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

FINANCIAL STATEMENTS

31 DECEMBER 2021

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DAMAAN ISLAMIC INSURANCE COMPANY "BEEMA" (Q.P.S.C.)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Damaan Islamic Insurance Company "BEEMA" (Q.P.S.C.) ("the Company"), which comprise the statement of financial position as at 31 December 2021, and the related statements of policyholders' revenues and expenses, statement of policyholders' surplus, shareholders' income statement, statement of changes in shareholders' equity and statement of cash flows for the year then ended and a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021 and the results of the operations and its cash flows for the year then ended in accordance with the Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ["AAOIFI"]

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with this these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements

These financial statements and the Company's undertaking to operate in accordance with Islamic Shari'ah Rules and Principles as determined by the Shari'ah Supervisory Board of the Company, are the responsibility of the Company's Board of Directors.

The management is responsible for the preparation and fair presentation of the financial statements in accordance with FAS issued by AAOIFI and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
DAMAAN ISLAMIC INSURANCE COMPANY "BEEMA" (Q.P.S.C.) (CONTINUED)

Report on the Audit of the Financial Statements (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors' regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors' with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period. We described these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Company, and the financial statements comply with the Qatar Commercial Companies Law No 11 of 2015, whose certain provisions were subsequently amended by Law No. 8 of 2021 and the Company's Articles of Association. We have obtained all the information and explanations we required for the purpose of our audit and are not aware of any violations of the above-mentioned law or the Articles of Association having occurred during the year, which might have had a material adverse effect on the Company's financial position or performance.

Ahmed Sayed
of Ernst & Young
Auditor's Registration No. 326

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Date: 14 February 2022
Doha

STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	*2021* *QR*	*2020* *QR*
Policyholders' assets			
Cash and bank balances	5	**114,627,813**	79,595,437
Investments at fair value through equity	6 (a)	**427,522,168**	396,425,999
Investments at fair value through income statement	6 (b)	**13,868,791**	28,886,264
Due from related parties	7 (b)	**2,142,175**	5,632,113
Retakaful contract assets	8	**140,109,191**	145,061,933
Takaful and other receivables	10	**130,238,238**	114,377,255
Total policyholders' assets		**828,508,376**	769,979,001
Shareholders' assets			
Cash and bank balances	5	**44,879,399**	42,178,252
Investments at fair value through equity	6 (a)	**368,943,681**	400,777,247
Investments at fair value through income statement	6 (b)	**15,764,151**	31,515,439
Prepayments and other receivables	10	**2,002,013**	1,547,730
Due from policyholders		**50,594,751**	39,990,778
Right of use assets		**3,092,432**	-
Property and equipment	9	**123,313,934**	120,873,770
Total shareholders' assets		**608,590,361**	636,883,216
TOTAL ASSETS		**1,437,098,737**	1,406,862,217
Policyholders liabilities and surplus			
Takaful contract liabilities	8	**475,170,914**	439,029,402
Due to related parties	7 (c)	**14,719,816**	3,676,887
Takaful and other payables	14	**32,582,072**	45,959,874
Murabaha finance	11	**84,487,131**	113,084,309
Due to shareholders		**50,594,751**	39,990,779
Distributable surplus payable	15	**52,305,936**	44,984,807
Fair value reserve		**5,004,301**	9,644,506
Equalization reserve		**60,000,000**	40,000,000
Policyholders' equity		**53,643,455**	33,608,437
Total policyholders liabilities and surplus		**828,508,376**	769,979,001
Shareholders' liabilities			
Provisions and other payables	14	**49,945,905**	34,709,635
Due to related parties	7 (c)	**6,321,234**	6,303,507
Murabaha finance	11	**99,807,985**	175,396,322
Net Ijarah liability		**3,041,505**	-
Employees' end of service benefits	17	**2,987,936**	2,200,296
Total shareholders' liabilities		**162,104,565**	218,609,760
Shareholders' equity			
Share capital	12	**200,000,000**	200,000,000
Legal reserve	13	**200,000,000**	158,704,651
Fair value reserve		**6,623,420**	9,248,898
Retained earnings		**39,862,376**	50,319,907
Total shareholders' equity		**446,485,796**	418,273,456
Total shareholders' liabilities and equity		**608,590,361**	636,883,216
TOTAL POLICYHOLDERS' AND SHAREHOLDERS' EQUITY LIABILITIES, SURPLUS		**1,437,098,737**	1,406,862,217

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

Khalifa Abdulla Turki Al Subaey
Managing Director

The attached notes are an integral part of these financial statements.

STATEMENT OF POLICYHOLDERS' REVENUES AND EXPENSES

For the year ended 31 December 2021

	Notes	**2021 QR**	2020 QR
Gross contributions	18	**367,594,302**	326,170,914
Re-Takaful share	18	**(74,295,351)**	(66,561,337)
Net contributions		**293,298,951**	259,609,577
Changes in unearned contribution – net	18	**(39,062,464)**	(13,334,425)
Net earned contributions		**254,236,487**	246,275,152
Gross claims paid	18	**(153,597,038)**	(162,789,986)
Re-Takaful and other recoveries	18	**61,459,487**	63,990,273
Movement in outstanding claims and IBNR – net	8/18	**(2,031,790)**	10,945,543
Commission expense, net	18/19	**(43,889,038)**	(39,316,380)
Net takaful expenses		**(138,058,379)**	(127,170,550)
Surplus from Takaful operations	18	**116,178,108**	119,104,602
Net investment income		**14,604,550**	16,597,623
Fair value gain / (loss) on investments at fair value through income statement		**371,891**	(302,139)
Impairment reversal /(charge) for investments at fair value through equity		**128,938**	(601,337)
Investment expenses	20 (a)	**(2,444,314)**	(2,537,771)
Mudarib share	20 (a)	**(6,381,532)**	(5,262,551)
Provision for bad debts	10	**-**	(21,073,227)
Wakala fees		**(70,843,120)**	(58,854,387)
Other income		**612,663**	111,120
Other expenses	21	**(2,766,777)**	(2,236,872)
Total surplus for the year		**49,460,407**	44,945,061

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STATEMENT OF POLICYHOLDERS' SURPLUS

For the year ended 31 December 2021

	Retained surplus QR	*Equalization reserve QR*	*Total QR*
Balance at 1 January 2020	30,003,581	10,000,000	40,003,581
Impact of adoption of FAS 30 & 33	(1,490,786)	-	(1,490,786)
Balance at 1 January 2020 – Adjusted	28,512,795	10,000,000	38,512,795
Surplus for the year	44,945,061	-	44,945,061
Transfer to equalization reserve during the year	(30,000,000)	30,000,000	-
Distributions to policyholders during the year	(9,849,419)	-	(9,849,419)
Balance at 31 December 2020	33,608,437	40,000,000	73,608,437
Surplus for the year	49,460,407	-	49,460,407
Transfer to equalization reserve during the year	(20,000,000)	20,000,000	-
Distributions to policyholders during the year	(9,425,389)	-	(9,425,389)
Balance at 31 December 2021	**53,643,455**	**60,000,000**	**113,643,455**

Note i:
On 30 October 2018, the Shari'a Supervisory Board and Board of Directors approved to create equalization reserve to cover any unexpected taxation impact or any unexpected policyholder expenses. During the year, the management has made an additional provision of QR 20,000,000 for any unexpected policyholder expenses based on the above approval.

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SHAREHOLDERS' INCOME STATEMENT

For the year ended 31 December 2021

	Notes	*2021* *QR*	*2020* *QR*
Income			
Income from shareholders' investments		**12,357,846**	16,997,765
Wakala fee	26	**70,843,120**	58,854,387
Mudarib share	20 (a)	**6,381,532**	5,262,551
Other income		**2,098,886**	259,821
Total income		**91,681,384**	81,374,524
Staff costs		**(21,265,875)**	(18,692,838)
Depreciation of property and equipment	9	**(5,877,579)**	(1,027,629)
Impairment reversal / (charges) for investments at fair value through equity		**248,578**	(501,069)
Fair value gain / (loss) on investments at fair value through income statement		**694,388**	(477,588)
General and administrative expenses	22	**(11,229,804)**	(12,163,889)
Finance costs		**(503,935)**	(721,597)
Investment expenses		**(1,514,368)**	(2,641,835)
Total expenses		**(39,448,595)**	(36,226,445)
PROFIT BEFORE INCOME TAX		**52,232,789**	45,148,079
Income tax expense	28	**(1,394,971)**	-
NET PROFIT FOR THE YEAR		**50,837,818**	45,148,079
Basic/Diluted earnings per share in Qatari Riyal	30	**2.54**	2.26

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STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended 31 December 2021

	Share capital QR	*Legal reserve QR*	*Fair value reserve QR*	*Retained earnings QR*	*Total QR*
Balance at 1 January 2020	200,000,000	104,189,843	182,725	82,646,563	387,019,131
Impact of adoption of FAS 30 & 33	-	-	-	(2,959,927)	(2,959,927)
Balance at 1 January 2020 – Adjusted	200,000,000	104,189,843	182,725	79,686,636	384,059,204
Total comprehensive income for the year	-	-	-	45,148,079	45,148,079
Net change in fair value of investments at fair value through equity	-	-	9,066,173	-	9,066,173
Dividends paid (Note 23)	-	-	-	(20,000,000)	(20,000,000)
Transfer to legal reserve (Note 13)	-	54,514,808	-	(54,514,808)	-
Balance at 31 December 2020	200,000,000	158,704,651	9,248,898	50,319,907	418,273,456
Total comprehensive income for the year	-	-	-	50,837,818	50,837,818
Net change in fair value of investments at fair value through equity	-	-	(2,625,478)	-	(2,625,478)
Dividends paid (Note 23)	-	-	-	(20,000,000)	(20,000,000)
Transfer to legal reserve (Note 13)	-	41,295,349	-	(41,295,349)	-
Balance at 31 December 2021	**200,000,000**	**200,000,000**	**6,623,420**	**39,862,376**	**446,485,796**

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STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Notes	2021 QR	2020 QR
OPERATING ACTIVITIES			
Shareholders' profit for the year		**50,837,818**	45,148,079
Policyholders' surplus for the year		**49,460,407**	44,945,061
		100,298,225	90,093,140
Adjustments for:			
Depreciation for property and equipment	9	**5,877,579**	1,027,629
Provisions for bad debts		**-**	21,073,227
Impairment on investments		**(377,516)**	1,102,406
Fair value gain / (loss) on investments at fair value through income statement		**(1,066,279)**	779,727
Amortization of right of use assets		**123,698**	-
Amortization of deferred cost		**78,106**	-
Realized gain from investments		**(26,962,396)**	(33,595,388)
Gain on sale of property, plant and equipment		**(108,277)**	
Write off of property, plant and equipment		**952,695**	-
Provision for tax		**1,394,971**	-
Rental rebate		**(160,823)**	-
Provision for employees' end of service benefits	17	**1,002,440**	321,402
Operating profit before working capital changes		**81,052,423**	80,802,143
Due from related parties		**3,489,938**	7,062,807
Prepayments, Takaful and other receivables		**(16,315,266)**	521,994
Due to related parties		**11,060,656**	708,878
Net Takaful contract liabilities		**41,094,254**	(1,813,978)
Provisions, Takaful and other payables		**1,112,174**	2,820,164
Cash flow from operating activities		**121,494,179**	90,102,008
Income tax paid		**(648,677)**	-
End of service benefits paid	17	**(214,800)**	(129,559)
Net cash flows from operating activities		**120,630,702**	89,972,449
INVESTING ACTIVITIES			
Acquisition of property and equipment	9	**(9,270,438)**	(11,509,270)
Proceeds from sale of property, plant and equipment		**108,277**	-
Net movement in investments		**52,646,666**	(107,212,877)
Net cash flows from / (used in) investing activities		**43,484,505**	(118,722,147)
FINANCING ACTIVITIES			
Policyholders' surplus paid during the year	15	**(2,104,260)**	(895,369)
Dividends paid	23	**(20,000,000)**	(20,000,000)
Repayment of gross liability		**(91,909)**	-
Murabaha finance	11	**(104,185,515)**	(13,096,476)
Net cash (used in) financing activities		**(126,381,684)**	(33,991,845)
Increase / (Decrease) in cash and cash equivalents		**37,733,523**	(62,741,543)
Cash and cash equivalents at the beginning of the year		**121,773,689**	184,515,232
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5	**159,507,212**	121,773,689

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

The attached notes are an integral part of these financial statements.

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 Shareholder Company under Qatar Commercial Companies' Law No. 5 of 2002 with Registration No: 43652. The Head Office of the Company is in Doha, State of Qatar.

The Company is primarily engaged in the business of underwriting general, Takaful (Life) and health non-profit takaful in accordance with the provisions of Islamic Shari'a. The Company also invests its capital in other Islamic investments' resources.

The financial statements of the Company for the year ended 31 December 2021 were approved by the Board of Directors on 13 February 2022.

2 BASIS OF PREPARATION

Statement of compliance
The financial statements comply with the requirements of Qatar Commercial Companies Law No.11 of 2015, whose certain provisions were subsequently amended by Law No.8 of 2021. The management is in the process of taking necessary actions needed to ensure full compliance with the amended law, including amending the Articles of Association of the Company where necessary, and has concluded that any non-compliance as at the reporting date does not have a material impact on the financial statements.

Principal financial statements
As per FAS - 12 General Presentation and Disclosure in the Financial Statements of Islamic Insurance Companies issued by the AAOIFI, the Company is required to present the statement of financial position comprising shareholder and policyholder assets and liabilities, the policyholders' statement of revenues and expenses, the statement of policyholders' surplus, shareholders' income statement, the statement of changes in shareholders' equity, and the statement of cash flows.

Basis of preparation
In accordance with 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, all risks and rewards arising from the takaful business are attributable to the policyholders and the Company's financial statements have been prepared accordingly.

The financial statements have been prepared under the historical cost basis except for certain financial instruments that are measured at fair value "investments at fair value through equity" and "investments at fair value through income statement", in accordance with the principal accounting policies as set out below.

These financial statements are presented in Qatari Riyal (QR), which is the Company's functional and presentation currency.

3 SIGNIFICANT ACCOUNTING POLICIES

New accounting standards, amendments and interpretations that are issued and effective from 1 January 2021

FAS 35 Risk Reserves
AAOIFI has issued FAS 35 "Risk Reserves" in 2018. This standard along with FAS 30 'Impairment, Credit losses and onerous commitments' supersede the earlier FAS 11 "Provisions and reserves". The objective of this standard is to establish the principles of accounting and financial reporting for risk reserves established to mitigate various risks faced by stakeholders, mainly the profit and loss taking investors, of Islamic Financial Institutions (IFIs/ the institutions). This standard is effective for the financial periods beginning on or after 1 January 2021 with early adoption permitted. There is no impact of this standard to these financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New accounting standards, amendments and interpretations that are issued and effective from 1 January 2021 (continued)

FAS 31 Investment Agency (Al-Wakala Bi Al-Istithmar)
The objective of this standard is to establish the principles of accounting and financial reporting for the investment agency (Al-Wakala Bi Al-Istithmar) instruments and the related assets and obligations from both the principal (investor) and the agent perspectives. The standard provides a broad classification where at the inception of the transaction, the principal (investor) shall evaluate the nature of investment as either a 'pass-through investment' – as a preferred option; or the 'Wakala venture' approach. There is no impact of this standard to these financial statements.

FAS 32 – Ijarah
This standard supersedes FAS-8 "Ijarah and Ijarah Muntahia Bittamleek". FAS-32 sets out the principles for the classification, recognition, measurement, presentation and disclosure of ijarah type transactions including their different forms entered into by an institution, in both the capacities of lessor and lessee. This standard is effective beginning 1 January 2021.

The Company has adopted FAS 32 "Ijarah" from 1 January 2021 on a prospective basis and has opted for the simplified transition approach and has not restated comparative information, prior to the date of the adoption of the standard. The adoption of FAS 32 has resulted in certain changes in the accounting policies for recognition, classification and measurement of Ijarah type transactions as summarized below:

Accounting policies (Policy applicable from 1 January 2021)

The Company as lessee

Identifying an Ijarah
At inception of a contract, the Company assesses whether the contract is, or contains an Ijarah. A contract is, or contains an Ijarah if the contract transfers the usufruct (but not control) of an identified asset for a period of time in exchange for an agreed consideration.

Usufruct – is a legally enforceable limited right related to an asset including the two property interests of (i) usus (use), being the right to use or enjoy such asset and (ii) fructus (fruit), being the right to derive profit or benefit from such asset, but does not entail risks and rewards incidental to ownership;

An institution shall reassess whether a contract is, or contains, an Ijarah only if the terms and conditions of the contract are changed.

Classification and measurement
An institution, in its capacity either as a lessor or lessee, shall classify each of its Ijarah as:

a. an operating Ijarah - is an Ijarah that is not accompanied with an option of transfer of ownership of the underlying asset to the lessee;
b. an Ijarah MBT - Ijarah Muntahia Bittamleek (Ijarah MBT) – is a hybrid Ijarah arrangement which, in addition to the Ijarah contract, includes a promise resulting in transfer of the ownership of the underlying asset to the lessee, either after the end of the term of the Ijarah period or by stages during the term of the contract. Such transfer of the ownership is executed through a sale or a gift, or a series of sales transactions – independent of Ijarah contract.

Ijarah MBT includes the following types:

- an Ijarah MBT – with expected transfer of ownership after the end of the Ijarah term – either through a sale or a gift; or
- an Ijarah MBT with gradual transfer – with gradual transfer of ownership during the Ijarah term (including Diminishing Musharaka Ijarah).

At the Ijarah commencement date, the Company as a lessee recognises a right-of-use (usufruct) asset and a net Ijarah liability (i.e. gross Ijarah liability less deferred Ijarah cost).

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New accounting standards, amendments and interpretations that are issued and effective from 1 January 2021 (continued)

Accounting policies (Policy applicable from 1 January 2021) (continued)

The Company as lessee (continued)

Right-of-use asset

Initial recognition and measurement

On initial recognition, the lessee measures the right-of-use asset at cost. The cost of the right-of use asset comprises of:

a. The prime cost of the right-of-use asset;
b. Initial direct costs incurred by the lessee; and
c. Dismantling or decommissioning costs

The Company determines the prime cost of the right-of-use asset using the liability estimation method. Under this method, the prime cost of the right-of-use asset is determined through estimation based on the fair value of the total consideration paid or payable (i.e. total Ijarah rentals) against the right-of-use asset, under a similar transaction.

Recognition exemptions and simplified accounting for the lessee

The Company as a lessee elects not to apply the requirements of Ijarah recognition and measurement to:

a. Short-term Ijarah; and
b. Ijarah for which the underlying asset is of low value

Subsequent measurement

After the commencement date, the Company as a lessee measures the right-of-use asset at cost less accumulated amortisation and impairment losses, adjusted for the effect of any Ijarah modifications or reassessments. The amortizable amount of a right-of-use asset comprises of the right-of-use asset less residual value, if any, and is amortised according to a systematic basis that is reflective of the pattern of utilization of benefits from the right-of-use asset.

The Company amortises the right-of-use asset from the commencement date to the end of the useful economic life of the right-of-use asset, which coincides with the end of the Ijarah term. The Company determines the Ijarah term, including the contractually binding period, as well as reasonably certain optional periods, including:

a. Extension periods if it is reasonably certain that the Company will exercise that option; and/ or
b. Termination options if it is reasonably certain that the Company will not exercise that option

The Company carries out impairment assessment in line with the requirements of FAS 30 "Impairment, Credit Losses and Onerous Commitments" to determine whether the right-of-use asset is impaired and to account for any impairment losses identified. The impairment assessment takes into consideration the estimated residual value of the underlying asset. Any related commitments, including promises to purchase the underlying asset, are also considered in line with FAS 30 "Impairment, Credit Losses and Onerous Commitments".

Net Ijarah liability

Initial recognition and measurement

The net Ijarah liability comprises of the gross Ijarah liability and deferred Ijarah cost (shown as a contra-liability). The gross Ijarah liability is initially recognised as the gross amount of total Ijarah rental payables for the Ijarah term. The rental payable comprises of the following payments for the right to use the underlying asset during the Ijarah term:

a. Fixed Ijarah rentals less any incentives receivable;
b. Variable Ijarah rentals including supplementary rentals; and
c. Payments of additional rentals, if any, for terminating the Ijarah (if the Ijarah term reflects the lessee exercising the termination option)

Advance rentals paid are netted off with the gross Ijarah liability.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New accounting standards, amendments and interpretations that are issued and effective from 1 January 2021 (continued)

Net Ijarah liability (continued)

Subsequent measurement
After the commencement date, the Company measures the net Ijarah liability by:

a. Reducing the carrying amount of the gross Ijarah liability to reflect the Ijarah rentals made;
b. Increasing the net carrying amount to reflect return on the Ijarah liability (amortisation of deferred Ijarah cost);
c. Re-measuring the carrying amount in the event of reassessment or Ijarah contract modifications or to reflect revised Ijarah rentals.

The deferred Ijarah cost is amortised to income statement over the Ijarah terms on a time-proportionate basis using the effective rate of return method.

Ijarah contract modifications
After the commencement date, the Company accounts for Ijarah contract modifications as follows:

a. Change in the Ijarah term: re-calculation and adjustment of the right-of-use asset, the Ijarah liability, and the deferred Ijarah cost; or
b. Change in future Ijarah rentals only: re-calculation of the Ijarah liability and the deferred Ijarah cost only, without impacting the right-of-use asset.

An Ijarah modification is considered as a new Ijarah component to be accounted for as a separate Ijarah for the lessee, if the modification both additionally transfers the right to use of an identifiable underlying asset and the Ijarah rentals are increased corresponding to the additional right-of-use asset. For modifications not meeting any of the conditions stated above, the Company considers the Ijarah as a modified Ijarah as of the effective date and recognises a new Ijarah transaction. The Company recalculates the Ijarah liability, deferred Ijarah cost, and right-of-use asset, and de-recognises the existing Ijarah transaction and balances.

Expenses relating to underlying asset
Operational expenses relating to the underlying asset, including any expenses contractually agreed to be borne by the Company, are recognised by the Company in the shareholder's income statement in the period incurred.

Impact on adoption of FAS 32
The following amounts are recognized under the new standard and included in the respective headings of the statement of financial position and shareholder's income statement:

	31 December 2021 QR	*1 January 2021 QR*
Statement of financial position		
Right-of-use asset	**3,092,432**	3,216,130
Gross Ijarah liability	**5,644,103**	5,896,834
Less: Deferred Ijarah cost	**(2,602,598)**	(2,680,704)
Net Ijarah liability	**3,041,505**	3,216,130

	31 December 2021 QR
Shareholder's income statement	
Amortisation on Right-of-use asset	**123,698**
Amortisation of Ijarah costs	**78,106**

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standards issued but not yet effective

FAS 37 - Financial Reporting by Waqf Institutions
The objective of this standard is to establish principles of financial reporting for Waqf institutions, which are established and operate in line with Shari'ah principles and rules. This standard shall be applicable on all types of Waqf institutions and other institutions constituted on the concept of Waqf, and operating in line with Shari'ah principles and rules, irrespective of their legal status, including virtual Waqf institutions.

This standard shall be effective for the financial periods beginning on or after 1 January 2022 with early adoption permitted. Since the Company does not have any current waqf activities, no impact is expected of this standard to the financial statements of the Company.

FAS 38 – Wa'ad, Khiyar and Tahawwut
The objective of this standard is to prescribe the appropriate accounting and reporting principles for recognition, measurement and disclosures in relation to Shari'ah compliant Wa'ad (promise), Khiyar (option) and Tahawwut (hedging) arrangements for Islamic financial institutions (IFIs). This standard applies to accounting and financial reporting for all transactions involving Wa'ad, Khiyar or Tahawwut arrangements carried out under Shari'ah principles and rules, as provided in this standard.

This standard shall be effective for the financial statements beginning on or after 1 January 2022. Earlier application of the standard is permitted. The management is assessing the impact of adoption of FAS 38 on Company's financial statements. Since the Company does not have any such arrangement, no impact is expected of this standard to the financial statements of the Company.

Summary of significant accounting policies
The significant accounting policies adopted in the preparation of the financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2020, except for FAS 32 "Ijarah".

Financial assets
All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through income statement, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets at fair value through income statement, investments at fair value through equity and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition to the net carrying amount on initial recognition.

Cash and cash equivalents
Cash and cash equivalents balances consist of cash on hand, bank balances and short-term deposits with an original maturity of three months or less.

Investments at fair value through income statement
Financial assets are classified as at investments at fair value through income statement where the financial asset is either held for trading or it is designated as at investments at fair value through income statement.

A financial asset is classified as investments at fair value through income statement if:

(i) It has been acquired principally for the purpose of selling in the near future;
(ii) On initial recognition it is a part of an identified portfolio of financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
(iii) It is a derivative that is not designated and effective as a hedging instrument.

Investments at fair value through equity – debt type instruments
These are financial investments in the debt-type instruments which are recognised initially at fair value, including directly attributable transaction costs. The entity debt-type investments at fair value included investment in quoted sukuks.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies (continued)

Financial assets (continued)

Investments at fair value through equity – debt type instruments (continued)
The fair value of investment securities trading in active markets is based on market prices or broker/dealer valuations. Gains and losses arising from changes in fair value are recognised directly in equity in the fair value reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in the income statement. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the fair value reserve is taken to the income statement.

Contribution receivable
Contribution receivable are stated at original invoice amount, less any impairment for doubtful debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Impairment of financial assets
The Company recognizes loss allowances for Expected Credit Losses (ECL) on the following financial instruments:

- Bank balances; and
- Investments at fair value through equity;

Other than for receivables, the Company measures loss allowances at an amount equal to lifetime ECL, except for the other financial instruments on which credit risk has not increased significantly since their initial recognition, for which they are measured as 12-month ECL.

The Company applies a three-stage approach to measuring ECL on financial assets carried at amortized cost. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

Stage 1: 12 months expected credit losses ("ECL")
For exposures where there has not been a significant increase in credit risk since initial recognition, the portion of the lifetime ECL associated with the probability of default events occurring within next 12 months is recognized for financial assets not meeting the criteria of 30 days delay in contractual payments through collective allowance.

Stage 2: Lifetime ECL - not credit impaired
For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired and having equal to or more than 30 days delay but less than 90 days delay in contractual payments or meeting other qualitative indicators like significant deterioration of credit rating or breach of covenants a lifetime ECL is recognised through collective allowance.

Stage 3: Lifetime ECL - credit impaired
Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred and having equal to or more than 90 days delay in contractual payments. As this uses the same criteria as under FAS 11, the Company's methodology for specific provisions remains largely unchanged.

Inputs, assumptions and techniques used for estimating impairment

Significant increase in credit risk
When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and expert credit assessment and including forward-looking information.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies (continued)

Financial assets (continued)

Significant increase in credit risk (continued)
In determining whether credit risk has increased significantly since initial recognition following criteria are considered:

- External credit rating (as far as available);
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the policyholders, insurers and reinsurers, other insurance debtors and debt issuers;
- Significant changes in the expected performance and behavior of the policyholders, insurers and reinsurers, other insurance debtors and debt issuers, including changes in their payment status and changes in their operating results;
- Significant changes in credit risk on other financial instruments of the same policyholders, insurers and reinsurers, other insurance debtors and debt issuers.

Forward looking information
The Company, for forward looking information, relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Unemployment rates
- Central Bank base rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Derecognition of financial assets and financial liabilities

Financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of income.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies (continued)

Re-takaful
The Company cedes takaful risk in the normal course of business for all of its businesses. Re-takaful contract assets represent balances due from re-takaful companies. Recoverable amounts are estimated in a manner consistent with the outstanding claims provision and are in accordance with the re-takaful contract.

Re-takaful assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the re-takaful asset that the Company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measureable impact on the amounts that the Company will receive from the retakaful. The impairment loss is recorded in the statement of policyholders' revenues and expenses. Ceded re-takaful arrangements do not relieve the Company from its obligations to policyholders.

Contributions and claims on assumed re-takaful are recognised as income and expenses in the same manner as they would be if the re-takaful were considered direct business, taking into account the product classification of the reinsured business.

Re-takaful contract liabilities represent balances due to re-takaful companies. Amounts payable are estimated in a manner consistent with the associated re-takaful contract.

Contributions and claims are presented on a gross basis for both ceded and assumed re-takaful.

Property and equipment
Items of property and equipment are carried at historical cost less accumulated depreciation less impairment losses, if any. All other repairs and maintenance are charged to the statement of income during the financial period in which they are incurred.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

Depreciation is provided on cost by the straight-line method and is charged to the income statement, at annual rates which are intended to write off the cost of the assets over their estimated useful lives as follows:

Building	20 years
Furniture and equipment	6-7 years
Computer equipment	3 years
Fixtures and fittings	7 years
Motor vehicles	5 years

The depreciation method and the estimated useful lives are reviewed at each financial year to ensure that the method of depreciation and the period are consistent with the expected pattern of economic benefits from items of property and equipment.

Freehold land and construction work in progress are not depreciated.

Impairment of non-financial assets
The Company assesses at each financial reporting date whether there is an indication that its nonfinancial assets (e.g., property and equipment,) may be impaired. If such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of are recognized in the income statement in those expense categories consistent with the function of the impaired asset.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies (continued)

Employees' End of service benefits
The Company provides for employees' end of service benefits for the expatriates employees determined in accordance with the provision of the Qatar Labour Law No 14 of 2004 based on employees' salaries and period of employment and are paid to the employees on termination of employment with the Company.

Under Law No. 24 of 2002 on Retirement and Pension, the Company is required to make contributions to a Government fund scheme for Qatari employees calculated as a percentage of the Qatari employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

The Company has no expectation of settling its employees' end of service benefits obligation in near term. The provision is not discounted as the difference between the provision stated in the statement of financial position and net present value is not expected to be significant.

Takaful contract liabilities
Takaful contract liabilities are recognised when contracts are entered into and contribution are charged. The Company set aside following technical provisions for general and takaful businesses.

Unearned contributions provision
Unearned contributions provision represents the portion of contribution received or receivable after deduction of the re-takaful share and commission expense which relates to the period subsequent to the reporting date. The provision is calculated in accordance with the pattern of insurance service provided under the contract (1/365th method). Under this method, the unearned contribution provision is recognised to cover the proportion of retained premiums written in a year which relate to the period of risk. The reserve for unexpired risks represents the estimated portion of net contribution income, after deduction of the retakaful share which relates to the period subsequent to the reporting date. For Credit Life business the unexpired risks reserve is determined based on an actuarial valuation.

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 methods for making such estimates and for establishing the resulting liability are continually reviewed.

Claims incurred but not reported (IBNR)
Claims provision also include a liability for claims incurred but not reported as at the reporting date. The provision for IBNR is an amount of claims estimated by the Company, based on the Company's past experience related to the most recent reported claims and various statistical methods to arrive at the value expected to be paid. The liability is not discounted for the time value of money.

The provision for claims incurred but not reported (IBNR) is made as follows;

- For Credit Life business, based on a report provided by the independent actuary.
- For the Motor and Non-Motor class of business, 5% of net contribution for the year or 10% of net outstanding claims, whichever is higher.

The takaful contract liabilities are derecognised when the contract expires, discharged or cancelled.

Surplus in policyholders' funds
Surplus in policyholders' funds represents accumulated gains on takaful activities and are distributed among the participants by underwriting year on development of business. The timing, quantum and the basis of distribution is decided by the Shari'ah Supervisory Board of the Company.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies (continued)

Revenue recognition
Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company.

Gross contributions
Gross contributions (contributions) represent policies underwritten during the year, net of refunds and discounts granted. Gross contributions for Takaful business are recognised when due.

Re-takaful share of gross contributions
Retakaful share of gross contributions are amounts paid to reinsurers in accordance with the re-takaful contracts of the Company. The retakaful share of contributions are recognized on the date on which the policy incepts

Net commission expenses and advance commission fee
Net commission expenses are amortized over the period in which the related gross contributions are earned. The Company defers commission income and expense of credit life policies in order to spread the commission income and expense earned over the period of three years. Net commission income that relate to periods of risk that extend beyond the end of the financial year is included under "Takaful and other receivables" in the statement of financial position.

Islamic deposits
Income from deposits with Islamic banks is accounted for on the basis of profits advised by the Islamic banks taking into account the principal outstanding.

Wakala fee
The Shareholders' fund is entitled for an annual fixed management fee for Takaful Contributions received during the year. Wakala fee is computed at 20% (25% effective from 1 July 2021) of gross takaful contributions. The actual rate for each year is determined by the Shari'a Supervisory Board with co-ordination with the Company's Board of Directors. Wakala fee pertaining to Credit Life line of business that relate to periods of risk that extend beyond the end of the financial year is deferred and included under "Takaful and other receivables" for policyholders and "Provisions and other payables" for shareholders in the statement of financial position.

Mudarib share
The Mudarib share represents management fee payable to the shareholders by the policyholders for managing their investments. A rate of 40% (60% effective from 1 July 2021) of the net income received on the investments of the policyholders are recognized as Mudarib share. The actual rate for each year is determined by the Shari'a Supervisory Board with co-ordination with the Company's Board of Directors.

Dividends income
Dividend income from investments is recognised when the Company's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably.

Claims
Gross claims are recognised in the statement of policyholders' revenues and expenses when the claim amount payable to policyholders and third parties is determined as per the terms of the re-takaful contracts. Claims incurred comprise the settlement and the handling costs paid and outstanding claims arising from events occurring during the financial period. Provisions for reported claims not paid as at the end of the reporting period are made on the basis of individual case estimates.

The Company does not discount its liability for unpaid claims as substantially all claims are expected to be paid within 12 months of the reporting period.

General and administrative expenses
General and administrative expenses are charged to the income statement of shareholders

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies (continued)

Taxation
The income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax law used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Taxation is provided in accordance with the tax laws applicable in the State of Qatar. Current tax is the expected tax payable calculated using the tax rate enacted or substantially enacted at the reporting date and any adjustments to tax payable in respect of previous years. As per Qatar Income Tax laws and regulations, current year income tax of the Company is calculated on the taxable income for the year attributable to non-Qatari shareholders of the Company.

Segment reporting
An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Foreign currency transactions
Transactions in foreign currencies are recorded in Qatari Riyal at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the rate of exchange at the reporting date. All exchange differences are taken to the income statement. Non-monetary assets and liabilities are translated at rates ruling at the date of the transaction.

Fair values
The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices for assets at the close of business at the end of the reporting period.

For financial instruments where there is no active market, the fair value is determined by using discounted cash flow analysis or reference to broker or dealer price quotations. For discounted cash flow analysis, estimated future cash flows are based on management's best estimates and the discount rate used is a market related rate for a similar instrument.

For unquoted investment funds, fair value is determined based on net asset values as advised by the fund manager.

If the fair value cannot be measured reliably, these financial instruments are measured at cost, less provision for impairment.

4 CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Claims made under takaful contracts
Claims and loss adjustment expenses are charged to the income statement of policyholders as incurred based on the estimated liability for compensation owed to contract holders or third parties for loss resulting from contract holders' action. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Company and management estimations for the claims incurred but not reported. The method for making such estimates and for establishing the resulting liability is continually reviewed. Any difference between the actual claims and the provisions made are included in the statement of policyholders' revenues and expenses in the year of settlement.

4 CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION (CONTINUED)

Claims made under takaful contracts (continued)

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of investments at fair value through equity

Assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL. Refer to note 3 for Inputs, assumptions and techniques used for estimating impairment of financial assets for more information.

Impairment of takaful and other receivable

The Company's management reviews periodically items classified as receivables to assess whether a provision for impairment should be recorded in the income statement. Management estimates the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgement and uncertainty.

Liability adequacy test

At each reporting date, liability adequacy tests are performed to ensure the adequacy of the takaful liabilities. In performing these tests, current best estimates of future cash flows and claims handling and administration expenses are used. Any deficiency is presented separately, under the policyholders' equity in the statement of financial position.

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Therefore, the financial statements continue to be prepared on a going concern basis

5 CASH AND BANK BALANCES

For the purposes of statement of cash flows, cash and cash equivalents include cash 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 statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2021	*2020*
	QR	*QR*
Shareholders:		
Investment deposits (Islamic banks)	**42,900,000**	40,304,018
Saving accounts (Islamic banks)	**1,641,604**	1,595,806
Current accounts	**337,795**	278,428
Total	**44,879,399**	42,178,252
Policyholders:		
Investment deposits (Islamic banks)	**106,828,053**	67,061,174
Saving accounts (Islamic banks)	**5,318,308**	10,268,084
Current accounts	**2,481,452**	2,266,179
Total	**114,627,813**	79,595,437
Total cash and bank balances	**159,507,212**	121,773,689
Less: deposits with original maturity over ninety days	**(300,000)**	(300,000)
Total cash and cash equivalents of the year	**159,207,212**	121,473,689

- Investment deposits earn profit at rates ranging from 1.6 % to 2.15 % (2020: 1.10% to 1.35%).
- Saving accounts earn profit at rates ranging from 0.50 % to 0.90 % (2020: 0.60% to 0.9%).

6 FINANCIAL INVESTMENTS

a. Investments at fair value through equity

	Policyholders QR	*Shareholders QR*	*Total QR*
Managed funds	422,517,867	362,320,261	784,838,128
Fair value reserve	5,004,301	6,623,420	11,627,721
Investments at fair value through equity at 31 December 2021	**427,522,168**	**368,943,681**	**796,465,849**
Investments at fair value through equity at 31 December 2020	396,425,999	400,777,247	797,203,246

Note:
During the period, the Company has reversed expected credit losses of QR 128,938 (charge 2020: QR 601,337) and QR 248,578 (charge 2020: QR 501,069) for policyholders and shareholders respectively.

Expected credit loss is included in fair value reserve of QR 968,022 (2020: 1,096,960) and QR 838,202 (1,086,779) respectively for policyholders and shareholders

b. Investments at fair value through income statement

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

	31 December 2021		*31 December 2020*	
	Policyholders QR	***Shareholders QR***	*Policyholders QR*	*Shareholders QR*
Managed funds	**13,868,791**	**15,764,151**	28,886,264	31,515,439

Note:

The fair value of investments pledged against the Murabaha financing taken by the Company amounted to QR 184,295,116 (2020: QR 288,480,631).

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

7 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:

	2021 *QR*	*2020* *QR*
Takaful contribution written		
Qatar Islamic Bank "shareholder"	**180,564,755**	189,158,188
Masraf Al Rayyan Q.P.S.C. "shareholder"	**23,133,704**	26,033,650
Barwa Real Estate Company Q.P.S.C. "shareholder"	**4,385,433**	3,279,154
Q-Invest L.L.C. "shareholder"	**4,019,704**	3,223,116
Qatar Insurance Company Q.P.S.C. "shareholder"	**709,015**	70,266
	212,812,611	221,764,374
Claims Paid		
Qatar Islamic Bank "shareholder"	**26,412,233**	19,169,471
Qatar Insurance Company Q.P.S.C. "shareholder"	**6,587,587**	5,265,911
Masraf Al Rayyan Q.P.S.C. "shareholder"	**2,233,582**	3,469,660
Barwa Real Estate Company Q.P.S.C. "shareholder"	**-**	76,305
Q-Invest L.L.C. "shareholder"	**1,000**	2,056
	35,234,402	27,983,403

(b) Due from related parties

Policyholders

	2021 *QR*	*2020* *QR*
Masraf Al Rayyan Q.P.S.C. "shareholder"	**2,140,769**	2,948,848
Q-Invest L.L.C. "shareholder"	**1,406**	102,340
Qatar Insurance Company Q.P.S.C. "shareholder"	**-**	1,894,950
Barwa Real Estate Company Q.P.S.C. "shareholder"	**-**	685,975
	2,142,175	5,632,113

(c) Due to related parties

Policyholders

	2021 *QR*	*2020* *QR*
Qatar Islamic Bank Q.P.S.C. "shareholder"	**13,396,137**	3,676,887
Barwa Real Estate Company Q.P.S.C. "shareholder"	**713,233**	-
Qatar Insurance Company Q.P.S.C. "shareholder"	**610,446**	-
	14,719,816	3,676,887

Shareholders

	2021 *QR*	*2020* *QR*
Qatar Insurance Company Q.P.S.C. "shareholder"	**6,321,234**	6,303,507

7 RELATED PARTY DISCLOSURES (CONTINUED)

(d) Compensation of key management personnel

	2021	*2020*
	QR	*QR*
Short term benefits	**4,043,772**	2,880,000
Board of directors' remuneration	**900,000**	900,000
	4,943,772	3,780,000

8 TAKAFUL CONTRACT LIABILITIES AND RETAKAFUL CONTRACT ASSETS

	2021	*2020*
	QR	*QR*
Gross Takaful contract liabilities		
Claims reported unsettled	**140,149,143**	153,511,693
Claims incurred but not reported	**51,950,080**	48,122,781
Unearned contributions	**283,071,691**	237,394,928
Total	**475,170,914**	439,029,402
Retakaful share of takaful liabilities		
Claims reported unsettled	**88,484,467**	102,750,230
Claims incurred but not reported	**28,625,905**	25,927,183
Unearned contributions	**22,998,819**	16,384,520
Total	**140,109,191**	145,061,933
Net Takaful liabilities		
Claims reported unsettled	**51,664,676**	50,761,463
Claims incurred but not reported	**23,324,175**	22,195,598
Unearned contributions	**260,072,872**	221,010,408
Total	**335,061,723**	293,967,469

8 TAKAFUL CONTRACT LIABILITIES AND RETAKAFUL CONTRACT ASSETS (CONTINUED)

	2021			*2020*		
	Gross QR	***Retakafuls' share QR***	***Net QR***	*Gross QR*	*Retakafuls' share QR*	*Net QR*
As at 1 January						
Reported claims	**153,511,693**	**(102,750,230)**	**50,761,463**	143,909,326	(75,238,010)	68,671,316
IBNR	**48,122,781**	**(25,927,183)**	**22,195,598**	25,739,335	(6,305,187)	19,434,148
Total	**201,634,474**	**(128,677,413)**	**72,957,061**	169,648,661	(81,543,197)	88,105,464
Movements during the year						
Reported claims (unsettled)	**(13,362,550)**	**14,265,763**	**903,213**	9,602,367	(27,512,220)	(17,909,853)
IBNR	**3,827,299**	**(2,698,722)**	**1,128,577**	22,383,446	(19,621,996)	2,761,450
Total (Note 18.1)	**(9,535,251)**	**11,567,041**	**2,031,790**	31,985,813	(47,134,216)	(15,148,403)
As at 31 December						
Reported claims	**140,149,143**	**(88,484,467)**	**51,664,676**	153,511,693	(102,750,230)	50,761,463
IBNR	**51,950,080**	**(28,625,905)**	**23,324,175**	48,122,781	(25,927,183)	22,195,598
Total	**192,099,223**	**(117,110,372)**	**74,988,851**	201,634,474	(128,677,413)	72,957,061

9 PROPERTY AND EQUIPMENT

	Freehold land QR	*Air Condition, Other Plant and Machinery QR*	*Construction work-in-progress QR*	*Building QR*	*Furniture fittings and office equipment QR*	*Computer equipment QR*	*Motor vehicle QR*	*Total QR*
Cost:								
At 1 January 2021	40,446,218	-	72,497,451	7,371,976	6,413,788	6,738,527	1,214,424	134,682,384
Transfers	-	4,303,244	(80,179,790)	69,300,709	6,575,837	-	-	-
Additions during the year	-	-	7,682,339	74,000	160,150	563,949	790,000	9,270,438
Disposals / Write offs	(700,000)	-	-	-	(2,620,959)	-	(464,924)	(3,785,883)
At 31 December 2021	39,746,218	4,303,244	-	76,746,685	10,528,816	7,302,476	1,539,500	140,166,939
Accumulated Depreciation:								
At 1 January 2021	-	-	-	368,603	6,054,747	6,470,176	915,088	13,808,614
Charge for the year	-	824,342	-	3,542,735	947,433	366,841	196,228	5,877,579
Relating to disposals	-	-	-	-	(2,368,264)	-	(464,924)	(2,833,188)
As at 31 December 2021	-	824,342	-	3,911,338	4,633,916	6,837,017	646,392	16,853,005
Net carrying value:								
As at 31 December 2021	**39,746,218**	**3,478,902**	-	**72,835,347**	**5,894,900**	**465,459**	**893,108**	**123,313,934**

9 PROPERTY AND EQUIPMENT (CONTINUED)

	Freehold land QR	*Construction work-in-progress QR*	*Building QR*	*Furniture, fittings and office equipment QR*	*Computer equipment QR*	*Motor vehicle QR*	*Total QR*
Cost:							
At 1 January 2020	40,446,218	68,467,643	-	6,392,500	6,652,329	1,214,424	123,173,114
Transfers	-	(7,293,476)	7,293,476	-	-	-	-
Additions during the year	-	11,323,284	78,500	21,288	86,198	-	11,509,270
At 31 December 2020	40,446,218	72,497,451	7,371,976	6,413,788	6,738,527	1,214,424	134,682,384
Accumulated Depreciation:							
At 1 January 2020	-	-	-	5,836,368	6,174,829	769,788	12,780,985
Charge for the year	-	-	368,603	218,379	295,347	145,300	1,027,629
As at 31 December 2020	-	-	368,603	6,054,747	6,470,176	915,088	13,808,614
Net carrying value:							
As at 31 December 2020	40,446,218	72,497,451	7,003,373	359,041	268,351	299,336	120,873,770

10 PREPAYMENTS, TAKAFUL AND OTHER RECEIVABLES

	2021 ***QR***	*2020* *QR*
Due from retakaful	**23,137,050**	33,107,390
Contributions receivable *	**52,855,904**	46,935,987
Other receivables and prepayments	**79,922,809**	59,557,120
	155,915,763	139,600,497
Provisions for bad debts	**(23,675,512)**	(23,675,512)
	132,240,251	115,924,985

Notes:

* Contributions receivables comprise a large number of customers mainly within the State of Qatar. Eight companies account for 61% of the receivables as of 31 December 2021 (2020: 70%).

The below table describes the aging of the contribution's receivable and due from retakaful.

	2021 ***QR***	*2020* *QR*
0 - 60 days	**14,164,626**	21,571,813
61 - 90 days	**3,300,453**	803,742
91 - 180 days	**14,046,374**	5,315,578
181 - 365 days	**12,210,225**	13,656,624
More than 365 days	**32,271,276**	38,695,620
Total	**75,992,954**	80,043,377

The movement in the provisions for bad debts is as follows:

	2021 ***QR***	*2020* *QR*
As at 1 January	**23,675,512**	2,602,285
Provided during the year	**-**	21,073,227
As at 31 December	**23,675,512**	23,675,512

The amounts due from retakaful are contractually due within a maximum of 3 months from the date of payment of the claims.

	2021 ***QR***	*2020* *QR*
Shareholders receivables - net	**2,002,013**	1,547,730
Policyholders receivables - net	**130,238,238**	114,377,255
	132,240,251	115,924,985

11 MURABAHA FINANCE

	2021 *QR*	*2020* *QR*
As at 1 January	**288,480,631**	301,577,107
Net movement during the year	**(104,185,515)**	(13,096,476)
As at 31 December	**184,295,116**	288,480,631

The Company has entered in a murabaha financing agreement with Bank Sarasin & Co. Limited, Switzerland to finance the shareholders' investment. The financing is pledged against all the bank accounts of the Company and is repayable within 1 year.

	2021 *QR*	*2020* *QR*
Murabha Finance - Shareholders	**99,807,985**	175,396,322
Murabha Finance - Policyholders	**84,487,131**	113,084,309
	184,295,116	288,480,631

12 SHARE CAPITAL

	Authorized, issued and fully paid up 2021	*Authorized, issued and fully paid up 2020*
Share capital (QR)	**200,000,000**	200,000,000
Number of shares of QR 10 each	**20,000,000**	20,000,000

The share capital is allocated between the shareholders as follows:

	Country of incorporation	*%*	*2021* *QR*	*2020* *QR*
Qatar Islamic Bank Q.P.S.C.	Qatar	25%	**50,000,000**	50,000,000
Qatar Insurance Company Q.P.S.C.	Qatar	25%	**50,000,000**	50,000,000
Masraf Al Rayyan Q.P.S.C.	Qatar	20%	**40,000,000**	40,000,000
Barwa Real Estate Company Q.P.S.C.	Qatar	20%	**40,000,000**	40,000,000
Q-Invest L.L.C.	Qatar	10%	**20,000,000**	20,000,000
		100%	**200,000,000**	200,000,000

13 LEGAL RESERVE

Legal reserve is computed in accordance with the provisions of the Qatar Central Bank (QCB), Qatar Commercial Companies' Law and the company's Articles of Association a minimum of 10% of the net profit of shareholders for the year. On November 23, 2015, the Extra-Ordinary General Meeting approved the amendment of paragraph (1) Article (66) of the Articles of Association of the Company. This reserve is to be maintained until it equates 100% of the paid-up capital and is not available for distribution except in circumstances specified in the Qatar Central Bank (QCB) regulations and Qatar Commercial Companies Law. During the year, the Company has transferred QR 41,295,349 to legal reserve.

14 PROVISIONS, TAKAFUL AND OTHER PAYABLES

	2021	*2020*
	QR	*QR*
Due to retakaful	**9,082,734**	13,492,166
Contribution payable	**2,406,126**	2,144,867
Provisions and other payables	**71,039,117**	65,032,476
	82,527,977	80,669,509

	2021	*2020*
	QR	*QR*
Shareholders payable	**49,945,905**	34,709,635
Policyholders payable	**32,582,072**	45,959,874
	82,527,977	80,669,509

15 DISTRIBUTABLE SURPLUS PAYABLE

	2021	*2020*
	QR	*QR*
Balance at 1 January	**44,984,807**	36,030,755
Surplus declared during the year	**9,425,389**	9,849,421
Payments made during the year	**(2,104,260)**	(895,369)
Balance at 31 December	**52,305,936**	44,984,807

The Board of Directors have approved a distribution of QR 9,425,389 as surplus for policyholders for the year out of the results of the Takaful operations relating to the year ended 31 December 2020 (relating to 31 December 2019: QR 9,849,421). The balance of the retained surplus will be distributed to the policyholders in future years in accordance with the decision of the Shari'a' Supervisory Board. The Board of Directors have proposed a distribution of 7% for the year ended 31 December 2021. The proposal to distribute surplus will be submitted for approval at the Annual General Meeting.

The surplus is allocated to all policyholders according to their pro-rata share of premium contribution for those who have not incurred claims during the financial year.

16 EQUALIZATION RESERVE

On October 30, 2018, the Shari'a Supervisory Board and Board of Directors approved to create equalization reserve to cover any unexpected taxation impact or any unexpected policyholder expenses. During the year, the management has made an additional provision of QR 20,000,000 for any unexpected policyholder expenses based on the above approval.

17 EMPLOYEES' END OF SERVICE BENEFITS

	2021	*2020*
	QR	*QR*
As at 1 January	**2,200,296**	2,008,453
Charge for the year	**1,002,440**	321,402
Paid during the year	**(214,800)**	(129,559)
As at 31 December	**2,987,936**	2,200,296

18 NET UNDERWRITING RESULTS

	Marine and Aviation		Motors		Fire and General Accident		Takaful and Health		Total	
	2021 QR	2020 QR	**2021 QR**	2020 QR	**2021 QR**	2020 QR	**2021 QR**	2020 QR	**2021 QR**	2020 QR
Gross contributions	**1,539,123**	2,576,936	**103,848,934**	117,968,661	**45,974,539**	41,042,642	**216,231,706**	164,582,675	**367,594,302**	326,170,914
Re-Takaful share	**(973,343)**	(1,444,060)	**(2,056,354)**	(2,168,106)	**(36,468,890)**	(32,417,928)	**(34,796,764)**	(30,531,243)	**(74,295,351)**	(66,561,337)
Net contributions	**565,780**	1,132,876	**101,792,580**	115,800,555	**9,505,649**	8,624,714	**181,434,942**	134,051,432	**293,298,951**	259,609,577
Movement in unearned contribution	**40,484**	169,141	**4,425,968**	7,814,382	**(462,027)**	470,735	**(43,066,889)**	(21,788,683)	**(39,062,464)**	(13,334,425)
Net earned contributions	**606,264**	1,302,017	**106,218,548**	123,614,937	**9,043,622**	9,095,449	**138,368,053**	112,262,749	**254,236,487**	246,275,152
Expenses:										
Gross claims paid	**(8,043)**	(1,052,621)	**(84,444,234)**	(93,339,826)	**(12,857,530)**	(23,238,231)	**(56,287,231)**	(45,159,308)	**(153,597,038)**	(162,789,986)
Re-Takaful and other recoveries	**122,558**	530,462	**29,947,251**	25,353,317	**10,559,022**	20,033,460	**20,830,656**	18,073,034	**61,459,487**	63,990,273
Movement in outstanding claims and IBNR (Note 18.1)	**19,505**	249,042	**761,574**	12,869,096	**857,062**	(1,300,242)	**(3,669,931)**	(872,353)	**(2,031,790)**	10,945,543
Commission expense, net	**100,788**	92,255	**(8,713,115)**	(9,351,041)	**754,701**	960,835	**(36,031,412)**	(31,018,429)	**(43,889,038)**	(39,316,380)
Net takaful expenses	**234,808**	(180,862)	**(62,448,524)**	(64,468,454)	**(686,745)**	(3,544,178)	**(75,157,918)**	(58,977,056)	**(138,058,379)**	(127,170,550)
Surplus from takaful operations	**841,072**	1,121,155	**43,770,024**	59,146,483	**8,356,877**	5,551,271	**63,210,135**	53,285,693	**116,178,108**	119,104,602

18.1 In 2020, QR 10,945,543 (movement in outstanding claims and IBNR) includes a charge of QR 4,202,860 relating to a potential facultative cover claim.

19 COMMISSION EXPENSE - NET

	2021	2020
	QR	*QR*
Commission to agents and retakaful	**53,245,439**	45,917,403
Profit from retakaful	**(9,356,401)**	(6,601,023)
	43,889,038	39,316,380

20 INVESTMENT INCOME

(a) Investment Income – Policyholders

	2021	2020
	QR	*QR*
Investment profit	**13,244,954**	15,287,779
Call account and fixed deposit profit	**1,359,596**	1,309,844
Total investment income	**14,604,550**	16,597,623
Fair value gain / (loss) on investments at fair value through income statement	**371,891**	(302,139)
Impairment reversal /(charge) for investments at fair value through equity	**128,938**	(601,337)
Investment expenses of policyholders	**(2,444,314)**	(2,537,771)
Net investment income	**12,661,065**	13,156,376
Mudarib share*	**6,381,532**	5,262,551

* This represents management fee payable to the shareholders by the policyholders for managing the investments. The fees are calculated at a rate of 60% effective from 1 July 2021, prior to which it was calculated at the rate of 40% of the net investment income received on the investments of the policyholders. The actual rate for each year is determined by the Shari'a Supervisory Board with co-ordination with the Company's Board of Directors. This is captioned in the statement of profit or loss as "Mudarib share". The revised rate of 60% has been approved and effective from 1 July 2021.

(b) Investment Income – Shareholders

	2021	2020
	QR	*QR*
Investment profit	**11,849,885**	16,534,689
Call account and fixed deposit profit	**507,961**	463,076
Total investment income	**12,357,846**	16,997,765
Fair value gain / (loss) on investments at fair value through income statement	**694,388**	(477,588)
Impairment reversal /(charge) for investments at fair value through equity	**248,578**	(501,069)
Investment expenses of shareholder	**(1,514,368)**	(2,641,835)
Net investment income	**11,786,444**	13,377,273

21 OTHER EXPENSES

	2021 QR	2020 QR
Bank charges	**1,226,351**	1,358,436
Allocated expenses to policyholders	**770,970**	365,091
Others	**769,456**	513,345
	2,766,777	2,236,872

22 GENERAL AND ADMINISTRATIVE EXPENSES

	2021 QR	2020 QR
Technical fee	**1,650,633**	1,647,004
Insurance expenses	**1,562,651**	1,348,348
Board of directors' remuneration	**900,000**	900,000
IT charges	**800,026**	774,014
Legal fee	**783,950**	604,023
Professional fee	**731,315**	1,661,887
Write off of property, plant and equipment	**952,695**	-
Building maintenance	**548,394**	-
Postage and telephone	**373,380**	353,963
Printing and stationery	**342,131**	177,021
Rent	**223,803**	2,424,875
Shari'a board remuneration	**165,000**	165,000
Amortization of right of use asset	**123,698**	-
Withholding tax	**89,600**	-
Amortization of deferred ijarah cost	**78,106**	-
Advertisement expenses	**25,451**	441,422
Other operating expenses (i)	**1,878,971**	1,666,332
	11,229,804	12,163,889

(i) Other operating expenses pertain to repairs and maintenance, entertainment, subscription fees and other expenses.

23 DIVIDENDS PAID

The Company has paid cash dividends of QR 20,000,000 million in 2021 (2020: QR 20 million) which pertains to dividends declared for the year ended 31 December 2020 out of the shareholders' retained earnings.

24 COMMITMENTS AND CONTINGENCIES

The Company had the following commitments and contingent liabilities outstanding at 31 December:

	2021 QR	2020 QR
Bank guarantee	**6,413,986**	4,284,738

Legal Claims

The Company is subject to litigation and claims in the normal course of its business. The Company, based on independent legal advice, does not believe that the outcome of these court cases will have a material impact on the Company's income or financial position.

25 COMMITMENTS UNDER OPERATING LEASES

The Company has entered into several lease agreements for the lease of the head office and branch offices. The rental costs in respect of these properties are accounted for as operating leases.

The future lease commitments in respect of the above land lease agreement are as follows:

	2021 *QR*	*2020* *QR*
Not later than 1 year	-	472,570
Later than 1 year and not longer than 5 years	-	459,540
	-	932,110

26 WAKALA FEEPERATING LEASES

The Wakala fee is provided to shareholders' at the rate of 20% upto 30 June 2021 and 25% from 1 July 2021 (2020: 20%) of gross contribution for the year as approved by the Board and Sharia'a supervisory board.

27 RIGHT-OF-USE ASSETS AND IJARAH LIABILITIES

	2021 ***QR***
At 1 January 2021	3,216,130
Additions	-
Depreciation charge for the period	(123,698)
At 31 December 2021	**3,092,432**
Ijarah liabilities	
Gross Ijarah liabilities:	
At 1 January 2021	5,896,834
Additions	-
Payment/rebate of principal portion	(252,731)
Payment of finance cost	-
At 31 December 2021	5,644,103
Deferred Ijarah cost:	
At 1 January 2021	2,680,704
Additions	-
Amortization charge for the period	(78,106)
At 31 December 2021	**2,602,598**
Net Ijarah liabilities at 1 January 2021	3,216,130
Net Ijarah liabilities at 31 December 2021	**3,041,505**

27 RIGHT-OF-USE ASSETS AND IJARAH LIABILITIES (CONTINUED)

The future gross and net Ijarah liabilities are as follows:

	2021 *QR*	*2020* *QR*
Gross Ijarah liability		
Not later than 1 year	**183,818**	-
Later than 1 year and not longer than 5 years	**781,690**	-
More than 5 years	**4,678,595**	-
	5,644,103	-
Net Ijarah liability		
Not later than 1 year	**28,651**	-
Later than 1 year and not longer than 5 years	**179,783**	-
More than 5 years	**2,833,071**	-
	3,041,505	-

The company had entered a lease agreement for land at Birkat Al Awamer Logistics Park with Manateq on 1 April 2018 and has expensed the annual lease rentals in the relevant Financial year till 31 December 2020. Effective 1 January 2021, the company implemented FAS 32 on a prospective basis, and the values above are reflective of the company's prospective commitments

28 INCOME TAX

The income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax law used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

The Company is subject to the applicable tax laws in the State of Qatar and accordingly liable for income tax on its taxable profits to the extent of the foreign shareholding percentage of its shareholders.

	2021 *QR*	*2020* *QR*
Current income tax		
Current income tax charge	**746,294**	-
Prior period tax expense adjustment	**648,677**	-
	1,394,971	-

Below is the reconciliation between the accounting basis results and the tax basis results, and the computation of income tax charge is as follows:

	2021 *QR*	*2020* *QR*
Accounting profit before tax	**52,232,789**	45,148,079
Add: Non-deductible expenses	**1,457,427**	1,505,883
Taxable Profit	**53,690,216**	46,653,962
Less:		
Qatari and GCC share of ownership and profit-sharing percentage	**86.10%**	86.10%
Deduction of amount of Qatari and Resident Nation GCC	**46,227,276**	40,167,195
Net Taxable Profit after deduction of Qatari / GCC Nationals resident in Qatar	**7,462,940**	6,486,767
Effective income tax rate	**10%**	10%
Income tax payable	**746,294**	648,677

29 SEGMENT INFORMATION

For management reporting purposes, the Company is organised into five business segments – Marine and Aviation, Motor Insurance, Fire & General Accidents, Takaful and Health Insurance and Investments. These sectors are the basis on which the Company reports its operating sector information. No operating segments have been aggregated in arriving at the reportable segment of the Company.

Segment information for the year ended 31 December 2021

	Marine & Aviation QR	*Motor QR*	*Fire & General Accident*	*Takaful and Health QR*	*Investments income QR*	*Unallocated income and expenses QR*	*Total QR*
Gross premiums	1,539,123	103,848,934	45,974,539	216,231,706	-	-	**367,594,302**
Premiums ceded to reinsurers	(973,343)	(2,056,354)	(36,468,890)	(34,796,764)	-	-	**(74,295,351)**
Net premiums	**565,780**	**101,792,580**	**9,505,649**	**181,434,942**	-	-	**293,298,951**
Movement in unexpired risk reserve	40,484	4,425,968	(462,027)	(43,066,889)	-	-	**(39,062,464)**
Net earned premiums	**606,264**	**106,218,548**	**9,043,622**	**138,368,053**	-	-	**254,236,487**
Gross claims paid	(8,043)	(84,444,234)	(12,857,530)	(56,287,231)	-	-	**(153,597,038)**
Reinsurance recoveries	122,558	29,947,251	10,559,022	20,830,656	-	-	**61,459,487**
Movement in outstanding claims	19,505	761,574	857,062	(3,669,931)	-	-	**(2,031,790)**
Net commissions	100,788	(8,713,115)	754,701	(36,031,412)	-	-	**(43,889,038)**
Net underwriting results	**841,072**	**43,770,024**	**8,356,877**	**63,210,135**	-	-	**116,178,108**
Net investment and income	-	-	-	-	24,447,509	-	**24,447,509**
Other income	-	-	-	-	-	2,458,854	**2,458,854**
Finance costs	-	-	-	-	-	(503,935)	**(503,935)**
Total income	**841,072**	**43,770,024**	**8,356,877**	**63,210,135**	**24,447,509**	**1,954,919**	**142,580,536**
Operating and administrative expenses	-	-	-	-	-	(35,009,761)	**(35,009,761)**
Depreciation (Note 9)	-	-	-	-	-	(5,877,579)	**(5,877,579)**
Profit before tax	**841,072**	**43,770,024**	**8,356,877**	**63,210,135**	**24,447,509**	**(38,932,421)**	**101,693,196**

29 SEGMENT INFORMATION (CONTINUED)

Segment information for the year ended 31 December 2020

	Marine & Aviation QR	*Motor QR*	*Fire & General Accident*	*Takaful and Health QR*	*Investments income QR*	*Unallocated income and Expenses QR*	*Total QR*
Gross premiums	2,576,936	117,968,661	41,042,642	164,582,675	-	-	326,170,914
Premiums ceded to reinsurers	(1,444,060)	(2,168,106)	(32,417,928)	(30,531,243)	-	-	(66,561,337)
Net premiums	1,132,876	115,800,555	8,624,714	134,051,432	-	-	259,609,577
Movement in unexpired risk reserve	169,141	7,814,382	470,735	(21,788,683)	-	-	(13,334,425)
Net earned premiums	1,302,017	123,614,937	9,095,449	112,262,749	-	-	246,275,152
Gross claims paid	(1,052,621)	(93,339,826)	(23,238,231)	(45,159,308)	-	-	(162,789,986)
Reinsurance recoveries	530,462	25,353,317	20,033,460	18,073,034	-	-	63,990,273
Movement in outstanding claims	249,042	12,869,096	(1,300,242)	(872,353)	-	-	10,945,543
Net commissions	92,255	(9,351,041)	960,835	(31,018,429)	-	-	(39,316,380)
Net underwriting results	1,121,155	59,146,483	5,551,271	53,285,693	-	-	119,104,602
Net investment income	-	-	-	-	26,533,649	-	26,533,649
Other income	-	-	-	-	-	370,941	370,941
Finance costs	-	-	-	-	-	(721,597)	(721,597)
Total income	1,121,155	59,146,483	5,551,271	53,285,693	26,533,649	(350,656)	145,287,595
Operating and administrative expenses	-	-	-	-	-	(54,166,826)	(54,166,826)
Depreciation (Note 9)	-	-	-	-	-	(1,027,629)	(1,027,629)
Profit before tax	1,121,155	59,146,483	5,551,271	53,285,693	26,533,649	(55,545,111)	90,093,140

29 SEGMENT INFORMATION (CONTINUED)

Segment statement of financial position
Assets and liabilities of the Company are commonly used across the primary segments.

Geographic information
The Company operates in State of Qatar only.

Non-current assets for this purpose consist of property and equipment.

30 BASIC AND DILUTED EARNINGS PER SHARE

The basic and diluted earnings per share are same as there are no dilutive effects on the earnings.

	2021 ***QR***	*2020* *QR*
Net profit for the year	**50,837,818**	45,148,079
Weighted average number of ordinary shares	**20,000,000**	20,000,000
Basic and diluted earnings per share (QR.)	**2.54**	2.26

31 BOARD OF DIRECTORS' REMUNERATION

In accordance with the Articles of Association of the Company and the provisions of Qatar Commercial Companies Law No.11 of 2015, the Board of Directors' remuneration for the year 2021 has been proposed by the Board of Directors on their meeting dated 13 February 2022 at QR 900,000 (2020: QR 900,0000).

32 FINANCIAL INVESTMENTS FAIR VALUES

Financial instruments include deposits, cash, investment securities, receivables, payables, and certain other assets and liabilities.

The fair values of the financial assets and liabilities, with the exception of certain investments at fair value through equity carried at cost, are not materially different from their carrying values.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

32 FINANCIAL INVESTMENTS FAIR VALUES (CONTINUED)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

31 December 2021	***Level 1 QR***	***Level 2 QR***	***Level 3 QR***	***Total QR***
Investments at fair value through equity	**796,465,849**	-	-	**796,465,849**
	796,465,849	-	-	**796,465,849**

31 December 2020	*Level 1 QR*	*Level 2 QR*	*Level 3 QR*	*Total QR*
Investments at fair value through equity	797,203,246	-	-	797,203,246
	797,203,246	-	-	797,203,246

During the year ended 31 December 2021, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

33 CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from 2016.

The capital structure of the Company consists of net debt (Murabaha Financing as detailed in Note 11 offset by cash and bank balances) and equity of the Company (comprising issued capital, reserves and retained earnings as disclosed in Notes 12 and 13 respectively).

The Company's management reviews the capital structure of the Company on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The gearing ratio at 31 December 2021 of 4% (2020: 33%) (see below) was in line with the target range.

Gearing ratio
The gearing ratio at year end was as follows:

	2021 QR	*2020 QR*
Debt (i)	**184,295,116**	288,480,631
Cash and bank balances	**(159,507,212)**	(121,773,689)
Net debt	**24,787,904**	166,706,942
Equity (ii)	**500,129,251**	451,881,893
Net debt to equity ratio	**5%**	37%

(i) Debt is the long-term debt obtained as Murabaha Financing, as detailed in Note 11.
(ii) Equity includes all capital and reserves of the policyholders and shareholders of the Company that are managed as capital.

34 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Governance framework

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of the set financial performance objectives. Key management recognizes the critical importance of having efficient and effective risk management systems in place.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors meets regularly to assess and identify the Company's risk, to review structure to ensure the appropriate quality and diversification of assets, and to ensure that underwriting and Retakaful are in line with the Company's strategy and goals. The Company's Board of Directors has overall responsibility to identify and analyses the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Asset liability management (ALM) framework

Financial risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The main risk that the Company faces, due to the nature of its investments and liabilities, is interest rate risk. The Company manages these positions within an ALM framework that has been developed to achieve long–term investment returns in excess of its obligations under insurance and investment contracts.

Regulatory framework

Regulators are primarily interested in protecting the rights of the policyholders and monitor them closely to ensure that the Company is satisfactorily managing affairs for their benefit. At the same time, the regulators are also interested in ensuring that the Company maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters

The operations of the Company are also subject to regulatory requirements within the jurisdictions where it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. capital adequacy) to minimize the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

Capital management framework

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as net operating income divided by total shareholders' equity. The Company's objectives when managing capital is:

- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

- To provide an adequate return to shareholders by pricing Takaful and investment contracts commensurately with the level of risk.

The capital structure of the Company consists of issued capital, reserves and retained earnings.

The company in the normal course of its business derives its revenue mainly from assuming and managing Takaful and investments risks for profit. The Company's lines of business are mainly exposed to the following risks;

- Takaful risk
- Retakaful risk
- Credit risk
- Liquidity risk
- Market risks
- Equity risk

34 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Takaful risk
The principal risk the Company faces under takaful contracts is that the actual claims and benefits payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The Company manages the takaful risk through the careful selection and implementation of its underwriting strategy guidelines together with the adequate retakaful arrangements and proactive claims handling.

The Company principally issues general takaful contracts which constitute mainly Marine and aviation, Motor, Fire and general, and Takaful and health. The concentration of takaful risk exposure is mitigated by diversifying the risk underwritten and ensuring that such risks are across a large portfolio in terms of type, level of insured benefits, amount of risk and industry.

The Company, in the normal course of business, in order to minimize financial exposure arising from large claims, enters into contracts with other parties for retakaful purposes. Such retakaful arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth.

A significant portion of the retakaful is affected under treaty, facultative and excess-of-loss retakaful contracts.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the retakaful contracts.

Although the Company has retakaful arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any Retakaful is unable to meet its obligations assumed under such retakaful agreements. The Company's placement of retakaful is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single retakaful contract.

The Company has in place strict claim review to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Company.

In accordance with Takaful framework, the Company's shareholders do not bear the risks associated with takaful operations where it uses takaful fund, retained surplus and reinsurance agreements to mitigate such risks. In case of insufficient funds in the takaful fund to meet its obligations, the Company grants it an interest free loan and repayable in a number of years that to be determined by the Company's Board of directors after consultation with Shari'a Supervisory Board.

Key assumptions-Takaful risk
The principal assumption underlying the liability estimates is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimated. Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency rates.

Sensitivities
The general Takaful claims provisions are sensitive to the key assumptions shown above. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

34 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Takaful risk (continued)

Process used to decide on assumptions:
The risks associated with these takaful contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. The exposure of the Company to claims associated with general takaful is material. This exposure is concentrated in Qatar where significant transactions take place.

The Company uses assumptions based on a mixture of internal and actuarial report to measure its general takaful related claims liabilities. Internal data is derived mostly from the Company's monthly claims reports and screening of the actual takaful contracts carried out at year-end to derive data for the contracts held. The Company has reviewed the individual contracts and their actual exposure to claims. This information is used to develop scenarios related to the latency of claims that are used for the projections of the ultimate number of claims

The table below sets out the concentration of outstanding claims provision by type of contract:

	2021			*2020*		
	Gross reserves QR	***Retakaful reserves QR***	***Net reserves QR***	*Gross reserves QR*	*Retakaful reserves QR*	*Net reserves QR*
Motor	**66,636,943**	**(27,931,122)**	**38,705,821**	69,004,584	(29,572,119)	39,432,465
Marine and aviation	**2,655,667**	**(1,856,450)**	**799,217**	2,365,824	(1,708,653)	657,171
Fire and General accident	**85,242,148**	**(75,424,079)**	**9,818,069**	95,176,226	(84,304,616)	10,871,610
Takaful and health	**37,564,465**	**(11,898,721)**	**25,665,744**	35,087,840	(13,092,025)	21,995,815
	192,099,223	**(117,110,372)**	**74,988,851**	201,634,474	(128,677,413)	72,957,061

Sensitivity analysis
The reasonableness of the estimation process is tested by an analysis of sensitivity around several scenarios.

The sensitivity of the Company's income to takaful risks is as follows:

		2021		*2020*	
	Change in assumptions	***Impact on net earned contributions QR***	***Impact on equity QR***	*Impact on net earned contributions QR*	*Impact on equity QR*
Loss ratio	**+5%**	**(12,711,824)**	**(12,711,824)**	(12,313,758)	(12,313,758)
	-5%	**12,711,824**	**12,711,824**	12,313,758	12,313,758

The sensitivity to a 5% increase/decrease in gross loss ratios is the same both net and gross of retakaful as this increase does not result in any material excess of loss retakaful limits being reached

Claims development:
The Company maintains strong reserves in respect of its Takaful business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are generally resolved within one year. The following table shows the estimated cumulative incurred claims, including claims notified for each successive accident year at the end of each reporting period, together with cumulative payments to date

34 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Claim Development Table – 2021

	2018 *QR*	*2019* *QR*	*2020* *QR*	*2021* *QR*	*Total* *QR*
At end of the accident year	170,458,751	141,130,989	102,333,467	**114,985,435**	**528,908,642**
One year later	180,102,524	144,032,519	102,091,814	-	
Two years later	173,134,912	137,175,408	-	-	
Three years later	169,560,575	-	-	-	
Current estimate of cumulative claims incurred	**169,560,575**	**137,175,408**	**102,091,814**	**114,985,435**	**523,813,232**
Cumulative payments to date	(165,930,397)	(125,831,933)	(86,941,928)	**(72,667,828)**	**(451,372,086)**
Net outstanding claims provision	**3,630,178**	**11,343,475**	**15,149,886**	**42,317,607**	**72,441,146**
Reserve in respect of prior years (Before 2018)					**2,547,705**
Total net outstanding claims report and unsettled and incurred but not reported	-	-	-	-	**74,988,851**
Current estimate of surplus/(deficiency)	520,473	3,955,582	241,653		
% Surplus/ (deficiency) of initial reserve	0.3%	2.9%	0.2%		

Retakaful risk

The Company, in the normal course of business, in order to minimise financial exposure arising from large claims, enters into contracts with other parties for retakaful purposes. Such retakaful arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the reinsurance is affected under treaty, facultative and excess-of-loss retakaful contracts.

To minimise its exposure to significant losses from retakaful insolvencies, the company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

The company only deals with reinsurers approved by the management, which are generally international companies that are rated by international rating agencies or other GCC agencies.

Retakaful ceded contracts do not relieve the company from its obligations to policyholders and as a result the company remains liable for the portion of outstanding claims Retakaful to the extent that the reinsurer fails to meet the obligations under the retakaful agreements.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all classes of financial assets held by the Company, the maximum credit risk exposure to the Company is the carrying value as disclosed in the statement of financial position. A credit risk policy setting out the assessment and determination of what constitutes credit risk for the Company has been established also policies and procedures are in place to mitigate the Company's exposure to credit risk:

Compliance with the policy is monitored. Any exposures and breaches are regularly reviewed.

34 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

Age analysis of financial assets

31 December 2021	*< 30 days QR*	*31 to 60 days QR*	*61 to 90 days QR*	*91 days and above QR*	*Total QR*
Cash and bank balances	**159,207,212**	-	-	-	**159,207,212**
Investments at fair value through equity	-	-	-	**796,465,849**	**796,465,849**
Investments at fair value through income statement	-	-	-	**29,632,942**	**29,632,942**
Due from related parties	-	-	**2,142,175**	-	**2,142,175**
Takaful and other receivables	**63,958,600**	**4,451,308**	**3,300,453**	**58,527,877**	**130,238,238**
Prepayments and other receivables	-	-	**2,002,013**	-	**2,002,013**
Retakaful contract assets	-	-	-	**140,109,191**	**140,109,191**
Total	**223,165,812**	**4,451,308**	**7,444,641**	**1,024,735,859**	**1,259,797,620**

31 December 2020	*< 30 days QR*	*31 to 60 days QR*	*61 to 90 days QR*	*91 days and above QR*	*Total QR*
Cash and bank balances	121,473,689	-	-	300,000	121,773,689
Investments at fair value through equity	-	-	-	797,203,246	797,203,246
Investments at fair value through income statement	-	-	-	60,401,703	60,401,703
Due from related parties	-	-	5,632,113	-	5,632,113
Takaful and other receivables	-	-	114,377,255	-	114,377,255
Prepayments and other receivables	-	-	1,547,730	-	1,547,730
Retakaful contract assets	-	-	-	145,061,933	145,061,933
Total	121,473,689	-	121,557,098	1,002,966,882	1,245,997,669

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

Maturity profiles
The table below summarizes the maturity profile of the financial assets and financial liabilities of the Company based on remaining undiscounted contractual obligations, including interest payable and receivable. For insurance contracts liabilities and reinsurance assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognized insurance liabilities. Unearned premiums and the Retakaful share of unearned premiums have been excluded from the analysis as they are not contractual obligations.

34 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

Maturity profiles (continued)

31 December 2021	***Up to a year QR***	***1 to 5 years QR***	***Total QR***
Financial assets			
Investments at fair value through equity	-	**796,465,849**	**796,465,849**
Investments at fair value through income statement	-	**29,632,942**	**29,632,942**
Due from related parties	**2,142,175**	-	**2,142,175**
Takaful and other receivables	**130,238,238**	-	**130,238,238**
Prepayments and other receivables	**2,002,013**	-	**2,002,013**
Retakaful contract assets	**140,109,191**	-	**140,109,191**
Due from policyholders	**50,594,751**	-	**50,594,751**
Cash and bank balances	**159,507,212**	-	**159,507,212**
Total	**484,593,580**	**826,098,791**	**1,310,692,371**
Financial liabilities			
Due to related parties	**21,041,050**	-	**21,041,050**
Takaful contract liabilities	**475,170,914**	-	**475,170,914**
Murabaha finance	-	**184,295,116**	**184,295,116**
Distributable surplus payable	**52,305,936**	-	**52,305,936**
Due to shareholders	**50,594,751**	-	**50,594,751**
Provisions and other payables	**49,945,905**	-	**49,945,905**
Takaful and other payables	**32,582,072**	-	**32,582,072**
Total	**681,640,628**	**184,295,116**	**865,935,744**

31 December 2020	*Up to a year QR*	*1 to 5 years QR*	*Total QR*
Financial assets			
Investments at fair value through equity	-	797,203,246	797,203,246
Investments at fair value through income statement	-	60,401,703	60,401,703
Due from related parties	5,632,113	-	5,632,113
Takaful and other receivables	114,377,255	-	114,377,255
Prepayments and other receivables	1,547,730	-	1,547,730
Retakaful contract assets	145,061,933	-	145,061,933
Due from policyholders	39,990,778	-	39,990,778
Cash and bank balances	121,473,689	300,000	121,773,689
Total	428,083,498	857,904,949	1,285,988,447
Financial liabilities			
Due to related parties	9,980,394	-	9,980,394
Takaful contract liabilities	439,029,402	-	439,029,402
Murabaha finance	-	288,480,631	288,480,631
Distributable surplus payable	44,984,807	-	44,984,807
Due to shareholders	39,990,779	-	39,990,779
Provisions and other payables	34,709,635	-	34,709,635
Takaful payables	45,959,874	-	45,959,874
Total	614,654,891	288,480,631	903,135,522

34 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in international and local equity and bond markets. In addition, The Company actively monitors the key factors that affect stock and bond market movements, including analysis of the operational and financial performance of investees.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Qatari Riyal is effectively pegged to the United Stated dollars and thus currency risk occurs only in respect of currencies other than the United States Dollar. The Company's exposure to currency risk is minimal, since most of the transactions are either in Qatari Riyals or in US Dollars.

Profit rate risk

Profit rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market rates.

The Company invests in securities and has deposits that are subject to profit rate risk. Profit rate risk to the Company is the risk of changes in market profit rates reducing overall return on its profit bearing securities. The Company limits profit rate risk by monitoring changes in profit rates.

	Change in assumption	***2021 QR***	*2020 QR*
Income from bank deposit and investments carried at amortized cost	+5%	**47,028**	57,185

Operational risks

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. The Company has detailed systems and procedures manuals with effective segregation of duties, access controls, authorisation and reconciliation procedures, staff training and assessment processes etc. with an effective compliance and internal audit framework. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

Equity price risk

The Company is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments.

Equity price sensitivity analysis

If equity prices had been 5% higher/lower, profit for the year ended 31 December 2021 would have been unaffected as the equity investments are classified as investments at fair value through equity and no investments were disposed of or impaired; and other comprehensive income for the year ended 31 December 2021 would increase / decrease by QR Nil (2020: increase / decrease by QR Nil) as a result of the changes in fair value of investments at fair value through equity shares.

35 CRITICAL JUDGEMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES

In the process of preparing these financial statements, Management has made use of a number of judgments relating to the application of accounting policies which are described in Note 3. Those which have the most significant effect on the reported amounts of assets, liabilities, income and expense are listed below (apart from those involving estimations which are dealt within Note 36).

These judgments are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management believes that the following discussion addresses the accounting policies that require judgments.

Classification of investments
Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding. Refer to note 4 for further information.

36 KEY SOURCES OF ESTIMATES UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Claims made under insurance contracts
Claims and loss adjustment expenses are charged to the statement of profit or loss as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Company and management estimations for the claims incurred but not reported. The method for making such estimates and for establishing the resulting liability is continually reviewed. Any difference between actual claims and the provisions made are included in the statement of profit or loss in the year of settlement. As of 31 December 2021, the net estimate for unpaid claims amounted to QR 51,664,676 (2020: QR 50,761,463).

Liability Adequacy Test
At each reporting date, liability adequacy tests are performed to ensure the adequacy of insurance contract liabilities. The Company makes use of the best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities in evaluating the adequacy of the liability. Any deficiency is immediately charged to the statement of profit or loss.

37 ZAKAT

The articles of Association of the Company do not authorize management to pay Zakat on behalf of the shareholders. The responsibility of paying Zakat rests with the shareholders.

38 COMPARATIVE FIGURES

The comparative figures for the previous year have been reclassified, where necessary, in order to confirm to the current year's presentation. Such reclassification did not have any effect on the net profit or the total equity for the comparative year.

	Previously reported QR	*Impact of Adjustment QR*	*Reclassified Amount QR*
Due to related parties	7,684,406	(4,007,519)	3,676,887
Takaful and other payables	41,952,355	4,007,519	45,959,874
	49,636,761	-	49,636,761