

Damaan Islamic Insurance Company
“BEEMA” (Q.P.S.C.)

**INTERIM CONDENSED FINANCIAL INFORMATION AND
INDEPENDENT AUDITOR’S REVIEW REPORT**

**FOR THE SIX-MONTH PERIOD ENDED
30 JUNE 2023**

INTERIM CONDENSED FINANCIAL INFORMATION AND INDEPENDENT
AUDITOR’S REVIEW REPORT

For the six-month period ended 30 June 2023

INDEX	Page
Independent auditor’s review report	--
Interim condensed financial information:	
Interim statement of financial position	1
Interim statement of policyholders’ revenues and expenses	2
Interim statement of policyholder’s surplus	3
Interim shareholders’ income statement	4
Interim statement of changes in shareholders’ equity	5
Interim statement of cash flows	6
Notes to the interim condensed financial information	7 to 19

QR. 83053

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Shareholders

Damaan Islamic Insurance Company "BEEMA" (Q.P.S.C.)

Doha – Qatar

Introduction

We have reviewed the accompanying interim statement of financial position of Damaan Islamic Insurance Company "BEEMA" (Q.P.S.C.) (the "Company") as at 30 June 2023, and the related interim statements of policyholders' revenues and expenses, policyholder's surplus, shareholders' income statement, changes in shareholders' equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with the FAS 41 Interim Financial Reporting issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI") ("FAS 41"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with the FAS 41.

Doha – Qatar
8 August 2023

For Deloitte & Touche
Qatar Branch



Joseph Khalife
Partner
License No. 433

QFMA Audit Registration 120156

Damaan Islamic Insurance Company "BEEMA" (Q.P.S.C.)

INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	30 June 2023 QR (Reviewed)	31 December 2022 QR (Audited)
Policyholders' assets			
Cash and bank balances	3	116,354,706	125,674,937
Investments at fair value through equity	4 (a)	417,404,256	481,030,833
Investments at fair value through income statement	4 (b)	11,382,806	11,456,061
Due from related parties	6 (b)	2,414,129	8,063,798
Retakaful contract assets	5	126,377,258	134,109,693
Property and equipment		6,029,334	3,886,848
Takaful and other receivables		148,913,153	154,123,380
Total policyholders' assets		828,875,642	918,345,550
Shareholders' assets			
Cash and bank balances	3	15,984,482	246,502,066
Investments at fair value through equity	4 (a)	339,642,968	398,837,244
Investments at fair value through income statement	4 (b)	19,336,181	19,394,967
Prepayments and other receivables		3,991,584	3,706,844
Due from policyholders		58,611,216	62,207,402
Right-of-use assets		2,906,886	2,968,735
Property and equipment		117,601,233	119,319,022
Total shareholders' assets		558,074,550	852,936,280
TOTAL ASSETS		1,386,950,192	1,771,281,830
Policyholders' liabilities			
Takaful contract liabilities	5	514,364,429	503,722,496
Due to related parties	6 (c)	8,071,395	3,500,793
Takaful and other payables		30,281,626	45,137,750
Murabaha finance		29,722,911	124,714,362
Due to shareholders		58,611,216	62,207,402
Distributable surplus payable		62,819,431	57,461,171
Total policyholders' liabilities		703,871,008	796,743,974
Policyholders' surplus			
Fair value reserve		(25,015,238)	(29,736,360)
Equalization reserve		90,000,000	90,000,000
Retained surplus		60,019,872	61,337,936
Total policyholders' surplus		125,004,634	121,601,576
Total policyholders' liabilities and surplus		828,875,642	918,345,550
Shareholders' liabilities			
Provisions and other payables		51,646,780	55,653,354
Due to related parties	6 (c)	6,238,065	213,687,638
Murabaha finance		26,517,128	115,506,643
Net Ijarah liability		2,993,390	3,012,852
Employees' end of service benefits		4,174,901	3,995,122
Total liabilities of shareholders		91,570,264	391,855,609
Shareholders' equity			
Share capital		200,000,000	200,000,000
Legal reserve		200,000,000	200,000,000
Fair value reserve		(14,844,446)	(18,926,538)
Retained earnings		81,348,732	80,007,209
Total shareholders' equity		466,504,286	461,080,671
Total shareholders' liabilities and equity		558,074,550	852,936,280
TOTAL LIABILITIES, POLICYHOLDERS' SURPLUS AND SHAREHOLDERS' EQUITY		1,386,950,192	1,771,281,830

For Sheikh. Jassim Bin Hamad Bin Jassim J. Al Thani
Chairman

Nasser Rashid Al Misnad
Chief Executive Officer

This statement has been prepared by the Company and stamped by the Auditors for identification purposes only.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED FINANCIAL INFORMATION

Signed for Identification
Purposes Only

Damaan Islamic Insurance Company "BEEMA" (Q.P.S.C.)

INTERIM STATEMENT OF POLICYHOLDERS' REVENUES AND EXPENSES

For the three-month and six-month period ended 30 June 2023

	Note	<i>For the three-month period ended 30 June</i>		<i>For the six-month period ended 30 June</i>	
		2023	2022	2023	2022
		QR (Reviewed)	QR (Reviewed)	QR (Reviewed)	QR (Reviewed)
Gross contributions	7	109,322,727	114,364,188	194,209,591	215,096,442
Re-Takaful share	7	(27,044,604)	(27,347,962)	(48,353,518)	(53,342,104)
Net contributions		82,278,123	87,016,226	145,856,073	161,754,338
Movement in unearned contribution – net	7	(12,928,423)	(14,566,526)	(15,732,194)	(31,925,422)
Net earned contributions		69,349,700	72,449,700	130,123,879	129,828,916
Gross claims paid	7	(48,398,113)	(41,869,382)	(85,718,353)	(71,327,731)
Re-Takaful and other recoveries	7	21,472,397	16,475,331	35,441,154	26,266,297
Movement in outstanding claims and IBNR – net	7	2,690,741	(8,657,236)	(2,642,174)	(2,110,980)
Commission income	7	836,076	2,524,806	2,208,890	5,057,838
Commission expense	7	(14,180,056)	(15,103,261)	(27,254,475)	(28,369,650)
Net takaful expenses		(37,578,955)	(46,629,742)	(77,964,958)	(70,484,226)
Surplus from Takaful operations	7	31,770,745	25,819,958	52,158,921	59,344,690
Fair value gain/(loss) on investment at fair value through income statement		9,191	(369,688)	(73,255)	(554,418)
Reversal/(provision) for impairment of investment at fair value through equity		137,663	(9,649)	231,303	68,107
Investment income		4,632,882	4,077,728	9,077,022	7,863,949
Investment expenses		(62,370)	(178,261)	(596,827)	(909,656)
Mudarib share		(2,830,419)	(2,112,077)	(5,182,946)	(3,880,788)
Wakala fees		(27,113,065)	(24,210,940)	(48,421,361)	(45,600,933)
Other income		1,841,237	2,700	2,874,284	4,360
Other expenses		(1,642,819)	(2,380,439)	(2,516,527)	(2,774,426)
Total surplus for the period		6,743,045	639,332	7,550,614	13,560,885



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Damaan Islamic Insurance Company "BEEMA" (Q.P.S.C.)

INTERIM STATEMENT OF POLICYHOLDERS' SURPLUS

For the six-month period ended 30 June 2023

	<i>Retained surplus QR</i>	<i>Fair value reserve QR</i>	<i>Equalization reserve QR</i>	<i>Total QR</i>
Balance at 1 January 2022 (Audited)	55,217,402	5,004,301	60,000,000	120,221,703
Surplus for the period	13,560,885	-	-	13,560,885
Distribution to policyholders during the period	(8,483,013)	-	-	(8,483,013)
Net change in fair value of investment at fair value through equity	-	(26,714,664)	-	(26,714,664)
Balance at 30 June 2022 (Reviewed)	<u>60,295,274</u>	<u>(21,710,363)</u>	<u>60,000,000</u>	<u>98,584,911</u>
Balance as at 1 January 2023 (Audited)	61,337,936	(29,736,360)	90,000,000	121,601,576
Surplus for the period	7,550,614	-	-	7,550,614
Distribution to policyholders during the period	(8,868,678)	-	-	(8,868,678)
Net change in fair value of investment at fair value through equity	-	4,721,122	-	4,721,122
Balance at 30 June 2023 (Reviewed)	<u>60,019,872</u>	<u>(25,015,238)</u>	<u>90,000,000</u>	<u>125,004,634</u>



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Damaan Islamic Insurance Company "BEEMA" (Q.P.S.C.)

INTERIM SHAREHOLDERS' INCOME STATEMENT

For the three-month and six-month period ended 30 June 2023

	<i>For the three-month period ended 30 June</i>		<i>For the six-month period ended 30 June</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
Note	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Income				
Income from shareholders' investments	3,087,757	2,947,819	6,577,385	5,405,891
Wakala fee	27,113,065	24,210,940	48,421,361	45,600,933
Mudarib share	2,830,419	2,112,077	5,182,946	3,880,788
Other income	483,368	321,300	849,803	1,027,949
Total income	33,514,609	29,592,136	61,031,495	55,915,561
Staff costs	(8,176,203)	(5,935,594)	(15,928,573)	(13,277,814)
Depreciation of property and equipment	(1,708,054)	(1,619,588)	(3,138,410)	(3,006,145)
Fair value gain/(loss) on investment at fair value through income statement	10,010	(553,167)	(58,786)	(812,063)
Reversal/(provision) for impairment of investment at fair value through equity	279,209	(39,028)	349,435	132,893
General and administrative expenses	8 (3,919,011)	(2,799,250)	(7,813,591)	(5,800,359)
Finance costs	(365,307)	(6,471)	(447,989)	(93,898)
Investment expenses	36,320	(3,758)	(652,058)	(645,974)
Total expenses	(13,843,036)	(10,956,856)	(27,689,972)	(23,503,360)
Profit before tax for the period	19,671,573	18,635,280	33,341,523	32,412,201
Tax expense	-	(300,025)	-	(503,018)
Net profit for the period	19,671,573	18,335,255	33,341,523	31,909,183



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Damaan Islamic Insurance Company "BEEMA" (Q.P.S.C.)

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six-month period ended 30 June 2023

	Share Capital QR	Legal reserve QR	Fair value Reserve QR	Retained earnings QR	Total QR
Balance at 1 January 2022 (Audited)	200,000,000	200,000,000	6,623,420	43,382,343	450,005,763
Total comprehensive income for the period	-	-	-	31,909,183	31,909,183
Net change in fair value of investment at fair value through equity	-	-	(18,324,779)	-	(18,324,779)
Dividends paid	-	-	-	(20,000,000)	(20,000,000)
Balance at 30 June 2022 (Reviewed)	<u>200,000,000</u>	<u>200,000,000</u>	<u>(11,701,359)</u>	<u>55,291,526</u>	<u>443,590,167</u>
Balance at 1 January 2023 (Audited)	200,000,000	200,000,000	(18,926,538)	80,007,209	461,080,671
Total comprehensive income for the period	-	-	-	33,341,523	33,341,523
Net change in fair value of investment at fair value through equity	-	-	4,082,092	-	4,082,092
Dividends paid*	-	-	-	(32,000,000)	(32,000,000)
Balance at 30 June 2023 (Reviewed)	<u>200,000,000</u>	<u>200,000,000</u>	<u>(14,844,446)</u>	<u>81,348,732</u>	<u>466,504,286</u>

* Dividend declared amounting to QR. 32 million (QR. 0.16 per share) was approved by the Shareholders at the Annual General Assembly meeting held on 21 March 2023.



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Damaan Islamic Insurance Company "BEEMA" (Q.P.S.C.)

INTERIM STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2023

	<i>For the six-month period ended</i>	
	<i>30 June</i>	<i>30 June</i>
	<i>2023</i>	<i>2022</i>
	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
OPERATING ACTIVITIES		
Shareholders' profit for the period	33,341,523	31,909,183
Policyholders' surplus for the period	7,550,614	13,560,885
<i>Adjustments for:</i>		
Depreciation of property and equipment	3,138,410	3,006,145
Amortization of ROU assets	61,849	61,848
Net reversal of impairment of financial investments	(580,739)	(201,000)
Realized gain from investments	(15,654,407)	(14,207,174)
Gain on disposal of property and equipment	(125,884)	--
Amortization of deferred cost	77,044	77,760
Provision for tax	--	503,018
Fair value loss on investments at fair value through income statement	132,041	1,366,481
Provision for employees' end of service benefits	327,125	818,134
Prior period adjustment	--	5,093,914
Operating profit before changes in working capital	28,267,576	41,989,194
Change in due from related parties	5,649,669	(15,375,455)
Change in prepayments, takaful and other receivables	4,925,487	(5,511,463)
Change in due to related parties	(202,878,971)	(13,981,646)
Change in net takaful contract liabilities	18,374,368	38,239,262
Change in provisions, takaful and other payables	(17,797,717)	74,431,693
Net cash (used in) / generated from operations	(163,459,588)	119,791,585
Tax paid	(1,064,981)	(1,394,971)
Employees' end of service benefits paid	(147,346)	(42,559)
Net cash (used in) / generated from operating activities	(164,671,915)	118,354,055
INVESTING ACTIVITIES		
Acquisition of property and equipment	(1,432,519)	(1,127,384)
Proceeds from disposal of property and equipment	137,782	--
Acquisition of capital work in progress	(2,142,486)	(2,636,351)
Investment in fixed deposits	34,300,000	--
Net movement in investments	132,204,806	(71,853,786)
Realized gain from investments	15,654,407	14,207,174
Net cash generated from / (used in) investing activities	178,721,990	(61,410,347)
FINANCING ACTIVITIES		
Policyholders' surplus paid during the period	(3,510,418)	(701,641)
Dividends paid	(32,000,000)	(20,000,000)
Repayment of gross Ijarah liability	(96,506)	(91,909)
Murabaha finance	(183,980,966)	13,624,830
Net cash used in financing activities	(219,587,890)	(7,168,720)
Net (decrease)/increase in cash and cash equivalents	(205,537,815)	49,774,988
Cash and cash equivalents at 1 January	278,817,003	159,507,212
CASH AND CASH EQUIVALENTS AT 30 JUNE (Note 3)	73,279,188	209,282,200

The changes in due from policyholders and in due to shareholders were netted off and not included in the above statement.

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THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED FINANCIAL INFORMATION

1 LEGAL STATUS AND OPERATIONS

Damaan Islamic Insurance Company “BEEMA” (Q.P.S.C.) (“the Company”) was incorporated in the State of Qatar on October 18, 2009, as a closed Qatari Private Shareholding Company under Qatar Commercial Companies’ Law No. 5 of 2002 with Registration No: 43652. The Head Office of the Company is located in Lusail, in the State of Qatar.

The Company is primarily engaged in the business of underwriting Marine, Aviation, Motor, Fire, General Accident, Takaful and Medical in accordance with the provisions of Islamic Shari’a. The Company also invests its capital, and other available resources in all related activities on non-interest (Riba free) basis.

By virtue of an extraordinary general assembly resolution dated 30 November 2022, the Founders, being the shareholders of the Company prior to its conversion, resolved to convert the Company from a private shareholding company to a public shareholding company and subsequently list on the Qatar Stock Exchange. It was further resolved that the conversion to a public shareholding company (Q.P.S.C.) shall be carried out by offering 25% of the shares held by shareholders of the Company prior to its conversion to the public through an Initial Public Offering (“IPO”). Post the successful completion of the IPO, the conversion from a Qatari private shareholding company (Q.P.S.C.) to a Qatari public shareholding company (Q.P.S.C.) was formally announced in the Constitutive General Assembly (“CGA”) meeting held on 11 December 2022. The shares of the Company were listed for trading at the Qatar Stock Exchange on 16 January 2023. Also, it was resolved to change nominal value of share from QR 10 to QR 1 per share.

Consequently, the interest held by Qatar Islamic Bank Q.P.S.C., Qatar Insurance Company Q.P.S.C., Masraf Al Rayan Q.P.S.C., Barwa Real Estate Company Q.P.S.C. and Q-Invest LLC, in the Company, has been reduced by 25% of its issued and paid-up share capital.

This interim condensed financial information of the Company for the six-month period ended 30 June 2023 were approved by the Board of Directors on 8 August 2023.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

This interim condensed financial information has been prepared in accordance with the Financial Accounting Standards 41 (FAS 41) issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (“AAOIFI”), the Islamic Shari’a Rules and Principles as determined by the Shari’a Supervisory Board of the Company and the applicable provisions of the Qatar Commercial Companies Law.

During the period, the Company adopted FAS 41 Interim Financial Reporting standard and accordingly this financial information has been prepared in accordance with FAS 41. The adoption of this standard had no impact on the Company’s interim financial information as FAS 41 requires takaful entities to follow the requirements of FAS 12 “General Presentation and Disclosure in the Financial Statements of Islamic Insurance Companies”, until the adoption of FAS 42 “Presentation and Disclosures in the Financial Statements of Takaful Institutions”, effective 1 January 2025.

This interim condensed financial information does not contain all the information and disclosures required in the financial statements and should be read in conjunction with the financial statements as of 31 December 2022. In addition, the results for the six-month period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

This interim condensed financial information has been prepared under the historical cost basis except for the “investments at fair value through equity” and “investments at fair value through income statement” that are measured at fair value.

This interim condensed financial information has been presented in Qatari Riyal (‘QR’), which is the Company’s functional and presentation currency.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(b) Estimates and judgements

The preparation of the interim condensed financial information in conformity with FAS which requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected.

The significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the financial statements as at and for the year ended 31 December 2022.

(c) Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed financial information are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2022 except as noted below:

The adoption of the below standards and amendments to standards did not result in changes to previously reported net profit or equity of the Company:

New accounting standards, amendments and interpretations that are issued and effective from 1 January 2023

- **FAS 39 - Financial Reporting for Zakah**

The objective of this standard is to establish the principles of financial reporting related to Zakah attributable to different stakeholders of an Islamic financial institution (the institution). This standard shall apply to an institution with regard to the recognition, presentation and disclosure of Zakah attributable to relevant stakeholders. While computation of Zakah shall be generally applicable individually to each institution (or entity) within a group, this standard shall be applicable on all consolidated and separate / stand-alone financial statements of an institution.

This standard improves upon and supersedes AAOIFI Financial Accounting Standard (FAS) 9 “Zakah” issued previously. This standard aims at setting out the accounting treatment of Zakah in the books of an Islamic financial institution (the institution), including the presentation and disclosure in its financial statements.

- **FAS 41 – Interim Financial Reporting**

This standard prescribes the principles for the preparation of interim condensed financial information and the relevant presentation and disclosure requirements, emphasizing the minimum disclosures specific to Islamic financial institutions in line with various financial accounting standards issued by AAOIFI. This standard also provides an option for the institution to prepare a complete set of financial statements at interim reporting dates in line with the respective FAS’s.

The Company has assessed the impact of the adoption of this standard and there is no significant impact on the Company’s interim condensed financial information.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(c) Significant accounting policies (continued)

New standards, amendments and interpretations issued but not yet effective

• **FAS 1 (Revised 2021) - General Presentation and Disclosures in the Financial Statements**

The standard introduces the concepts of quasi-equity, off-balance-sheet assets under management and other comprehensive income to enhance the information provided to the users of the financial statements. It also provides definitions that are aligned with the accounting treatments prescribed in the recently issued AAOIFI FASs. The standard also provides consequential amendments to other standards to bring consistency in treatments.

The Accounting Board (AAB) of the AAOIFI decided to defer the effective date of the recently issued AAOIFI FAS 1 “General Presentation and Disclosures in the Financial Statements” from 1 January 2023 to 1 January 2024. Early adoption of the standard is permitted.

• **FAS 40 - Financial Reporting for Islamic Finance Windows**

The objective of this standard is to establish financial reporting requirements for Islamic financial services offered by conventional financial institutions (in form of Islamic finance windows).

This standard shall be applicable to all conventional financial institutions providing Islamic financial services through an Islamic finance window, provided that such institutions opt to apply the standard in its entirety.

This standard shall be effective on the financial statements of the Islamic finance window of conventional financial institutions for the periods beginning on or after 01 January 2024. Early adoption of the standard is permitted, subject to simultaneous adoption of FAS 1 (Revised 2021) “General Presentation and Disclosures in the Financial Statements”

• **FAS 42 - Presentation and Disclosures in the Financial Statements of Takaful Institutions**

This standard aims to prescribe and improve the presentation and disclosure requirements for the financial statements of Takaful institutions, in line with the global best practices and to reflect the business model of the Takaful institutions in a fair and more understandable manner. This standard will supersede FAS 12 “General Presentation and Disclosures in the Financial Statements of Islamic Insurance Companies”.

Management is expecting that adoption of this standard will have material impact on the financial statements of the Company however, management is in the process of assessing the impact.

This standard shall be effective on the annual financial statements of the Takaful institutions beginning on or after 01 January 2025. Early adoption of the standard is permitted if adopted alongside FAS 43 “Accounting for Takaful: Recognition and Measurement”, provided that FAS 1 “General Presentation and Disclosures in the Financial Statements” has already been adopted or is simultaneously adopted.

• **FAS 43 “Accounting for Takaful: Recognition and Measurement”**

Objectives of this standard is to set out the principles for the recognition and measurement of Takaful arrangements. The standard shall be applicable to the Takaful institutions and their managed participants’ Takaful fund (PTF) and managed participants’ investment fund (PIF) in respect of Takaful arrangements, re-Takaful arrangements, investment contracts with participants with or without discretionary features and ancillary transactions. This standard supersedes FAS 13 “Disclosure of Bases for Determining and Allocation Surplus or Deficit in Islamic Insurance Companies”, FAS 15 “Provisions and Reserves in Islamic Insurance Companies” and FAS 19 “Contributions in Islamic Insurance Companies”.

Management is expecting that adoption of this standard will have material impact on the financial statements of the Company however, management is in the process of assessing the impact.

This standard shall be effective on the financial statements of the Takaful institutions for the annual financial reporting period beginning on or after 01 January 2025. Early adoption of the standard is permitted if adopted alongside FAS 42 – “Presentation and Disclosures in the Financial Statements of Takaful Institutions”

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the six-month period ended 30 June 2023

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)**(c) Significant accounting policies (continued)****New standards, amendments and interpretations issued but not yet effective (continued)**

Management anticipates that these new standards, interpretations, and amendments will be adopted in the financial statements as and when they are applicable and adoption of these new standards, interpretations, and amendments, except as highlighted in previous paragraphs, may have no material impact on the financial statements of the Company in the period of initial application.

3 CASH AND BANK BALANCES

For the purposes of interim statement of cash flows, cash and cash equivalents include cash on hand and in banks and term deposits with original maturities of three months or less. Cash and cash equivalents at the end of the financial year as shown in the interim statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	<i>30 June 2023 QR (Reviewed)</i>	<i>31 December 2022 QR (Audited)</i>
Shareholders:		
Investment deposits (Islamic banks)	5,000,000	33,800,000
Saving accounts (Islamic banks)	3,160,927	1,734,933
Current accounts (i)	7,823,555	210,967,133
Total	15,984,482	246,502,066
Policyholders:		
Investment deposits (Islamic banks)	97,664,006	121,885,528
Saving accounts (Islamic banks)	9,602,900	912,464
Current accounts (Islamic banks)	9,087,800	2,876,945
Total	116,354,706	125,674,937
Total cash and bank balances	132,339,188	372,177,003
Less: deposits with original maturity over ninety days	(59,060,000)	(93,360,000)
Total cash and cash equivalents	73,279,188	278,817,003

(i) This included QR. 210,500,000 as of 31 December 2022 representing the proceeds collected on behalf of the shareholders of the Company prior to its conversion to a public listed Company (Refer note 6 c). This amount was fully paid to the said shareholders during the six-month period ended 30 June 2023.

- Investment deposits earn profit at rates ranging from 5.25% to 5.60% (30 June 2022: 2.00% to 3.10%) and mature during subsequent quarter of 2023.
- Saving accounts earn profit at rates ranging from 0.50% to 0.70% (30 June 2022: 0.80% to 1.00%).
- Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, management of the Company estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12-month ECL. Management of the Company has assessed loss allowance as at reporting date and have adjusted the loss allowance accordingly.

Damaan Islamic Insurance Company “BEEMA” (Q.P.S.C.)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the six-month period ended 30 June 2023

4 FINANCIAL INVESTMENTS

a. Investments at fair value through equity

	<i>Policyholders QR</i>	<i>Shareholders QR</i>	<i>Total QR</i>
Sukuks through Managed Funds	442,419,494	354,487,414	796,906,908
Fair value reserve	<u>(25,015,238)</u>	<u>(14,844,446)</u>	<u>(39,859,684)</u>
Investments at fair value through equity as at 30 June 2023 (reviewed)	<u>417,404,256</u>	<u>339,642,968</u>	<u>757,047,224</u>
Investments at fair value through equity as at 31 December 2022 (audited)	<u>481,030,833</u>	<u>398,837,244</u>	<u>879,868,077</u>

Notes:

During the period, the Company has recorded reversal of impairment of QR 231,303 (30 June 2022: QR 68,107) for policyholders and QR 349,435 (30 June 2022: QR 132,893) for shareholders, respectively.

As of reporting date, provision for expected credit loss for policyholders and shareholders amounted to QR 758,981 (31 December 2022: QR 990,284) and QR 464,623 (31 December 2022: QR 814,059) respectively, which is netted off against the investment value.

b. Investments at fair value through income statement

Investments classified at fair value through income statement are presented in the statement of financial position as follows:

	<i>30 June 2023</i>		<i>31 December 2022</i>	
	<i>Policyholders QR</i>	<i>Shareholders QR</i>	<i>Policyholders QR</i>	<i>Shareholders QR</i>
Sukuks through Managed funds	<u>11,382,806</u>	<u>19,336,181</u>	<u>11,456,061</u>	<u>19,394,967</u>

Note:

The fair value of investments pledged against the Murabaha financing taken by the Company amounted to QR 56,240,039 (2022: QR 240,221,005).

The above investments of shareholders and policyholders are managed by reputed fund managers who take investment decisions on behalf of the Company.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the six-month period ended 30 June 2023

5 TAKAFUL CONTRACT LIABILITIES AND RETAKAFUL CONTRACT ASSETS

	30 June 2023 QR (Reviewed)	31 December 2022 QR (Audited)
Gross takaful contract liabilities		
Claims reported unsettled	152,733,843	141,934,667
Claims incurred but not reported	20,455,460	46,442,227
Unearned contributions	341,175,126	315,345,602
Total	514,364,429	503,722,496
Retakaful share of takaful contract liabilities		
Claims reported unsettled	86,282,695	83,645,510
Claims incurred but not reported	6,386,593	26,853,543
Unearned contributions	33,707,970	23,610,640
Total	126,377,258	134,109,693
Net takaful contract liabilities		
Claims reported unsettled	66,451,148	58,289,157
Claims incurred but not reported	14,068,867	19,588,684
Unearned contributions	307,467,156	291,734,962
Total	387,987,171	369,612,803

Damaan Islamic Insurance Company “BEEMA” (Q.P.S.C.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

5 TAKAFUL CONTRACT LIABILITIES AND RETAKAFUL CONTRACT ASSETS (CONTINUED)

Movement of incurred claims and retakafuls’ share

	2023 (Reviewed)			2022 (Audited)		
	Gross QR	Retakafuls’ Share QR	Net QR	Gross QR	Retakafuls’ share QR	Net QR
At 1 January						
Claims reported unsettled	141,934,667	(83,645,510)	58,289,157	140,149,143	(88,484,467)	51,664,676
Claims incurred but not reported	46,442,227	(26,853,543)	19,588,684	51,950,080	(28,625,905)	23,324,175
Total	188,376,894	(110,499,053)	77,877,841	192,099,223	(117,110,372)	74,988,851
Movements during the period / year						
Claims reported unsettled	10,799,176	(2,637,185)	8,161,991	1,785,524	4,838,957	6,624,481
Claims incurred but not reported	(25,986,767)	20,466,950	(5,519,817)	(5,507,853)	1,772,362	(3,735,491)
Total	(15,187,591)	17,829,765	2,642,174	(3,722,329)	6,611,319	2,888,990
At 30 June / 31 December						
Claims reported unsettled	152,733,843	(86,282,695)	66,451,148	141,934,667	(83,645,510)	58,289,157
Claims incurred but not reported	20,455,460	(6,386,593)	14,068,867	46,442,227	(26,853,543)	19,588,684
Total	173,189,303	(92,669,288)	80,520,015	188,376,894	(110,499,053)	77,877,841

Movement of unearned contributions and retakafuls’ share

	2023			2022		
	Gross QR.	Re-takaful of liabilities QR.	Net QR.	Gross QR.	Re-takaful of liabilities QR.	Net QR.
At January 1	315,345,602	(23,610,640)	291,734,962	283,071,691	(22,998,819)	260,072,872
Contributions written during the period	194,209,591	(48,353,518)	145,856,073	392,565,127	(93,595,657)	298,969,470
Contributions earned during the period	(168,380,067)	38,256,188	(130,123,879)	(360,291,216)	92,983,836	(267,307,380)
At 30 June / 31 December	341,175,126	(33,707,970)	307,467,156	315,345,602	(23,610,640)	291,734,962

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

6 RELATED PARTY DISCLOSURES**(a) Transactions with 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 entities of which they are key management personnel. Pricing policies and terms of these transactions are approved by the Company management and are negotiated under normal commercial terms.

The following transactions were carried out with related parties:

	30 June 2023 QR (Reviewed)	30 June 2022 QR (Reviewed)
<i>Takaful contribution written</i>		
Qatar Islamic Bank Q.P.S.C. “shareholder”	81,667,402	114,829,039
Masraf Al Rayan Q.P.S.C. “shareholder”	15,192,767	20,461,086
Barwa Real Estate Company Q.P.S.C. “shareholder”	88,948	4,314,800
Q-Invest L.L.C. “shareholder”	4,351,387	4,066,171
Qatar Insurance Company Q.P.S.C. “shareholder”	3,024,694	1,352,199
	<u>104,325,198</u>	<u>145,023,295</u>
<i>Claims Paid</i>		
Qatar Islamic Bank Q.P.S.C. “shareholder”	16,457,247	14,118,943
Masraf Al Rayan Q.P.S.C. “shareholder”	156,681	791,145
Barwa Real Estate Company Q.P.S.C. “shareholder”	31,340	345,210
Q-Invest L.L.C. “shareholder”	243,876	161,736
Qatar Insurance Company Q.P.S.C. “shareholder”	656,307	1,332,960
	<u>17,545,451</u>	<u>16,749,994</u>
<i>(b) Due from related parties</i>		
	30 June 2023 QR (Reviewed)	31 December 2022 QR (Audited)
<i>Policyholders</i>		
Qatar Insurance Company Q.P.S.C. “shareholder”	1,961,295	1,819,567
Barwa Real Estate Company Q.P.S.C. “shareholder”	435,970	6,123,855
Q-Invest L.L.C. “shareholder”	16,864	120,376
	<u>2,414,129</u>	<u>8,063,798</u>
<i>(c) Due to related parties</i>		
	30 June 2023 QR (Reviewed)	31 December 2022 QR (Audited)
<i>Policyholders</i>		
Masraf Al Rayan Q.P.S.C. “shareholder”	1,499,543	66,160
Qatar Islamic Bank Q.P.S.C. “shareholder”	6,571,852	3,434,633
	<u>8,071,395</u>	<u>3,500,793</u>

Damaan Islamic Insurance Company “BEEMA” (Q.P.S.C.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

6 RELATED PARTY DISCLOSURES (CONTINUED)

(c) Due to related parties (continued)

	30 June 2023 QR (Reviewed)	31 December 2022 QR (Audited)
Shareholders		
Qatar Insurance Company Q.P.S.C. “shareholder”	6,238,065	58,067,045
Qatar Islamic Bank Q.P.S.C. “shareholder”	--	51,873,531
Masraf Al Rayan Q.P.S.C. “shareholder”	--	41,498,825
Barwa Real Estate Company Q.P.S.C. “shareholder”	--	41,498,825
Q-Invest L.L.C. “shareholder”	--	20,749,412
	6,238,065	213,687,638

(d) Compensation of key management personnel

	30 June 2023 QR (Reviewed)	30 June 2022 QR (Reviewed)
Short term benefits	2,546,564	1,950,450
Board of directors’ remuneration	1,340,622	452,625
Shari’a board remuneration	182,500	184,875
	4,069,686	2,587,950

Damaan Islamic Insurance Company “BEEMA” (Q.P.S.C.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

7 NET UNDERWRITING RESULTS

For the six-month period ended	<i>Reviewed</i>									
	<i>Marine and Aviation</i>		<i>Motor</i>		<i>Fire and General Accident</i>		<i>Takaful and Medical</i>		<i>Total</i>	
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
Gross contributions	942,582	1,138,817	54,851,197	54,069,322	27,474,265	29,807,045	110,941,547	130,081,258	194,209,591	215,096,442
Re-Takaful share	(553,918)	(803,215)	(1,156,812)	(2,215,141)	(21,676,294)	(23,870,417)	(24,966,494)	(26,453,331)	(48,353,518)	(53,342,104)
Net contributions	388,664	335,602	53,694,385	51,854,181	5,797,971	5,936,628	85,975,053	103,627,927	145,856,073	161,754,338
Movement in unearned contribution – net	(20,336)	(38,605)	(2,896,581)	(997,134)	(574,910)	(421,502)	(12,240,367)	(30,468,181)	(15,732,194)	(31,925,422)
Net earned contributions	368,328	296,997	50,797,804	50,857,047	5,223,061	5,515,126	73,734,686	73,159,746	130,123,879	129,828,916
Expenses:										
Gross claims paid	(180,083)	(1,180)	(40,598,244)	(35,334,063)	(5,408,387)	(3,048,763)	(39,531,639)	(32,943,725)	(85,718,353)	(71,327,731)
Re-Takaful and other recoveries	13,834	913	15,581,367	10,740,688	4,353,596	2,359,016	15,492,357	13,165,680	35,441,154	26,266,297
Movement in outstanding claims and IBNR – net	2,518	12,826	2,595,622	(688,666)	(8,663,103)	142,068	3,422,789	(1,577,208)	(2,642,174)	(2,110,980)
Commission income	114,813	194,152	544	41,807	1,839,813	1,895,664	253,720	2,926,215	2,208,890	5,057,838
Commission expense	(109,507)	(137,855)	(5,403,628)	(4,260,290)	(1,195,753)	(974,144)	(20,545,587)	(22,997,361)	(27,254,475)	(28,369,650)
Net takaful expenses	(158,425)	68,856	(27,824,339)	(29,500,524)	(9,073,834)	373,841	(40,908,360)	(41,426,399)	(77,964,958)	(70,484,226)
Surplus from takaful operations	209,903	365,853	22,973,465	21,356,523	(3,850,773)	5,888,967	32,826,326	31,733,347	52,158,921	59,344,690

Damaan Islamic Insurance Company “BEEMA” (Q.P.S.C.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

7 NET UNDERWRITING RESULTS (CONTINUED)

For the three-month period ended	<i>Reviewed</i>									
	<i>Marine and Aviation</i>		<i>Motor</i>		<i>Fire and General Accident</i>		<i>Takaful and Medical</i>		<i>Total</i>	
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
Gross contributions	522,625	492,665	29,180,227	25,398,776	10,841,367	9,863,261	68,778,508	78,609,486	109,322,727	114,364,188
Re-Takaful share	(278,173)	(371,659)	(263,906)	(1,421,949)	(8,521,893)	(7,074,024)	(17,980,632)	(18,480,330)	(27,044,604)	(27,347,962)
Net contributions	244,452	121,006	28,916,321	23,976,827	2,319,474	2,789,237	50,797,876	60,129,156	82,278,123	87,016,226
Movement in unearned contribution - net	(23,121)	26,235	(328,356)	1,360,147	238,153	514,288	(12,815,099)	(16,467,196)	(12,928,423)	(14,566,526)
Net earned contributions	221,331	147,241	28,587,965	25,336,974	2,557,627	3,303,525	37,982,777	43,661,960	69,349,700	72,449,700
Expenses:										
Gross claims paid	(157,992)	(1,073)	(21,551,357)	(19,208,117)	(5,079,227)	(2,133,522)	(21,609,537)	(20,526,670)	(48,398,113)	(41,869,382)
Re-Takaful and other recoveries	2,551	842	9,191,283	6,834,122	4,235,672	1,826,818	8,042,891	7,813,549	21,472,397	16,475,331
Movement in outstanding claims and IBNR - net	172,312	1,493	3,124,615	(3,707,506)	(6,395,534)	197,855	5,789,348	(5,149,078)	2,690,741	(8,657,236)
Commission income	64,867	105,517	-	41,804	601,979	475,971	169,230	1,901,514	836,076	2,524,806
Commission expense	(71,278)	(41,066)	(3,031,629)	(2,295,519)	(524,472)	(455,355)	(10,552,677)	(12,311,321)	(14,180,056)	(15,103,261)
Net takaful expenses	10,460	65,713	(12,267,088)	(18,335,216)	(7,161,582)	(88,233)	(18,160,745)	(28,272,006)	(37,578,955)	(46,629,742)
Surplus from takaful operations	231,791	212,954	16,320,877	7,001,758	(4,603,955)	3,215,292	19,822,032	15,389,954	31,770,745	25,819,958

Damaan Islamic Insurance Company “BEEMA” (Q.P.S.C.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

8 GENERAL AND ADMINISTRATIVE EXPENSES

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2023	2022	2023	2022
	QR.	QR.	QR.	QR.
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Technical fee	174,908	411,750	349,817	823,500
Insurance expenses	517,029	446,638	1,074,705	840,150
Board of directors’ remuneration	406,250	224,411	1,340,622	452,625
IT charges	1,033,249	137,500	1,413,228	339,818
Legal and professional fees	702,486	280,705	1,058,199	641,527
Repair and maintenance expenses	418,517	417,302	771,221	734,575
Subscription fees	93,623	207,919	180,383	535,105
Postage and telephone	152,601	125,387	332,316	238,978
Printing and stationery	81,852	72,321	157,283	194,222
Rent	-	-	-	7,659
Shari’a board remuneration	91,250	146,839	182,500	184,875
Amortization of right-of-use asset	-	-	61,849	61,848
Business promotion expenses	89,620	16,604	299,620	18,200
Other operating expenses (i)	157,626	311,874	591,848	727,277
	3,919,011	2,799,250	7,813,591	5,800,359

(i) Other operating expenses pertain to water, electricity and other expenses.

9 FAIR VALUES OF FINANCIAL INSTRUMENTS

The following table shows fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments carried at fair value. It does not include fair value hierarchy information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

As at 30 June 2023, the Company held the following classes of financial instruments measured at fair value:

30 June 2023 (Reviewed)	Level 1 QR	Level 2 QR	Level 3 QR	Total QR
- Investments at fair value through equity	757,047,224	-	-	757,047,224
- Investments at fair value through income statement	30,718,987	-	-	30,718,987
	787,766,211	-	-	787,766,211
31 December 2022 (Audited)	Level 1 QR	Level 2 QR	Level 3 QR	Total QR
- Investments at fair value through equity	879,868,077	-	-	879,868,077
- Investments at fair value through income statement	30,851,028	-	-	30,851,028
	910,719,105	-	-	910,719,105

During the period / year ended 30 June 2023 and 31 December 2022, there were no transfers between Level 1 and Level 3 fair value measurements.

When measuring the fair value of an asset or liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

9 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

- Level 1: Quoted market price (unadjusted) in active markets for an identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

10 COMMITMENTS AND CONTINGENT LIABILITIES

The Company had the following commitments and contingent liabilities outstanding:

	30 June 2023 QR (Reviewed)	31 December 2022 QR (Audited)
Bank guarantees	64,600	64,600
Performance bond	3,378,439	3,238,110
Tender bond	5,457,782	2,121,345
	<u>8,900,821</u>	<u>5,424,055</u>

11 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2022.

12 BASIC AND DILUTED EARNINGS PER SHARE

The basic and diluted earnings per share are calculated as follows:

	30 June 2023 QR (Reviewed)	30 June 2022 QR (Reviewed)
Earnings (QR.)		
Earnings for the purposes of basic/diluted earnings per share being net profit attributable to owners of the Company	<u>33,341,523</u>	<u>31,909,183</u>
Number of shares		
Weighted average number of ordinary shares for the purposes of basic/diluted earnings per share	<u>200,000,000</u>	20,000,000
Effect of change in the nominal value per shares (refer note 1)	<u>-</u>	<u>180,000,000</u>
Weighted average number of ordinary shares for the purposes of basic/diluted earnings per share	<u>200,000,000</u>	<u>200,000,000</u>
Earnings per share (QR.)		
Basic/Diluted earnings per share	<u>0.167</u>	<u>0.160</u>

13 SHARI'A SUPERVISORY BOARD

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