

**DAMAAN ISLAMIC INSURANCE COMPANY Q.S.C.
"BEEMA"**

**FINANCIAL STATEMENTS
FOR THE PERIOD FROM OCTOBER 14, 2009
(DATE OF INCEPTION) TO DECEMBER 31, 2010
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**

DAMAAN ISLAMIC INSURANCE COMPANY Q.S.C. "BEEMA"

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the period from October 14, 2009 (date of inception) to December 31, 2010

INDEX	Page
Independent Auditor's Report	--
Statement of Financial Position	1
Statement of Income of Policyholders	2
Statement of Comprehensive Income of Shareholders	3
Statement of Changes in Shareholders' Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 16

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INDEPENDENT AUDITOR'S REPORT

To The Shareholders

**Damaan Islamic Insurance Company Q.S.C. "BEEMA"
Doha – Qatar**

Report on the financial statements

We have audited the accompanying financial statements of Damaan Islamic Insurance Company Q.S.C. "BEEMA" (the "Company"), which comprise the statement of financial position as at December 31, 2010, and the related statements of income of policyholders, comprehensive income of shareholders, changes in shareholders' equity and cash flows for the period from October 14, 2009 (date of inception) to December 31, 2010, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Damaan Islamic Insurance Company Q.S.C. "BEEMA" as of December 31, 2010, and of its financial performance and its cash flows for the period from October 14, 2009 (date of inception) to December 31, 2010 in accordance with International Financial Reporting Standards.

Other Legal and Regulatory Requirements

Furthermore, in our opinion the financial statements provide the information required by the Qatar Commercial Companies' Law No. 5 of 2002 and the Company's Articles of Association. We are also of the opinion that proper books of account were maintained by the Company. To the best of our knowledge and belief and according to the information given to us, no contraventions of the Law or the Company's Articles of Association, were committed during the year which would materially affect the Company's activities or its financial position.

For Deloitte & Touche



Midhat Salha
License No. 257

Doha – Qatar
January 30, 2010


DAMAAN ISLAMIC INSURANCE COMPANY Q.S.C. "BEEMA"

STATEMENT OF FINANCIAL POSITION


As at December 31, 2010

	Note	2010 QR.
Policyholders' Assets		
Cash and bank balances	5	14,250,954
Contributions receivable	6	3,218,245
Reinsurance contract assets	9	5,644,010
Prepayments and other assets	7	384,850
Total Policyholders' Assets		<u>23,498,059</u>
Shareholders' Assets		
Cash and bank balances	5	79,252,432
Available for sale investments	8	50,050,000
Held for trading investments	8	68,105,660
Accrued investment income		581,573
Property and equipment	10	6,548,817
Other receivables		192,362
Total Shareholders' Assets		<u>204,730,844</u>
Total Assets		<u>228,228,903</u>
Policyholders' Liabilities and Surplus		
Due to reinsurers		4,139,018
Insurance contract liabilities	9	16,190,392
Payables, accruals and other liabilities		149,868
Surplus		3,018,781
Total Policyholders' Liabilities and Surplus of Policyholders		<u>23,489,059</u>
Shareholders' Liabilities		
Accruals and other credit balances		<u>2,766,304</u>
Shareholders' Equity		
Share capital	17	200,000,000
Legal reserves	18	216,454
Fair value reserves		(200,000)
Retained earnings		1,948,086
Total Shareholders' Equity		<u>201,964,540</u>
Total Liabilities, Surplus of Policyholders and Shareholders' Equity		<u>228,228,903</u>

These financial statements were approved by the Board of Directors and signed on their behalf on January 18, 2011 by:



 Sheikh Jassim Bin Hamad Bin Jassim Al- Thani
 Chairman



 Mr. Khalifa Abdullah Turki Al- Subaey
 Managing Director

The attached notes form part of these financial statements.

DAMAAN ISLAMIC INSURANCE COMPANY Q.S.C. "BEEMA"

STATEMENT OF INCOME AND EXPENSES OF POLICYHOLDERS

For the period from October 14, 2009 (date of inception) to December 31, 2010

	<u>Note</u>	<u>2010</u> <u>QR.</u>
Gross contributions	11	33,185,727
Wakala Fee	13b	(4,123,710)
Reinsurance contributions ceded	11	<u>(13,911,851)</u>
Retained contributions	11	15,150,166
Unexpired risk reserve	11	<u>(8,793,044)</u>
Net earned contributions		6,357,122
Net commissions		<u>(912,138)</u>
Total (1)		<u>5,444,984</u>
Gross claims incurred	11	3,025,892
Provision for outstanding claims	11	1,050,690
Reinsurance recoveries	11	<u>(1,564,728)</u>
Net claims incurred (2)		<u>2,511,854</u>
Net underwriting income (1-2)		<u>2,933,130</u>
Investment income		115,375
Mudarib's share	13a	<u>(46,150)</u>
Net Policy holder investment income		<u>69,225</u>
Other Income		39,295
Other Expenses		<u>(22,869)</u>
Total surplus for the year		<u>3,018,781</u>

The attached notes form part of these financial statements.

DAMAAN ISLAMIC INSURANCE COMPANY Q.S.C. "BEEMA"

STATEMENT OF COMPREHENSIVE INCOME OF SHAREHOLDERS

For the period from October 14, 2009 (date of inception) to December 31, 2010

	<u>Note</u>	<u>2010</u>
		<u>QR.</u>
Income		
Income from shareholders' investments		11,737,533
Wakala Fee	13 (b)	4,123,710
Shareholders' share in policyholders' investment income	13 (a)	<u>46,150</u>
Gross income for the year (1)		<u>15,907,393</u>
Expenses		
Depreciation of property and equipments		2,080,794
General and administrative expenses	12	<u>11,662,059</u>
Total expenses (2)		<u>13,742,853</u>
Net income for the year (1-2)		<u>2,164,540</u>
Other comprehensive income items:		
Fair value adjustment – Available For Sale investments		<u>(200,000)</u>
Total Comprehensive income for the period		<u>1,964,540</u>

The attached notes form part of these financial statements.

DAMAAN ISLAMIC INSURANCE COMPANY Q.S.C. "BEEMA"

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the period from October 14, 2009 (date of inception) to December 31, 2010

	<u>Share Capital</u> QR.	<u>Legal Reserve</u> QR.	<u>Fair Value Reserve</u> QR.	<u>Retained Earnings</u> QR.	<u>Total</u> QR.
Shares issued during the period	200,000,000				200,000,000
Total comprehensive income for the period	-	-	(200,000)	2,164,540	1,964,540
Transfers to legal reserve	-	216,454	-	(216,454)	-
Balance at December 31, 2010	<u>200,000,000</u>	<u>216,454</u>	<u>(200,000)</u>	<u>1,948,086</u>	<u>201,964,540</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

DAMAAN ISLAMIC INSURANCE COMPANY Q.S.C. "BEEMA"**STATEMENT OF CASH FLOWS**

For the period from October 14, 2009 (date of inception) to December 31, 2010

	<u>Note</u>	<u>2010</u>
		<u>QR.</u>
Cash Flows from Operating Activities		
Policyholders' surplus for the period		3,018,781
Net shareholders' income for the period		2,164,540
Adjustments for :		
Depreciation of property and equipment		2,080,794
Unrealized revaluation profit on trading investments		(3,105,660)
Prepayments and other assets		(577,212)
Contributions receivable		(3,218,245)
Due to reinsurers		4,139,018
Payables, accruals and other liabilities		149,868
Other payables - shareholders		2,766,304
Provision for outstanding claims		1,753,339
Unexpired risk reserve		8,793,043
Net Cash flow from Operating Activities		<u>17,964,570</u>
Cash Flows from Investing activities		
Accrued investment income		(581,573)
Purchase of property and equipment		(8,629,611)
Purchase of investments		(135,250,000)
Net Cash Used in Investing Activities		<u>(144,461,184)</u>
Cash Flows from Financing activities		
Issue of share capital		200,000,000
Net Cash flow from Financing Activities		<u>200,000,000</u>
Net Increase in Cash and Cash Equivalents		73,503,386
Cash and Cash Equivalents at Beginning of the Period		<u>-</u>
Cash and Cash Equivalents at End of the Period	15	<u>73,503,386</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

DAMAAN ISLAMIC INSURANCE COMPANY Q.S.C. "BEEMA"

NOTES TO THE FINANCIAL STATEMENTS

For the period from October 14, 2009 (date of inception) to December 31, 2010

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Damaan Islamic Insurance Company "BEEMA" ("the Company") was incorporated in the State of Qatar on October 14, 2009 as a closed Qatari shareholding company under Qatar Companies Law No. 5 of 2002 with Registration No: 43652.

The Company is primarily engaged in the business of underwriting general, Takaful (Life) and health none interest insurance in accordance with the provisions of Islamic Sharia. The Company also invests its capital and other resources in all related activities.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards and the provisions of the Articles of Association of the Company, which require the segregation and separate reporting of transactions and balances relating to policyholders and shareholders. According to the Articles of Association of the Company, all risks and rewards arising from the insurance business are attributable to the policyholders and the financial statements have been drawn up accordingly.

3. ADOPTION OF NEW AND REVISED STANDARDS

3.1 Standards and Interpretations in issue not yet effective

At the date of authorization of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

(i) Revised Standards

Effective for annual periods beginning on or after February 1, 2010

- IAS 32 (Revised) *Financial Instruments : Presentation*

Effective for annual periods beginning on or after July 1, 2010

- IFRS 1 (Revised) *First time adoption of International Financial Reporting Standards.*
- IFRS 3 (Revised) *Business combinations*
- IAS 27 (Revised) *Consolidated and Separate Financial Statements*

Effective for annual periods beginning on or after January 1, 2011

- IFRS 1 (Revised) *First time adoption of International Financial Reporting Standards*
- IFRS 7 (Revised) *Financial Instruments disclosures IAS 1 (Revised) – Presentation of Financial Statements*
- IAS 24 (Revised) *Related Party Disclosures*
- IAS 34 (Revised) *Interim Financial Reporting.*

3. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

3.1 Standards and Interpretations in issue not yet effective (continued)

(ii) New Standard:

Effective for annual periods beginning on or after January 1, 2013 (Early adoption allowed)

- IFRS 9 *Financial Instruments – Classification and Measurement*

(iii) Revised Interpretations

Effective for annual periods beginning on or after January 1, 2011

- IFRIC 14 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

(iv) New Interpretations

Effective for annual periods beginning on or after July 1, 2010

- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*

Management anticipates that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the Company in the period of initial application, other than certain presentation and disclosure changes.

4. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and applicable requirements of Qatar Commercial Companies' Law No. 5 of 2002.

Accounting convention

The financial statements have been prepared under the historical cost convention except for the measurement at fair value of financial instruments.

The financial statements are presented in Qatari Riyals.

Revenue recognition

Gross contributions (contributions) represent policies underwritten during the year, net of refunds and discounts granted. Gross contributions for Takaful (Life) business are recognised when due. Income from investments in portfolios and shares is recognized when the right to receive the amount is established. Income from deposits with Islamic banks is accounted for on the basis of profits advised by Islamic banks taking into account the principal outstanding.

Unexpired risks reserve

The reserve for unexpired risks represents the estimated portion of net contribution income after deduction of the re-insurance share which relates to the period subsequent to the balance sheet date. The reserve is calculated at 35% of net retained annual contributions on Motor, 40% of net retained annual contributions on Fire and General Accident, 25% of net retained annual contributions in case of Marine.

For Takaful (Life) business the unexpired risks reserve is determined based on management estimate for the first year of operations.

Provision for outstanding claims

Provision for outstanding claims is recognized at the date the claims are known and covers the liability for loss and loss adjustment expenses based on loss reports from independent loss adjusters and management best estimate. The method for making such estimates and for establishing the resulting liability are continually reviewed.