Recognition

The Company recognises a takaful arrangement it issues, in the books of PTF, at the earlier of:

- a) the date when a participant becomes a member of the PTF (and accordingly becomes entitled to the Takaful benefits in the form of sharing of risks), which may be evidenced through either the payment of contribution or issuance of Takaful arrangement documents or
- b) the date when the Takaful arrangement, being part of a group or an unavoidable commitment to the Takaful arrangement, becomes onerous (even if it happens before the date applicable as per paragraph 25(a))

The Company adds new arrangements to the group in the reporting period in which that arrangement meets one of the criteria set out above.

2.2.6.2 Initial measurement of the provision for a Takaful arrangement

For a group of arrangements that is not onerous at initial recognition, the Company measures Provision for a Takaful arrangement shall be measured at the total of the following estimates:

- a) Takaful fulfilment cash flows, pertaining to PTF, comprising of:
 - i) an estimate of gross future cash flows (including, and distinguishing, the cash flows related to Wakala fee)
 - ii) deferred cost being the difference between gross future cash flows (as referred to in (i) above) and their respective fair value of future cash flows (which include adjustment related to the financial risks in so far as the same are not included in (i) above);
 - iii) risk adjustment for the non-financial risks; and
- b) the Takaful residual margin

The Company applies the Contribution Allocation Approach (CAA) to all Takaful and re-Takaful arrangements it issues or holds.

2.2.6.3 Initial recognition of Takaful residual margin

The Takaful residual margin shall be measured as the difference of the amount of:

- a) Takaful fulfilment cash flows that were initially recognised.
- b) any cash flows arising from the Takaful arrangement at that date; and
- c) the derecognition of any asset for Takaful acquisition cashflows and any other asset or liability previously recognised relating to the cash flows of the arrangement at the date of initial recognition.

The Takaful residual margin is a component of the provision (or net cost, in case of certain re-Takaful arrangements held) for a Takaful arrangement that represents the unearned surplus (or deficit) that will

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be recognised over the period of (and where appropriate, according to the pattern of) the participant's entitlement for benefits under the Takaful arrangement

2.2.6.4 Initial recognition of onerous arrangements

A Takaful arrangement is onerous at the date of initial recognition, if the Takaful fulfilment cash flows, any previously recognised Takaful acquisition cash flows and any cash flows arising from the Takaful arrangement at the date of initial recognition, in total are a net outflow and such Takaful arrangement shall be separately classified from the Takaful arrangements that are not onerous

2.2.6.5 Subsequent measurement of the provision for a Takaful arrangement

The carrying amount of the provision for a Takaful arrangement at the end of each reporting period shall be the sum of:

- a) the provision for the remaining entitlement period comprising of:
 - i) the Takaful fulfilment cash flows related to future benefits allocated to the Takaful arrangement at that date.
 - ii) the Takaful residual margin of the Takaful arrangement at that date; and
- b) the liability for incurred claims, comprising of Takaful fulfilment cash flows related to the past benefits allocated to the Takaful arrangement at that date.

The income and expenses shall be recognised in the statement of financial activities of the managed PTF for the following changes in the carrying amount of the provision for remaining entitlement period:

- a) recognise contribution (as an income) representing the reduction in the provision for the remaining entitlement period because of benefits provided during the period.
- b) expenses representing losses (and any reversal of losses) on onerous arrangements; and
- c) amortisation (or adjustment) of deferred cost (including any experience adjustment and financial risk elements).

2.2.6.6 Subsequent measurement of Takaful residual margin

The carrying amount of the Takaful residual margin of a Takaful arrangement at the end of the reporting period equals the carrying amount at the start of the reporting period adjusted for:

- a) the effect of any new arrangements added, in case of accounting being performed collectively for a group.
- b) the amortisation of deferred Takaful residual margin over the entitlement period –through a systematic method reflecting the pattern of utilisation of entitlement for benefits.
- c) the changes in Takaful fulfilment cash flows relating to future benefits, except:
 - i) the increases in the Takaful fulfilment cash flows that exceed the carrying amount of the Takaful residual margin, giving rise to a loss; or
 - ii) the decreases in the Takaful fulfilment cash flows that are allocated to the loss component of the provision for the remaining entitlement period.
- d) the effect of any currency exchange differences on the Takaful residual margin; and
- e) the contribution recognised as income in the statement of financial activities of the managed PTF because of the provision of benefits in the period, determined by the allocation of the Takaful residual margin remaining at the end of the reporting period (before any allocation) over the current and remaining entitlement period.

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The Takaful residual margin recognised during the period is taken to the statement of financial activities of the managed PTF.

2.2.6.7 Subsequent changes in onerous arrangements

A Takaful arrangement becomes onerous (or more onerous) on subsequent measurement, if the carrying amount (unamortised) of the Takaful residual margin is less than the unfavourable changes in the Takaful fulfilment cash flows allocated to the Takaful arrangement relating to future benefits.

After the recognition of a loss on an onerous arrangement, the subsequent changes in the estimates of Takaful fulfilment cash flows for the remaining entitlement period is allocated on a systematic basis between:

- a) the loss component of the provision for remaining entitlement period; and
- b) the provision for the remaining entitlement period, excluding the loss component

2.2.6.8 Loss component

In connection to onerous arrangements, the loss component is the amount equivalent to the total amount recognised in the statement of financial activities of the managed PTF to date, on initial recognition or subsequent measurement of the Takaful arrangement as onerous (net of any already recognised reversals).

Accordingly, by the end of the entitlement period of the group of arrangements the loss component will be zero.

2.2.6.9 Loss-recovery components

The Company recognises a loss on initial recognition of an onerous group of underlying Takaful arrangements, or when further onerous underlying Takaful arrangements are added to a group, the Company establishes a loss-recovery component of the asset for remaining entitlement for a group of re-Takaful arrangements held depicting the expected recovery of the losses.

Upon recovery of recognised losses in subsequent periods, a loss-recovery component of an asset for the remaining entitlement period is correspondingly reversed by the Company.

2.2.6.10 Re-Takaful arrangements held - initial measurement.

A PTF shall recognise an asset (or provision, as the case may be) for re-Takaful arrangements held:

- a) if the re-Takaful arrangements held provide a proportionate entitlement period –at the beginning of the entitlement period of the re-Takaful arrangement held or at the initial recognition of any underlying Takaful arrangement (whereby in case of underlying onerous arrangement, the corresponding effect shall be immediately recognised), whichever is the later; and
- b) in all other cases –from the beginning of the entitlement period of the re-Takaful arrangement held.

A re-Takaful arrangement held that provides proportionate benefits against underlying Takaful arrangements shall not be initially recognised until the date that any underlying Takaful arrangement(s) is initially recognised if that date is later than the beginning of the entitlement period of such re-Takaful arrangement.

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The Company measures its re-Takaful assets for a group of re-Takaful arrangements that it holds on to the same basis as Takaful arrangements that it issues. However, they are adapted to reflect the features of re-Takaful arrangements held that differ from Takaful arrangements issued.

Where the Company recognises a loss on initial recognition of an onerous underlying Takaful arrangement (or on the addition of an onerous underlying Takaful arrangement to a group), the Takaful residual margin of a related re-Takaful arrangement held (to such extent) shall be immediately recognised in the statement of managed financial activities of the managed PTF.

The loss-recovery component adjusts the carrying amount of the Assets for Remaining Entitlement Benefits upon recovery of losses in subsequent periods.

2.2.6.11 Re-Takaful arrangements held - subsequent measurement.

The Takaful residual margin at the end of the reporting period in respect of re-Takaful arrangements held shall be computed as the carrying amount determined at the start of the reporting period, adjusted for:

- a. the effect of any new arrangements.
- b. amortisation of deferred cost added back to the carrying amount of the Takaful residual margin.
- c. changes in the Takaful fulfilment cash flows to the extent that the change:
 - i) relates to the future benefit settlement; unless
 - ii) it results from a change in the Takaful fulfilment cash flows allocated to the underlying Takaful arrangement that does not adjust the Takaful residual margin for the underlying Takaful arrangement.
- d. the effect of any currency exchange differences arising on the Takaful residual margin; and
- e. the amount recognised in the statement of financial activities of the managed PTF because of benefits received in the period, determined by the allocation of the Takaful residual margin remaining at the end of the reporting period of the re-Takaful arrangements held.

The subsequent measurement of re-Takaful arrangements held follows the same principles as those for Takaful arrangements issued and has been adapted to reflect the specific features of re-Takaful held.

A re-Takaful arrangement held cannot be onerous under the requirements of the applicable standards.

2.2.7 Takaful acquisition cash flows

Takaful acquisition cash flows arise from the costs borne by the PTF directly attributable to acquisition of a Takaful arrangement.

These include costs initially borne by the PTF e.g. Surveyor's costs, initial medical costs, documentation/ legal charges, tracker or other security devices costs, etc. but does not include:

- i) Wakala fee, or
- ii) commission (in case it is borne by the Takaful institution against Wakala fee, in line with relevant Sharifah principles and rules, as well as contractual and regulatory requirements³), or
- iii) directly related taxes (as these do not constitute part of contributions and are to be recorded directly as a liability)

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Under the Contribution allocation approach, where the entitlement period of all arrangements within a group is no longer than one year, takaful acquisition cash flows can either be expensed as incurred or amortized over the entitlement period of the related group. Therefore, for all groups where Contribution allocation approach is applicable, takaful acquisition cash flows, if any, are amortised over the entitlement period of the related group.

- i. For groups containing arrangements longer than one year, takaful acquisition cash flows must be amortised over the entitlement period of the related group.

The asset for takaful acquisition cash flow is derecognised from the consolidated statement of financial position when the takaful acquisition cash flows are included in the initial measurement of the related group of Takaful arrangements.

2.2.8 Takaful acquisition service costs

The Company may either recognize the Takaful acquisition service costs immediately as an income or expense in the books of the shareholder or amortize it over a period commensurate with the corresponding flow of economic benefits.

Takaful acquisition service costs, if any, are amortized over the entitlement period of the related group.

2.2.9 Takaful arrangements - modification and derecognition

A Takaful institution shall derecognise a Takaful arrangement when, and only when:

- a) it is extinguished, i.e., when the obligations specified in the arrangement are expired, discharged or cancelled; or
- b) the terms of the arrangement are modified by mutual agreement or by a change in regulations, and the Takaful institution recognises the modified arrangement as a new arrangement.

2.2.10. Presentation

For presentation in the consolidated statement of financial position, the Company will aggregate takaful and re-Takaful arrangements issued, and re-Takaful arrangements held, respectively and present separately:

- Portfolios of takaful and re-Takaful arrangements issued that are assets.
- Portfolios of takaful and re-Takaful arrangements issued that are liabilities.
- Portfolios of re-Takaful arrangements held that are assets.
- Portfolios of re-Takaful arrangements held that are liabilities.

The portfolios referred to above are those established at initial recognition in accordance with the FAS 43 requirements.

Portfolios of Takaful arrangements issued include any assets for takaful acquisition cash flows.

The line-item descriptions in the consolidated statement of profit or loss have been changed significantly compared with last year. Previously, the Company reported the following line items:

- Gross contributions
- Contribution ceded to re-takaful operator.

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- Net contributions
- Movement in unexpired risk reserve Gross claims paid.
- re-Takaful recoveries
- Movement in outstanding claims Net commission
- Net underwriting result

Instead, FAS 43 requires separate presentation of:

- Takaful revenue.
- Takaful service expenses.
- Net income or expense from re-Takaful arrangements held.
- Net amortisation of deferred profit or cost from Takaful and re-Takaful arrangements.
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2.2.11 Revenue and Income Recognition**2.2.11.1 Mudarib's Share:**

The Company shall recognise the Mudarib's share arising out of investment profits from the PTF and PIF after adjusting for any risk reserves, as per contractual arrangements in line with the Shari'ah principles and rules, as its revenue, at the end of each reporting period.

2.2.11.2 Wakala Fee:

The Takaful operator earns revenue in the form of Wakala (management) fee in different forms and under various contracts. This fee may be fixed or variable in nature.

The Takaful operator shall recognise the fixed Wakala fee, as well as any variable Wakala fee which is not in form of a performance incentive, as its revenue in line with the contractual arrangements as it establishes right on such revenue and the same may be measurable with reasonable certainty.

The Takaful operator shall recognise the variable element of the Wakala fee, which is in form of a performance incentive, at the end of each reporting period. However, if such an incentive is contractually determined at a later stage, the same shall be recognised once it is determined.

2.2.11.3 Net income or expense from re-Takaful arrangements held.

The Company presents the amount expected to be recovered from re-Takaful operators, and allocation of re-Takaful contribution paid net income / (expense) from re-Takaful arrangements separately on the face of the consolidated statement of profit or loss.

2.2.11.4 Amortisation of deferred profit or cost

Amortisation of deferred profit or cost comprise the change in the carrying amount of the group of Takaful arrangements arising from:

- Any experience adjustment; and
- Financial risk elements.

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2.2.12 Use of Estimates and Judgements

These consolidated financial statements have been prepared in accordance with the Shari'ah rules and principles as determined by the Shari'ah Supervisory Committee of the Group, the Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and applicable requirements of the Commercial Companies Law of the Sultanate of Oman, Takaful Insurance Law and Regulations and all relevant circulars and decisions as issued by Financial Services Authority (FSA) from time to time. For the matters which are not covered by FAS issued by the AAOIFI, International Financial Reporting Standards ("IFRS") have been applied.

The preparation of consolidated financial statement in conformity with FAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

2.2.13 Estimates of future cash flows

In estimating future cash flows, the Company will incorporate, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. The assumptions will be based on internal historical claims experience as well as external data (benchmarks) to reflect the current claims and economic environment.

These assumptions will also reflect expected future developments such as inflation trends or changes in legislation when these have a material chance of materialising.

Cash flows within the boundary of an arrangement are those that relate directly to the fulfilment of the arrangement, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of) participants, takaful acquisition cash flows and other costs that are incurred in fulfilling arrangements.

2.2.14 Discount rates to arrive at the Fair Value

The FAS requirement to measure liabilities for Takaful arrangements using current discount rates will be a significant change from the Company's current practice.

Takaful arrangement liabilities are adjusted to represent their fair values by discounting expected future cash flows using yield curves based on the EIOPA USD rates without volatility adjustment.

2.2.14.1 Provision for Remaining Entitlement Period (PRE) adjusted for its fair value

In case the cash outflows are spread over a period of more than one year, and the difference between the total expected cash outflows and their fair value is material, a Takaful operator shall adjust the carrying amount of the provision for remaining entitlement period to its fair value and shall record such difference initially as deferred cost.

For all group measured under Contribution Allocation approach, the difference between the total expected cash outflows and their fair value is not deemed material, therefore no such adjustment is made. While for long term takaful arrangements where Contribution Allocation Approach is not applicable, the required adjustment is applied.

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2.2.14.2 Liability for Incurred Claims for benefits, (LFIC) adjusted for time value of money.

Under the Contribution Allocation Approach, the Takaful operator is not required to adjust future cash flows for the difference between the total cash flows and the fair value of those cash flows if those cash flows are expected to be paid or received in one year or less from the date the claims are incurred.

For all businesses, the LFIC is adjusted for its fair value.

2.2.15 Risk adjustments for non-financial risk

The risk adjustment for non-financial risk represents the compensation that the Company requires for bearing the uncertainty in the amount and timing of the cash flows arising from groups of Takaful arrangements. It reflects a margin that the Company includes in its reserves to account for this uncertainty, ensuring that the fulfilment cash flows are sufficient even under adverse outcomes. The Company has adopted a confidence level of 75% for setting its risk adjustment, which is consistent with its risk appetite and market practice. This means the risk adjustment is calculated as the difference between the 75th percentile of the probability distribution of future cash flows and their mean, following the Value at Risk (VaR) methodology. This level is applied consistently across all product lines and includes diversification benefits where appropriate. While the risk adjustment is computed separately for Takaful liabilities and re-Takaful assets, the Company monitors it on a net of re-Takaful basis, aligning with the overall risk profile and financial reporting requirements.

3. Basis of Preparation

Measurement of Allowance for Impairment / Expected Credit Losses (ECL)

The measurement of ECL for financial assets under amortized cost and fair value through other comprehensive income requires the use of complex models and significant assumptions regarding future economic conditions and customer behaviour. Under FAS 30, critical judgments involve:

- Establishing criteria for a significant increase in credit risk (SICR);
- Selecting and validating ECL models and key input assumptions.
- Developing forward-looking scenarios and assigning appropriate weightages; and
- Grouping of financial assets with shared credit risk characteristics to estimate collective ECL.

Impairment Assessment – Expected Credit Losses (ECL)

The Group recognizes expected credit losses on all financial assets classified at Amortized Cost and Fair Value through OCI in line with FAS 30. The ECL assessment is comprehensive and covers on-balance sheet assets.

Measurement of ECL

ECL represents a probability-weighted estimate of credit losses, incorporating multiple economic scenarios and using available historical, current, and forward-looking information. ECL measurement considers:

- The gross carrying amount or exposure at risk;

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- Risk weightings including probability of default (PD), loss given default (LGD), macroeconomic overlays;
- Credit risk movements, breaches of contractual terms, and sector/geographical risk factors;
- Impact of collateral and credit enhancements on expected recoveries.
- Application of a three-stage impairment model reflecting credit deterioration since origination.

ECL Staging

Stage 1: 12-Month ECL

This stage applies to all financial assets under the ECL model that have not undergone a significant increase in credit risk (SICR) since origination. ECL is measured based on the probability of default (PD) over the next 12 months. For assets with a maturity of less than 12 months, PD is adjusted to align with the remaining term.

Stage 2: Lifetime ECL – Not Credit Impaired

Assets that show a significant increase in credit risk after origination but are not yet credit impaired fall under Stage 2. ECL is calculated using the lifetime PD, reflecting the probability of default across the remaining life of the asset.

Stage 3: Lifetime ECL – Credit Impaired

Assets with objective evidence of impairment are categorized in Stage 3. Like Stage 2, lifetime ECL is recognized, but the assessment also considers credit impairment events and their impact on the expected future cash flows of the asset.

Components of ECL

The key components used to measure ECL are:

- Probability of Default (PD): An estimate of the likelihood that a counterparty will default over a given time horizon, updated annually based on forward-looking information and credit risk changes.
- Exposure at Default (EAD): The expected outstanding amount at the time of default, including drawn balances and a credit conversion of undrawn commitments and guarantees.
- Loss Given Default (LGD): The expected percentage of exposure lost after considering recoveries from collateral or credit enhancements, applied conservatively in accordance with FAS 30.

These parameters are based on internally developed statistical models and historical data, adjusted for forward-looking information.

Assessment of Significant Increase in Credit Risk (SICR)

The Group assesses SICR by comparing the risk of default at the reporting date versus at initial recognition.

Key indicators include:

- Changes in internally assigned risk grades;
- 30 days past due criterion;

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- Watch-list classification;
- Significant changes in external market indicators;
- Macroeconomic factors such as oil prices, GDP growth, and industry-specific developments.

SICR assessment combines quantitative analysis with qualitative expert credit judgment, as required under FAS 30.

Macroeconomic Factors

The Group's ECL models incorporate a wide range of forward-looking economic variables, such as GDP growth rates, unemployment levels, and oil prices. As models may not fully capture all prevailing market conditions at the reporting date, the Group applies qualitative adjustments or overlays, leveraging expert credit judgment to ensure accuracy.

Credit-Impaired Financial Contracts

Credit impairment exists when there is objective evidence of default, such as significant financial difficulty, breach of contractual terms, high likelihood of insolvency, or failure to meet payment obligations.

When objective evidence of impairment exists, the impairment loss is calculated as the difference between the asset's carrying amount and the present value of the estimated future cash flows. This loss is recognized through a provision account, reducing the asset's carrying value, and the corresponding impairment loss is recorded in the statement of income.

Definition of Default

A financial asset is considered to be in default when:

- It is unlikely that the customer will fully meet their credit obligations to the Group without the Group having to take actions such as realizing any held collateral; or
- The customer is more than 90 days past due on any significant credit obligation to the Group.

In assessing default, the Group evaluates both:

- Qualitative indicators (e.g., covenant breaches), and
- Quantitative indicators (e.g., overdue status, non-payment on other obligations owed to the Group).

These assessments rely on internally developed data and information obtained from external sources. The relevance and weight of each input may change over time, reflecting evolving circumstances.

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The shareholders manage the general and family takaful operations for the participants and charge 13% with effect from 11 February 2022 as wakalah fees on gross contributions as approved by the Shari'a Supervisory Board of the Company. From 1st October 2024, Financial Services Authority granted an approval of increasing the Wakala Fee effective rate to 15%.

	Shareholders	
	2025	2024
	RO	RO
Wakala fee earned	7,044,637	3,287,384
Mudarib Share	316,800	277,910
	7,361,437	3,565,294

5 Income from Investments

	Shareholders	
	2025	2024
	RO	RO
Profit from wakalah deposits	217,313	239,811
Profit on investment in sukuk	107,723	101,342
Other investment income	80,438	68,528
Other investment expenses	(16,081)	(16,769)
	389,393	392,912

	Policyholders'	
	2025	2024
	RO	RO
Profit on wakalah deposits	509,539	420,587
Profit on investment in sukuk	47,291	119,326
Dividend Income	77,181	26,518
Other investment expenses	(418)	(10,616)
	633,593	555,815

6 General and administrative expenses

	2025	2024
	RO	RO
Non attributable expenses	1,550,415	2,471,280

7 Taxation

The Group is subject to income tax at the rate of 15% (2023 - 15%) in accordance with the income tax law of the Sultanate of Oman. No current tax provision has been made in these consolidated financial statements due to the carried forward tax losses.

a) Current status of tax assessments

The Secretary General for Taxation ("SGT") has completed the tax assessment up to 2020 without any additional liability. We believe that additional taxes, if any, relating to open tax assessments would not be significant to the Group's financial position as at 31 December 2024.

b) Deferred tax

Deferred income tax is calculated on all temporary differences under the liability method using a principal tax rate of 15% (2024 – 15%). Deferred tax calculations are adjusted on annual basis based on the workings provided by an independent tax consultant.

8 Takaful and Retakful Arrangements

Roll-forward of net asset or liability for takaful arrangements held showing the (assets)/liability for remaining entitlement benefits and the amounts (recoverable)/payable on incurred claims for benefits:

The Roll-forward of net asset or liability for takaful arrangements held showing the (assets)/liability for remaining entitlement benefits and the amounts (recoverable)/payable on incurred claims for benefits is disclosed in the table below:

Contracts measured under the CAA

as at 30 September 2025

Takaful arrangement liabilities/(assets) as at 1 January 2025

Recognised Takaful Contributions

Recognised Takaful Costs

Incurring claims and other expenses

Changes to Liability for Incurred Claims for Benefits and expenses

Amortisation of Takaful acquisition cash flows

Losses on onerous arrangements

Reversals of onerous arrangements

Surplus distribution to participants (para 106 of FAS 43)

Takaful service result

Amortisation of Deferred Cost

Total changes in the statement of comprehensive income

Cashflows

Contribution received

Claims and other expenses paid including wakala fee

Takaful acquisition cash flows

Total cash flows

Net Takaful arrangement liabilities/(assets) as at 30 September 2025

Provision for Remaining Entitlement Benefit		Liability for Incurred Claims for Benefits		Total
Excluding loss component	Loss component	Estimated the present value of future cashflows	Risk adjustment	
RO	RO	RO	RO	RO
3,001,891	305,797	17,790,084	781,343	21,879,115
(22,968,168)	-	-	-	(22,968,168)
-	-	15,767,610	514,264	16,281,874
-	-	6,939,161	117,226	7,056,387
3,333,429	-	-	-	3,333,429
-	529,175	-	-	529,175
-	(305,797)	-	-	(305,797)
-	-	-	-	-
3,333,429	223,377	22,706,771	631,490	26,895,068
(19,634,739)	223,377	22,706,771	631,490	3,926,900
-	-	446,285	17,653	463,938
(19,634,739)	223,377	23,153,056	649,143	4,390,838
19,218,444	-	-	-	19,218,444
-	-	(15,273,688)	-	(15,273,688)
(2,965,714)	-	-	-	(2,965,714)
16,252,730	-	(15,273,688)	-	979,042
(380,119)	529,175	25,669,452	1,430,486	27,248,994

As at 31 December 2024

Takaful arrangement liabilities/(assets) as at 1 January 2024

Recognised Takaful Contributions

Recognised Takaful Costs

Incurring claims and other expenses

Changes to Liability for Incurred Claims for Benefits and expenses

Amortisation of Takaful acquisition cash flows

Losses on onerous arrangements

Reversals of onerous arrangements

Surplus distribution to participants (para 106 of FAS 43)

Takaful service result

Amortisation of Deferred Cost

Total changes in the statement of comprehensive income

Cashflows

Contribution received

Claims and other expenses paid including wakala fee

Takaful acquisition cash flows

Total cash flows

Net Takaful arrangement liabilities/(assets) as at 31 December 2024

Provision for Remaining Entitlement Benefit		Liability for Incurred Claims for Benefits		Total
Excluding loss component	Loss component	Estimated the present value of future cashflows	Risk adjustment	
RO	RO	RO	RO	RO
1,519,623	414,538	21,008,041	897,507	23,839,710
(33,639,500)	-	-	-	(33,639,500)
-	-	26,410,150	477,279	26,887,429
-	-	(1,079,341)	(603,121)	(1,682,462)
3,979,245	-	-	-	3,979,245
-	305,797	-	-	305,797
-	(414,538)	-	-	(414,538)
-	-	-	-	-
3,979,245	(108,741)	25,330,809	(125,842)	29,075,471
(29,660,256)	(108,741)	25,330,809	(125,842)	(4,564,030)
-	-	512,539	9,678	522,217
(29,660,256)	(108,741)	25,843,348	(116,164)	(4,041,813)
35,714,017	-	-	-	35,714,017
-	-	(29,061,305)	-	(29,061,305)
(4,571,494)	-	-	-	(4,571,494)
31,142,523	-	(29,061,305)	-	2,081,218
3,001,891	305,797	17,790,084	781,343	21,879,115

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8 Takaful and Retakaful Arrangements:

Roll-forward of net asset or liability for takaful arrangements held showing the (assets)/liability for remaining entitlement benefits and the amounts (recoverable)/payable on incurred claims for benefits:

The Roll-forward of net asset or liability for takaful arrangements held showing the (assets)/liability for remaining entitlement benefits and the amounts (recoverable)/payable on incurred claims for benefits is disclosed in the table below:

Contracts measured under the GMA

8 Life

as at 30 September 2025

	Life				
	Provision for Remaining Entitlement Benefit		Liability for Incurred Claims for Benefits		Total
	Excluding loss component	Loss component	Estimated the present value of future cashflows	Risk adjustment	
	OMR	OMR	OMR	OMR	OMR
Takaful arrangement liabilities/(assets) as at 1 January 2025	9,774,840	4,670,488	-	-	14,445,328
Release of Takaful Residual Margin	(36,065)	-	-	-	(36,065)
Release of Risk Adjustment	(60,302)	-	-	-	(60,302)
Expected Claims	(1,263,664)	-	-	-	(1,263,664)
Expected Expenses	-	-	-	-	-
Recovery of Acquisition Cash Flows	(186,395)	-	-	-	(186,395)
Experience Adjustment: Contribution	-	(206,279)	-	-	(206,279)
Recognised Takaful Contributions	(1,546,426)	(206,279)	-	-	(1,752,705)
Recognised Takaful Costs					
Incurred claims and other expenses	-	-	477,729	-	477,729
Changes to Liability for Incurred Claims for Benefits and expenses	-	-	-	-	-
Amortisation of Takaful acquisition cash flows	186,395	-	-	-	186,395
Losses on onerous arrangements	-	(1,165,416)	-	-	(1,165,416)
Reversals of onerous arrangements	206,279	-	-	-	206,279
Surplus distribution to participants (para 106 of FAS 43)	-	-	-	-	-
	392,674	(1,165,416)	477,729	-	(295,014)
Takaful service result	(1,153,752)	(1,371,695)	477,729	-	(2,047,719)
Amortisation of Deferred Cost	667,219	140,061	-	-	807,279
Total changes in the statement of comprehensive income	(486,534)	(1,231,635)	477,729	-	(1,240,440)
Cash flows					
Contribution received	14,689,031	-	-	-	14,689,031
Claims and other expenses paid including wakala fee	(4,214,410)	-	-	-	(4,214,410)
Takaful acquisition cash flows	-	-	(236,846)	-	(236,846)
Total cash flows	10,474,622	-	(236,846)	-	10,237,776
Net Takaful arrangement liabilities/(assets) as at 30 September 2025	19,762,928	3,438,853	240,882	-	23,442,664

Contracts measured under the GMA

8 Life

31 December 2024

	Life				
	Provision for Remaining Entitlement Benefit		Liability for Incurred Claims for Benefits		Total
	Excluding loss component	Loss component	Estimated the present value of future cashflows	Risk adjustment	
	OMR	OMR	OMR	OMR	OMR
Takaful arrangement liabilities/(assets) as at 1 January 2024	7,029,496	741,719	-	-	7,771,215
Release of Takaful Residual Margin	(13,554)	-	-	-	(13,554)
Release of Risk Adjustment	(66,691)	-	-	-	(66,691)
Expected Claims	(1,362,815)	-	-	-	(1,362,815)
Expected Expenses	-	-	-	-	-
Recovery of Acquisition Cash Flows	(44,704)	-	-	-	(44,704)
Experience Adjustment: Contribution	-	(116,203)	-	-	(116,203)
Recognised Takaful Contributions	(1,487,764)	(116,203)	-	-	(1,603,967)
Recognised Takaful Costs					
Incurred claims and other expenses	-	-	105,376	-	105,376
Changes to Liability for Incurred Claims for Benefits and expenses	-	-	-	-	-
Amortisation of Takaful acquisition cash flows	44,704	-	-	-	44,704
Losses on onerous arrangements	-	3,993,994	-	-	3,993,994
Reversals of onerous arrangements	116,203	-	-	-	116,203
Surplus distribution to participants (para 106 of FAS 43)	-	-	-	-	-
	160,907	3,993,994	105,376	-	4,260,277
Takaful service result	(1,326,857)	3,877,792	105,376	-	2,656,310
Amortisation of Deferred Cost	(861,016)	50,977	-	-	(810,039)
Total changes in the statement of comprehensive income	(2,187,873)	3,928,769	105,376	-	1,846,272
Cash flows					
Contribution received	5,708,679	-	-	-	5,708,679
Claims and other expenses paid including wakala fee	(775,462)	-	(105,376)	-	(880,838)
Takaful acquisition cash flows	-	-	-	-	-
Total cash flows	4,933,217	-	(105,376)	-	4,827,841
Net Takaful arrangement liabilities/(assets) as at 31 Dec 2024	9,774,840	4,670,488	-	-	14,445,328

9 Takaful and Retakaful Arrangements

Roll-forward of net asset or liability for retakaful arrangements held showing the assets for remaining entitlement benefits and the amounts recoverable on incurred claims for benefits:

The roll-forward of net asset or liability for retakaful arrangements held showing the assets for remaining entitlement benefits and the amounts recoverable on incurred claims for benefits is disclosed in the table below:

Contracts measured under the CAA

as at 30 September 2025

	Amount recoverable on incurred claims for Benefits		Assets for Remaining Entitlement Benefits		Total
	Excluding loss recovery component	Loss component	Estimated the present value of future cashflows	Risk adjustment	
	RO	RO	RO	RO	RO
Retakaful arrangement assets as at 1 January 2025	(181,144)	(132,753)	(7,445,627)	(330,793)	(8,090,317)
Retakaful arrangement liabilities as at 1 January 2025	8,791,038	-	(8,125,603)	(433,722)	231,713
Net Retakaful arrangement assets / (liabilities) as at 1 January 2025	8,609,894	(132,753)	(15,571,230)	(764,515)	(7,858,604)
An allocation of Retakaful contributions	9,596,289	-	-	-	9,596,289
Amounts recoverable from retakaful operators for incurred claims					
Amounts recoverable from retakaful for incurred claims for Benefits	-	-	(5,733,696)	(443,612)	(6,177,308)
Changes to amounts recoverable for incurred claims for Benefits	-	-	(4,663,139)	(4,580)	(4,667,719)
Amortisation of Retakaful acquisition cash flows	(446,064)	-	-	-	(446,064)
losses on onerous arrangements	-	(143,781)	-	-	(143,781)
Reversals of losses on onerous arrangements	-	132,753	-	-	132,753
	(446,064)	(11,028)	(10,396,835)	(448,192)	(11,302,119)
Net expenses from Retakaful arrangements held	9,150,225	(11,028)	(10,396,835)	(448,192)	(1,705,830)
Amortisation of Deferred Profit	-	-	(376,013)	(18,456)	(394,469)
	9,150,225	(11,028)	(10,772,848)	(466,648)	(2,100,299)
Total changes in the statement of comprehensive income					
Cash flows					
Contributions paid	(17,047,572)	-	-	-	(17,047,572)
Retakaful acquisition cash flows	865,944	-	-	-	865,944
Amounts received	-	-	10,577,243	-	10,577,243
Total cash flows	(16,181,628)	-	10,577,243	-	(5,604,385)
Net Retakaful arrangement assets / (liabilities) as at 30 September 2025	1,578,491	(143,781)	(15,766,835)	(1,231,163)	(15,563,288)
Retakaful arrangement assets as at 30 September 2025	142,804	-	(13,763)	(775)	128,266
Retakaful arrangement liabilities as at 30 September 2025	1,435,687	(143,781)	(15,753,072)	(1,230,388)	(15,691,554)
Net Retakaful arrangement assets / (liabilities) as at 30 September 2025	1,578,491	(143,781)	(15,766,835)	(1,231,163)	(15,563,288)

9 As at 31 December 2024

	Amount recoverable on incurred claims for Benefits		Assets for Remaining Entitlement Benefits		Total
	Excluding loss recovery component	Loss component	Estimated the present value of future cashflows	Risk adjustment	
	RO	RO	RO	RO	RO
Retakaful arrangement assets as at 1 January 2024	10,951,654	(126,243)	(17,064,555)	(667,863)	(6,907,007)
Retakaful arrangement liabilities as at 1 January 2024	329,207	-	(124,061)	(3,865)	201,281
Net Retakaful arrangement assets / (liabilities) as at 1 January 2024	11,280,861	(126,243)	(17,188,616)	(671,728)	(6,705,726)
An allocation of Retakaful contributions	14,445,702	-	-	-	14,445,702
Amounts recoverable from retakaful operators for incurred claims					
Amounts recoverable from retakaful for incurred claims for Benefits	-	-	(12,632,703)	(572,764)	(13,205,467)
Changes to amounts recoverable for incurred claims for Benefits	-	-	2,422,612	484,895	2,907,507
Amortisation of Retakaful acquisition cash flows	(413,614)	-	-	-	(413,614)
losses on onerous arrangements	-	(132,753)	-	-	(132,753)
Reversals of losses on onerous arrangements	-	126,243	-	-	126,243
	(413,614)	(6,510)	(10,210,091)	(87,869)	(10,718,083)
Net expenses from Retakaful arrangements held	14,032,088	(6,510)	(10,210,091)	(87,869)	3,727,618
Amortisation of Deferred Profit	-	-	(475,389)	(4,918)	(480,307)
Effect of changes in non-performance risk of retakaful	-	-	-	-	-
Total changes in the statement of comprehensive income	14,032,088	(6,510)	(10,685,480)	(92,787)	3,247,311
Cash flows					
Contributions paid	(17,012,365)	-	-	-	(17,012,365)
Retakaful acquisition cash flows	309,309	-	-	-	309,309
Amounts received	-	-	12,302,866	-	12,302,866
Total cash flows	(16,703,055)	-	12,302,866	-	(4,400,189)
Net Retakaful arrangement assets / (liabilities) as at 31 December 2024	8,609,894	(132,753)	(15,571,230)	(764,515)	(7,858,604)
Retakaful arrangement assets as at 31 December 2024	(181,144)	(132,753)	(7,445,627)	(330,793)	(8,090,317)
Retakaful arrangement liabilities as at 31 December 2024	8,791,038	-	(8,125,603)	(433,722)	231,713
Net Retakaful arrangement assets / (liabilities) as at 31 December 2024	8,609,894	(132,753)	(15,571,230)	(764,515)	(7,858,604)

9 Takaful and Retakaful Arrangements

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims.

The roll-forward of the net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims, is disclosed in the table below:

Contracts measured under the GMA
Life

as at 30 September 2025

Notes	Life				
	Amount recoverable on incurred		Assets for Remaining Entitlement		Total
	Excluding loss recovery component	Loss component	Estimated the present value of future cashflows	Risk adjustment	
	OMR	OMR	OMR	OMR	OMR
Net Retakaful arrangement assets / (liabilities) as at 1 January 2025	(4,799,389)	(3,842,473)	-	-	(8,641,862)
Release of TRM	194,493	-	-	-	194,493
Release of Risk Adjustment	(46,687)	-	-	-	(46,687)
Expected Claims	(974,527)	-	-	-	(974,527)
Expected Expenses	-	-	-	-	-
Recovery of Acquisition Cash Flows	-	-	-	-	-
Reversals of losses on onerous contracts	-	(167,105)	-	-	(167,105)
	(826,721)	(167,105)	-	-	(993,825)
Amounts recoverable from retakaful operators for incurred claims					
Amounts recoverable from retakaful for incurred claims	-	-	358,296	-	358,296
Changes to amounts recoverable for incurred claims	-	-	-	-	-
Amortisation of Retakaful acquisition cash flows	-	-	-	-	-
losses on onerous arrangements	-	(1,020,573)	-	-	(1,020,573)
Reversals of losses on onerous arrangements	-	-	-	-	-
	-	(1,020,573)	358,296	-	(662,277)
Net expenses from Retakaful arrangements held	(826,721)	(1,187,678)	358,296	-	(1,656,102)
Amortisation of Deferred Profit	356,530	114,907	-	-	471,437
Effect of changes in non-performance risk of retakaful	-	-	-	-	-
Total changes in the statement of comprehensive income	(470,191)	(1,072,770)	358,296	-	(1,184,665)
Cash flows					
Contributions paid	-	-	-	-	0
Retakaful acquisition cash flows	-	-	-	-	0
Amounts received	-	-	(177,635)	-	(177,635)
Total cash flows	-	-	(177,635)	-	(177,635)
Net Retakaful arrangement assets / (liabilities) as at 30 September 2025	(4,329,198)	(2,769,703)	(180,662)	-	(7,279,562)
Retakaful arrangement assets as at 30 September 2025	0	0	0	0	0
Retakaful arrangement liabilities as at 30 September 2025	(4,329,198)	(2,769,703)	(180,662)	0	(7,279,562)
Net Retakaful arrangement assets / (liabilities) as at 30 September 2025	(4,329,198)	(2,769,703)	(180,662)	0	(7,279,562)

9 Life

As at 31 December 2024

Notes	Life				
	Amount recoverable on incurred		Assets for Remaining Entitlement		Total
	Excluding loss recovery component	Loss component	Estimated the present value of future cashflows	Risk adjustment	
	OMR	OMR	OMR	OMR	OMR
Net Retakaful arrangement assets / (liabilities) as at 1 January 2024	(5,812,118)	(598,906)	-	-	(6,411,024)
Release of TRM	(68,808)	-	-	-	(68,808)
Release of Risk Adjustment	44,007	-	-	-	44,007
Expected Claims	898,116	-	-	-	898,116
Expected Expenses	-	-	-	-	-
Recovery of Acquisition Cash Flows	-	-	-	-	-
Reversals of losses on onerous contracts	-	92,470	-	-	92,470
	873,316	92,470	-	-	965,786
Amounts recoverable from retakaful operators for incurred claims					
Amounts recoverable from retakaful for incurred claims	-	-	-	-	-
Changes to amounts recoverable for incurred claims	-	-	-	-	-
Amortisation of Retakaful acquisition cash flows	-	-	-	-	-
losses on onerous arrangements	-	(3,336,037)	-	-	(3,336,037)
Reversals of losses on onerous arrangements	-	-	-	-	-
	-	(3,336,037)	-	-	(3,336,037)
Net expenses from Retakaful arrangements held	873,316	(3,243,567)	-	-	(2,370,251)
Amortisation of Deferred Profit	618,284	-	-	-	618,284
Effect of changes in non-performance risk of retakaful	-	-	-	-	0
Total changes in the statement of comprehensive income	1,491,599	(3,243,567)	-	-	(1,751,968)
Cash flows					
Contributions paid	(478,870)	-	-	-	(478,870)
Retakaful acquisition cash flows	-	-	-	-	-
Amounts received	-	-	-	-	-
Total cash flows	(478,870)	-	-	-	(478,870)
Net Retakaful arrangement assets / (liabilities) as at 31 Dec 2024	(4,799,389)	(3,842,473)	-	-	(8,641,862)
Retakaful arrangement assets as at 31 Dec 2024	(4,799,389)	(3,842,473)	-	-	(8,641,862)
Retakaful arrangement liabilities as at 31 Dec 2024	-	-	-	-	-
Net Retakaful arrangement assets / (liabilities) as at 31 Dec 2024	(4,799,389)	(3,842,473)	-	-	(8,641,862)

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10 Cash and bank balances

	Shareholders	Participants'
2025	RO	RO
Bank balances	248,495	4,786,749
2024		
Bank balances	1,240,209	1,869,707

11 Financial asset at fair value through equity

Financial asset at fair value through equity can be analysed as follows:

	Market Value 30 September 2025 RO	Cost 30 September 2025 RO	Market Value 31 December 2024 RO	Cost 31 December 2024 RO
Local quoted mutual fund				
Investment Funds	2,585,400	2,495,050	499,505	495,049
Listed Securities				
Equity Shares	1,359,102	1,396,441	1,265,069	1,396,441
	<u>3,944,502</u>	<u>3,891,491</u>	<u>1,764,574</u>	<u>1,891,490</u>

The movement in investment fair value reserve during the year is as follows:

	Participants'	
	2025 RO	2024 RO
1 January	(126,916)	37,417
Purchase during the year	-	-
Fair value gain / (loss) for the year	147,637	(164,333)
Closing	<u>20,721</u>	<u>(126,916)</u>
	Shareholders'	
	2025 RO	2024 RO
1 January	456,939	-
Purchase during the year	-	-
Fair value gain / (loss) for the year	32,290	456,939
Closing	<u>489,229</u>	<u>456,939</u>

12 Investments at fair value through income statement

At 30 September 2025, the Group had a total investment in Shariah compliant sukuk of RO 2,000,000 (2024: RO 2,000,000) under shareholders' fund. This Sukuk is listed on MSX. The profit rate of 6.75% (2024: 6.75%) per annum with quarterly profit payments on each periodic distribution date. This sukuk is perpetual (2024: perpetual).

The investments is classified as "Investment at amortised cost" in the consolidated financial statements. The amortised cost of the Sukuk at 30 September 2025 was RO 2,000,000 (2024: RO 2,000,000). The Company has pledged an amount of RO 2,000,000 of investment in Sukuk to the Financial Service Authority (FSA).

As at 30 September 2025, the participants' fund had a total investment in Shariah-compliant Sovereign Sukuks of RO 1,527,900 (2024: RO 4,651,750). The profit rate is 5.25% - 6.15% (2024: 5.75%) per annum with profit payments semi annually and at maturity. The maturity date of the Sukuk is October 2025 - Perpetual (2024: March 2026).

	2025	2024
Shareholders'	RO	RO
Opening	2,000,000	2,000,000
Matured during the year		-
Purchased during the year	499,883.00	-
Closing	<u>2,499,883</u>	<u>2,000,000</u>
Participants' Fund		
Opening	500,000	4,651,750
Matured during the year	-	(4,651,750)
Purchased during the year	2,484,052	500,000
Closing	<u>2,984,052</u>	<u>500,000</u>

Sukuk is invested in Shariah Compliant Sukuks at profit rate is 5.25% - 6.15 % (2024 - 5.75%) per annum. The maturity date of this Sukuk is October 2025 and March 2026 (2024: March 2026). In accordance with the law governing the operations of insurance companies within the Sultanate of Oman, the Group had RO 500,000 lien Sukuks (2024: NIL) with the Financial Services Authority (FSA). The Group can only transfer these assets with the prior approval of the FSA.

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13 Receivable from participants' fund and payable to shareholders' fund

As at reporting period the break-up of receivable from participants' and payable to shareholders' is as follows:

	RO
1 January 2025	3,402,991
Qard Hasan given during the period	-
Qard Hasan returned during the period	-
Wakala and mudarib during the period	6,993,722
Payment of wakala fees, mudarib share and movement in PH account	(8,954,934)
As at 30 September 2025	<u>1,441,779</u>
1 January 2024	4,793,247
Qard Hasan given during the period	400,000
Qard Hasan returned during the period	(1,500,000)
Wakala and mudarib during the period	5,734,194
Payment of wakala fees, mudarib share and movement in PH account	(6,024,450)
As at 31 December 2024	<u>3,402,991</u>

No Funds has been disbursed as Qard Al Hasan during the period ended 30 September 2025. (2024: RO 400,000).

No Qard Hasan has been returned by Policyholders during the period ended 30 September 2025 (2024: RO 1,500,000).

No Hibah transactions has been provided during the period ended 30 September 2025. (2024: NIL).

14 Other receivables and takaful assets

	Shareholders'	Participants'
2025		
Accrued investment income	397,692	567,805
Other receivables	358,806	904,554
As at 30 September 2025	<u>756,498</u>	<u>1,472,359</u>
2024		
Accrued investment income	329,680	433,889
Other receivables	565,679	217,461
As at 31 December 2024	<u>895,359</u>	<u>651,350</u>

15 Deferred policy acquisition costs

	Shareholders'	
	2025	2024
At 1 January	1,225,070	886,342
Costs incurred during the period	5,352,767	2,817,017
Amortised during the period	(3,437,259)	(2,478,289)
Closing	<u>3,140,578</u>	<u>1,225,070</u>

16 Wakala bank deposits

	2025	2024
Shareholders' Fund		
1 January	5,204,000	6,904,000
Matured during the period	-	(1,700,000)
Closing	<u>5,204,000</u>	<u>5,204,000</u>
Participants' Fund		
1 January	13,000,000	9,000,000
Purchased/(Matured) during the period	(2,000,000)	4,000,000
Closing	<u>11,000,000</u>	<u>13,000,000</u>

All Wakala deposits are placed with Islamic Banks in the Sultanate of Oman at profit rates ranging from 4.00% to 6.15% (2024 - 4.25% to 6.15%) per annum. The maturity dates of these deposits range from February 2025 to June 2027 (2024: February 2025 to June 2027). In accordance with the law governing the operations of insurance companies within the Sultanate of Oman, the Group had lien certain wakala bank deposits with carrying value of RO 12,954,000 (2024: RO 9,804,000) with the Financial Services Authority (FSA). The Group can only transfer these assets with the prior approval of the FSA.

Takaful Oman Insurance SAOG
Notes to the condensed consolidated interim financial statements (Unaudited)
For the nine months ended 30 September 2025

17 Accounts and other payables

	Shareholders'	Participants'
2025	RO	
Accounts and other payables	293,295	1,632,234
2024		
Accounts and other payables	286,996	1,215,913

18 Share capital

	2025	2024
Authorised share capital	20,000,000	20,000,000
Issued, subscribed and fully paid up	16,000,000	16,000,000
Issued and subscribed (Number of shares)	250,000,000	250,000,000

19 Legal reserve

In accordance with the Commercial Companies Law of Oman, annual appropriations of 10% of the profit for the year are required to be transferred to the legal reserve until the accumulated balance of the reserve is equal to one third of the value of the Company's paid up share capital. This reserve is not available for distribution.

20 Related Parties

The Group, during the course of its normal business, enters into transactions with directors, key management personnel, Shari'a Supervisory Board members, shareholders and entities in which certain shareholders and Directors are interested. 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 Group's shares or their family members other than those separately disclosed, during the year were as follows:

(a) Transactions with related parties

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

	2025	2024
	RO	
Gross contributions	2,401,321	2,926,877
Gross claims paid	676,677	772,900
Board of Directors and Shari'ah Supervisory board expense	85,490	19,567
Contribution receivable	429,782	1,235,878

21 Perpetual sukuk eligible as additional capital

In 2021, the Group issued perpetual sukuk eligible as additional capital for an amount of RO 6 million. The sukuk is unsecured and the profit distributions are discretionary, non -cumulative, payable semi-annually, with an expected profit rate for the first five years which will be revised upon the completion of the initial five years' period. The Group has the right not to pay profit and the sukuk holders have no right to claim profit on the sukuk. The sukuk does not have a maturity date and has been classified as an equity. The Group has paid periodic profit payments to Sukuk holders in lieu of 'Hibah' as approved by Shari'ah Supervisory Committee.

22 Shari'ah Supervisory Committee

The Group's business activities are subject to supervision of a Shari'ah Supervisory Committee (SSB) consisting of three members appointed by the shareholders of the Group. The SSB performs supervisory role in order to determine whether the operations of the Group are conducted in accordance with the Islamic Shari'a rule and principles. The consolidated financial statement are reviewed and approved by the Shari'a Board.

23 Earnings prohibited under Shari'ah

There were no earnings retained during the year from transactions which are not under Shari'a. As there is no prohibited income earned by the Group, the 'statement of sources and uses of funds in the zakah and charity fund' is not prepared.

24 Comparative amount

Certain of the corresponding figures for 2024 have been reclassified wherever necessary and restated in order to conform with the presentation of the current year.