

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

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

**FOR THE NINE-MONTH PERIOD ENDED
30 SEPTEMBER 2022**

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

INTERIM CONDENSED FINANCIAL INFORMATION AND INDEPENDENT
AUDITOR’S REVIEW REPORT

As at 30 September 2022

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QR. 31249

RN: 313/JK/FY2023

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Board of Directors

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

Doha – Qatar

Introduction

We have reviewed the interim condensed statement of financial position of Damaan Islamic Insurance Company "BEEMA" (Q.P.S.C.) (the "Company") as at 30 September 2022 and the related statements of policyholders' revenues and expenses, policyholder's surplus, shareholders' income statement, changes in shareholders' equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with the Financial Accounting Standards issued by AAOIFI.

INDEPENDENT AUDITOR'S REVIEW REPORT (CONTINUED)

Other matter

The interim financial information of the Company for the nine-month period ended 30 September 2021 and the annual financial statements for the year ended 31 December 2021 were reviewed and audited by another auditor who expressed an unmodified conclusion and unmodified opinion on that financial information and those statements on 7 November 2021 and 14 February 2022 respectively.

Doha – Qatar
23 October 2022

For Deloitte & Touche
Qatar Branch



Walid Slim
Partner
License No. 319
QFMA Audit Registration 120156

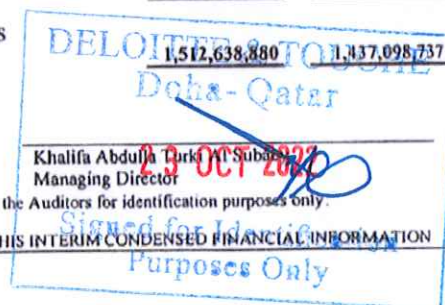
Damaan Islamic Insurance Company "BEEMA" (Q.P.S.C.)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
As at 30 September 2022

	Notes	30 September 2022 QR (Reviewed)	31 December 2021 QR (Audited)
Policyholders' assets			
Cash and bank balances	3	109,638,359	114,627,813
Investments at fair value through equity	4	458,170,554	427,522,168
Investments at fair value through income statement		11,515,438	13,868,791
Due from related parties	6 (b)	18,859,123	2,142,175
Retakaful contract assets	5	156,113,756	140,109,191
Takaful and other receivables		140,375,959	130,238,238
Property and equipment		3,825,721	-
Total policyholders' assets		898,498,910	828,508,376
Shareholders' assets			
Cash and bank balances	3	21,217,279	44,879,399
Investments at fair value through equity	4	380,357,458	368,943,681
Investments at fair value through income statement		19,654,999	15,764,151
Prepayments and other receivables		6,060,330	2,002,013
Due from policyholders		63,510,252	50,594,751
Right-of-use assets		2,968,735	3,092,432
Property and equipment		120,370,917	123,313,934
Total shareholders' assets		614,139,970	608,590,361
Total assets		1,512,638,880	1,437,098,737
Liabilities and surplus of policyholders			
Takaful contract liabilities	5	531,182,578	475,170,914
Due to related parties	6 (c)	436,131	14,719,816
Takaful and other payables		36,192,141	32,582,072
Murabaha finance		104,701,494	84,487,131
Due to shareholders		63,510,252	50,594,751
Distributable surplus payable		59,769,069	52,305,936
Fair value reserve		(31,947,840)	5,004,301
Equalization reserve		60,000,000	60,000,000
Policyholders' equity		74,655,085	53,643,455
Total liabilities and surplus of policyholders		898,498,910	828,508,376
Shareholders' liabilities			
Provisions and other payables		56,621,260	49,945,905
Due to related parties	6 (c)	6,127,544	6,321,234
Murabaha finance		99,124,183	99,807,985
Net (jarah) liability		3,012,852	3,041,505
Employees' end of service benefits		3,883,282	2,987,936
Total liabilities of shareholders		168,769,121	162,104,565
Shareholders' equity			
Share capital		200,000,000	200,000,000
Legal reserve		200,000,000	200,000,000
Fair value reserve		(20,263,902)	6,623,420
Retained earnings		65,634,751	39,862,376
Total shareholders' equity		445,370,849	446,485,796
Total shareholders' liabilities and equity		614,139,970	608,590,361
TOTAL LIABILITIES, SURPLUS OF POLICYHOLDERS AND SHAREHOLDERS' EQUITY		1,512,638,880	1,437,098,737

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

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

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



Khalifa Abdulla Turki Al Subaie
Managing Director

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

INTERIM CONDENSED STATEMENT OF POLICYHOLDERS’ REVENUES AND EXPENSES

For the three-month and nine-month period ended 30 September 2022

	Note	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2022	2021	2022	2021
		QR (Reviewed)	QR (Reviewed)	QR (Reviewed)	QR (Reviewed)
Gross contributions	7	85,920,055	89,670,734	301,016,497	280,074,167
Re-Takaful share	7	(16,100,977)	(17,770,977)	(69,443,081)	(63,976,927)
Net contributions		69,819,078	71,899,757	231,573,416	216,097,240
Movement in unearned contribution – net	7	(3,872,721)	(10,324,055)	(35,798,143)	(29,473,930)
Net earned contributions		65,946,357	61,575,702	195,775,273	186,623,310
Gross claims paid	7	(40,841,825)	(39,105,464)	(112,169,556)	(104,372,782)
Re-Takaful and other recoveries	7	14,777,946	20,714,783	41,044,243	43,587,365
Movement in outstanding claims and IBNR – net	7	2,104,884	(2,031,286)	(6,096)	(6,333,303)
Commission expense – net	7	(12,053,341)	(11,063,696)	(35,365,153)	(32,114,713)
Net takaful expenses		(36,012,336)	(31,485,663)	(106,496,562)	(99,233,433)
Surplus from Takaful operations	7	29,934,021	30,090,039	89,278,711	87,389,877
Fair value loss on investment at fair value through income statement		59,150	(104,574)	(495,268)	469,792
Impairment (charge) / reversed for investment at fair value through equity		(10,681)	(241,939)	57,426	340,056
Investment income		4,116,768	3,718,278	11,980,717	10,604,098
Investment expenses		(819,494)	(18,650)	(1,729,150)	(1,985,299)
Mudarib share		(2,007,447)	(2,011,869)	(5,888,235)	(4,442,082)
Wakala fees		(17,129,084)	(18,124,149)	(62,730,017)	(51,651,807)
Other income		262,719	10,959	267,079	555,553
Other expenses		(46,141)	(1,034,256)	(2,820,567)	(2,056,970)
Total surplus for the period		14,359,811	12,283,839	27,920,696	39,223,218



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

INTERIM CONDENSED STATEMENT OF POLICYHOLDERS’ SURPLUS

For the nine-month period ended 30 September 2022

	<i>Retained surplus QR</i>	<i>Fair value reserve QR</i>	<i>Equalization reserve QR</i>	<i>Total QR</i>
Balance at 1 January 2021 (Audited)	33,608,437	9,644,506	40,000,000	83,252,943
Surplus for the period	39,223,218	-	-	39,223,218
Distribution to policyholders during the period	(9,425,389)	-	-	(9,425,389)
Net change in fair value of investment at fair value through equity	-	(2,643,767)	-	(2,643,767)
Balance at 30 September 2021 (Reviewed)	<u>63,406,266</u>	<u>7,000,739</u>	<u>40,000,000</u>	<u>110,407,005</u>
Balance at 1 January 2022 (Audited)	53,643,455	5,004,301	60,000,000	118,647,756
Prior period adjustment (note 11)	<u>1,573,947</u>	-	-	<u>1,573,947</u>
Balance as at 1 January 2022 (Restated)	55,217,402	5,004,301	60,000,000	120,221,703
Surplus for the period	27,920,696	-	-	27,920,696
Distribution to policyholders during the period	(8,483,013)	-	-	(8,483,013)
Net change in fair value of investment at fair value through equity	-	(36,952,141)	-	(36,952,141)
Balance at 30 September 2022 (Reviewed)	<u>74,655,085</u>	<u>(31,947,840)</u>	<u>60,000,000</u>	<u>102,707,245</u>



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

INTERIM CONDENSED SHAREHOLDERS' INCOME STATEMENT

For the three-month and nine-month period ended 30 September 2022

	<i>For the three-month period ended 30 September</i>		<i>For the nine-month period ended 30 September</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
<i>Note</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Income				
Income from shareholders' investments	3,099,307	3,145,653	8,505,198	9,626,469
Wakala fee	17,129,084	18,124,149	62,730,017	51,651,807
Mudarib share	2,007,447	2,011,869	5,888,235	4,442,082
Other income	358,236	92,309	1,386,185	1,096,092
Total income	22,594,074	23,373,980	78,509,635	66,816,450
Staff costs	(5,692,739)	(5,152,051)	(18,970,553)	(16,045,076)
Depreciation of property and equipment	(1,560,260)	(1,581,215)	(4,628,253)	(4,250,616)
Fair value loss on investment at fair value through income statement	(63,699)	(122,622)	(875,762)	879,801
Impairment reversal for investment at fair value through equity	(40,615)	(207,718)	92,278	126,153
General and administrative expenses	8 (3,743,851)	(2,517,524)	(9,260,727)	(7,303,225)
Finance costs	(718,977)	(99,359)	(1,034,510)	(428,457)
Investment expenses	(337,472)	(250,096)	(983,446)	(1,183,067)
Total expenses	(12,157,613)	(9,930,585)	(35,660,973)	(28,204,487)
Profit before tax for the period	10,436,461	13,443,395	42,848,662	38,611,963
Tax expense	(93,236)	-	(596,254)	(648,677)
Net profit for the period	10,343,225	13,443,395	42,252,408	37,963,286



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

INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY

For the nine-month period ended 30 September 2022

	<i>Share Capital QR</i>	<i>Legal reserve QR</i>	<i>Fair value Reserve QR</i>	<i>Retained earnings QR</i>	<i>Total QR</i>
Balance at 1 January 2021 – (Audited)	200,000,000	158,704,651	9,248,898	50,319,907	418,273,456
Total comprehensive income for the period	-	-	-	37,963,286	37,963,286
Net change in fair value of investment at fair value through equity	-	-	(1,042,172)	-	(1,042,172)
Dividends paid (note 13)	-	-	-	(20,000,000)	(20,000,000)
Balance at 30 September 2021 (Reviewed)	<u>200,000,000</u>	<u>158,704,651</u>	<u>8,206,726</u>	<u>68,283,193</u>	<u>435,194,570</u>
Balance at 1 January 2022 – (Audited)	200,000,000	200,000,000	6,623,420	39,862,376	446,485,796
Prior period adjustment (note 11)	-	-	-	3,519,967	3,519,967
Balance at 1 January 2022 (Restated)	<u>200,000,000</u>	<u>200,000,000</u>	<u>6,623,420</u>	<u>43,382,343</u>	<u>450,005,763</u>
Total comprehensive income for the period	-	-	-	42,252,408	42,252,408
Net change in fair value of investment at fair value through equity	-	-	(26,887,322)	-	(26,887,322)
Dividends paid (note 13)	-	-	-	(20,000,000)	(20,000,000)
Balance at 30 September 2022 (Reviewed)	<u>200,000,000</u>	<u>200,000,000</u>	<u>(20,263,902)</u>	<u>65,634,751</u>	<u>445,370,849</u>



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

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the nine-month period ended 30 September 2022

	<i>For the nine-month period ended</i>	
	<i>30 September</i>	<i>30 September</i>
	<i>2022</i>	<i>2021</i>
	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
OPERATING ACTIVITIES		
Shareholders' profit for the period	42,252,408	37,963,286
Policyholders' surplus for the period	27,920,696	39,223,218
<i>Adjustments for:</i>		
Depreciation for property and equipment	4,628,253	4,250,616
Amortisation of right of use assets	123,697	123,698
Net reversal impairment of financial investments	(149,704)	(466,209)
Realized gain from investments	(20,485,915)	(20,230,567)
Loss on disposal of property and equipment	-	331,193
Amortization of deferred cost	155,167	78,106
Provision for tax	596,254	-
Fair value loss on investments at fair value through income statement	1,371,030	(1,349,593)
Provision for employees' end of service benefits	937,905	897,821
Prior period adjustment	5,093,914	-
Operating profit before changes in working capital	62,443,705	60,821,569
Change in due from related parties	(16,716,948)	(6,488,125)
Change in prepayments, takaful and other receivables	(14,196,038)	(9,310,903)
Change in due to related parties	(14,477,375)	8,619,191
Change in net takaful contract liabilities	40,007,099	35,807,233
Change in provisions, takaful and other payables	11,084,140	(445,335)
Cash flows from operations	68,144,583	89,003,630
Tax paid	(1,394,971)	-
Employees' end of service benefits paid	(42,559)	(214,800)
Net cash flows generated from operating activities	66,707,053	88,788,830
INVESTING ACTIVITIES		
Acquisition of property and equipment	(1,685,235)	(8,676,947)
Acquisition of capital work in progress	(3,825,721)	-
Net movement in investments	(108,660,447)	4,613,196
Realized gain from investments	20,485,915	20,230,567
Net cash flows (used in) / generated from investing activities	(93,685,488)	16,166,816
FINANCING ACTIVITIES		
Policyholders' surplus paid during the period	(1,019,880)	(1,870,674)
Dividends paid	(20,000,000)	(20,000,000)
Repayment of gross Ijarah liability	(183,820)	(91,909)
Murabaha finance	19,530,561	(77,056,473)
Net cash flows used in financing activities	(1,673,139)	(99,019,056)
Net (decrease) / increase in cash and cash equivalents	(28,651,574)	5,936,590
Cash and cash equivalents at 1 January	159,507,212	121,773,689
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER (Note 3)	130,855,638	127,710,279

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

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the nine-month period ended 30 September 2022

1 LEGAL STATUS AND OPERATIONS

Damaan Islamic Insurance Company “BEEMA” (Q.P.S.C.) (the “Company”) is a Closed Qatari Shareholding Company incorporated in the State of Qatar and registered under Qatar Commercial Companies Law with Registration No: 43652.

The head office of the Company is located in Lusail in the State of Qatar. The Company is primarily engaged in underwriting Marine, Aviation, Motor, Fire, General Accident, Takaful and Medical insurance in accordance with the provisions of Islamic Shari’a. The Company invests its capital and other available resources in all related activities on non-interest basis (Ribba).

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

This interim financial information has been prepared in accordance with the Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (“AAOIFI”), the Islamic Shari’a Rules and Principles as determined by the Shari’a Supervisory Board of the Company and the applicable provisions of the Qatar Commercial Companies Law. In line with the requirements of AAOIFI, for matters not covered by FAS, the Company uses guidance from the relevant International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). Accordingly, the interim condensed financial information has been presented in condensed form in accordance with the guidance provided by International Accounting Standard 34 – ‘Interim Financial Reporting’.

This interim financial information does not contain all the information and disclosures required in the financial statements and should be read in conjunction with the financial statements as of 31 December 2021. In addition, the results for the nine-month period ended 30 September 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

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

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

(b) Estimates and judgements

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

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

The significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the financial statements as at and for the year ended 31 December 2021.

(c) Significant accounting policies

The accounting policies adopted in the preparation of the interim financial information are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2021 except as noted below:

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

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(c) Significant accounting policies (continued)

New accounting standards, amendments and interpretations that are issued and effective from 1 January 2022

• **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 operated 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.

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.

The standard classifies Wa’ad and Khiyar arrangements into following categories and provides related accounting and disclosure requirements:

- a. Ancillary Wa’ad or Khiyar – where the Wa’ad or Khiyar is associated with an Islamic finance arrangement, and is related to the structure of the transaction, e.g. a promise by the purchase orderer attached to a Murabaha transaction or a promise to purchase after the end of the Ijarah term in an Ijarah Muntahia Bittamleek transaction or option of seeing in a sale transaction;
- b. Product Wa’ad or Khiyar – where the Wa’ad or Khiyar is used as a stand-alone Islamic finance arrangement in itself e.g. foreign exchange forward promise or an option of cancellation of sale with Arboun. This may, interalia, take the following forms, in line with Shari’ah principles and rules:
 - i. promise to make a sale contract, or promise to enter into an Ijarah transactions;
 - ii. option for revocation of sale contract – with or without Arboun;
 - iii. Re-purchase option (RePO) – through a permissible Wa’ad or Khiyar; and
 - iv. Tahawwut arrangement – whereby a Wa’ad or Khiyar, or a series of Wa’ad and Khiyar is used for hedging arrangement.

New standards, amendments and interpretations issued but not yet effective

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

The Islamic financial institutions are required to publish periodic financial statements to satisfy the common information needs of the users, as described in the conceptual framework. This standard sets out the overall requirements for presentation of financial statements, the minimum requirements for the contents of the financial statements and a recommended structure of financial statements that facilitate faithful presentation in line with Shari’ah principles and rules and comparability with the institution’s financial statements of previous periods, and the financial statements of other institutions.

This standard shall be effective on the financial statements of the institutions beginning on or after 01 January 2023. Early adoption of the standard is permitted

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

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

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(c) Significant accounting policies (continued)

New standards, amendments and interpretations issued but not yet effective (continued)

FAS 39 - Financial Reporting for Zakah (continued)

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

This standard shall be effective for the financial periods beginning on or after 1 January 2023. Early adoption is permitted

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

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

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

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

• **IFRS 17 Insurance Contracts**

IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The standard is effective for annual periods beginning on or after 1 January 2023 with an earlier application is permitted.

IFRS 17 provides comprehensive guidance on accounting for insurance contracts and investment contracts with discretionary participation features. For general insurance contracts, IFRS 17 requires discounting of loss reserves expected to be paid in more than one year as well as risk adjustment, for which confidence level equivalent disclosure will be required.

The management is currently assessing the impact that IFRS 17 may have on the financial statements.

• **Amendments to IFRS 17 and Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) issued**

The effective date of IFRS 17, which will be replacing IFRS 4, is now 1 January 2023; the fixed expiry date for the temporary exemption in IFRS 4 from applying IFRS 9 has been deferred to 1 January 2023.

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the nine-month period ended 30 September 2022

3 CASH AND BANK BALANCES

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

	30 September 2022 QR (Reviewed)	31 December 2021 QR (Audited)
Shareholders:		
Investment deposits (Islamic banks)	17,700,000	42,900,000
Saving accounts (Islamic banks)	2,607,355	1,641,604
Current accounts	909,924	337,795
Total	21,217,279	44,879,399
Policyholders:		
Investment deposits (Islamic banks)	98,664,313	106,828,053
Saving accounts (Islamic banks)	8,796,542	5,318,308
Current accounts	2,177,504	2,481,452
Total	109,638,359	114,627,813
Total cash and bank balances	130,855,638	159,507,212
Less: deposits with original maturity over ninety days	(300,000)	(300,000)
Total cash and cash equivalents	130,555,638	159,207,212

- Investment deposits earn profit at rates ranging from 2.00% to 3.25% (2021: 1.60% to 2.15%).
- Saving accounts earn profit at rates ranging from 0.80% to 1.00% (2021: 0.50% to 0.90%).

4 INVESTMENTS AT FAIR VALUE THROUGH EQUITY

	30 September 2022 QR (Reviewed)	31 December 2021 QR (Audited)
Sukuks through Managed funds	838,528,012	796,465,849
	<i>Policyholders QR</i>	<i>Shareholders QR</i>
Sukuks	490,118,394	400,621,360
Fair value reserve	(31,947,840)	(20,263,902)
Investments at fair value through equity as of 30 September 2022 (reviewed)	458,170,554	380,357,458
Investments at fair value through equity as of 31 December 2021 (audited)	427,522,168	796,465,849

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

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the nine-month period ended 30 September 2022

4 INVESTMENTS AT FAIR VALUE THROUGH EQUITY (CONTINUED)

Notes:

During the nine-month period the Company has recorded reversal of impairment amounting to QR 57,426 for policyholders and QR 92,278 for shareholders respectively.

The fair value of equity investments pledged against the Murabaha financing taken by the Company amounted to QR 203,825,677 (2021: QR 184,295,116).

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

5 TAKAFUL CONTRACT LIABILITIES AND RETAKAFUL CONTRACT ASSETS

	<i>30 September 2022 QR (Reviewed)</i>	<i>31 December 2021 QR (Audited)</i>
<i>Gross takaful contract liabilities</i>		
Claims reported unsettled	161,109,305	140,149,143
Claims incurred but not reported	48,756,872	51,950,080
Unearned contributions	<u>321,316,401</u>	<u>283,071,691</u>
Total	<u>531,182,578</u>	<u>475,170,914</u>
<i>Retakaful share of takaful contract liabilities</i>		
Claims reported unsettled	101,651,553	88,484,467
Claims incurred but not reported	29,016,817	28,625,905
Unearned contributions	<u>25,445,386</u>	<u>22,998,819</u>
Total	<u>156,113,756</u>	<u>140,109,191</u>
<i>Net takaful contract liabilities</i>		
Claims reported unsettled	59,457,752	51,664,676
Claims incurred but not reported	19,740,055	23,324,175
Unearned contributions	<u>295,871,015</u>	<u>260,072,872</u>
Total	<u>375,068,822</u>	<u>335,061,723</u>

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

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the nine-month period ended 30 September 2022

5 TAKAFUL CONTRACT LIABILITIES AND RETAKAFUL CONTRACT ASSETS (CONTINUED)

	<i>2022 (Reviewed)</i>			<i>2021 (Audited)</i>		
	<i>Gross</i>	<i>Retakaful</i>	<i>Net</i>	<i>Gross</i>	<i>Retakaful</i>	<i>Net</i>
	<i>QR</i>	<i>Share</i>	<i>QR</i>	<i>QR</i>	<i>share</i>	<i>QR</i>
		<i>QR</i>			<i>QR</i>	
At 1 January						
Claims reported unsettled	140,149,143	(88,484,467)	51,664,676	153,511,693	(102,750,230)	50,761,463
Claims incurred but not reported	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
<i>Movements during the period / year</i>						
Claims reported unsettled	20,960,162	(13,167,086)	7,793,076	(13,362,550)	14,265,763	903,213
Claims incurred but not reported	(3,193,208)	(390,912)	(3,584,120)	3,827,299	(2,698,722)	1,128,577
Total	17,766,954	(13,557,998)	4,208,956	(9,535,251)	11,567,041	2,031,790
At 30 September / 31 December						
Claims reported unsettled	161,109,305	(101,651,553)	59,457,752	140,149,143	(88,484,467)	51,664,676
Claims incurred but not reported	48,756,872	(29,016,817)	19,740,055	51,950,080	(28,625,905)	23,324,175
Total	209,866,177	(130,668,370)	79,197,807	192,099,223	(117,110,372)	74,988,851

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

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the nine-month period ended 30 September 2022

6 RELATED PARTY DISCLOSURES

(a) Transactions with related parties

This represents transactions with related parties, i.e., parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions and directors of the Company and entities of which they are key management personnel. Pricing policies and terms of these transactions are approved by the Company management and are negotiated under normal commercial terms.

The following transactions were carried out with related parties:

	30 September 2022 QR (Reviewed)	30 September 2021 QR (Reviewed)
Takaful contribution written		
Qatar Islamic Bank "shareholder"	159,001,268	132,455,015
Masraf Al Rayyan Q.P.S.C. "shareholder"	22,570,677	20,598,698
Barwa Real Estate Company Q.P.S.C. "shareholder"	4,821,369	4,385,433
Q-Invest L.L.C. "shareholder"	4,408,582	4,013,201
Qatar Insurance Company Q.P.S.C. "shareholder"	2,021,982	436,654
	<u>192,823,878</u>	<u>161,889,001</u>
Claims Paid		
Qatar Islamic Bank "shareholder"	23,556,289	11,021,740
Qatar Insurance Company Q.P.S.C. "shareholder"	1,663,876	740,820
Masraf Al Rayyan Q.P.S.C. "shareholder"	4,607,394	1,446,856
Barwa Real Estate Company Q.P.S.C. "shareholder"	360,710	-
Q-Invest L.L.C. "shareholder"	369,633	1,000
	<u>30,557,902</u>	<u>13,210,416</u>
(b) Due from related parties		
	30 September 2022 QR (Reviewed)	31 December 2021 QR (Audited)
Policyholders		
Masraf Al Rayyan Q.P.S.C. "shareholder"	-	2,140,769
Qatar Islamic Bank Q.P.S.C. "shareholder"	6,243,263	-
Barwa Real Estate Company Q.P.S.C. "shareholder"	3,637,763	-
Q-Invest L.L.C. "shareholder"	127,491	1,406
Qatar Insurance Company Q.P.S.C. "shareholder"	8,850,606	-
	<u>18,859,123</u>	<u>2,142,175</u>
(c) Due to related parties		
	30 September 2022 QR (Reviewed)	31 December 2021 QR (Audited)
Policyholders		
Qatar Insurance Company Q.P.S.C. "shareholder"	-	610,446
Barwa Real Estate Company S.A.Q. "shareholder"	-	713,233
Masraf Al Rayyan Q.S.C. "shareholder"	436,131	-
Qatar Islamic Bank Q.P.S.C. "shareholder"	-	13,396,137
	<u>436,131</u>	<u>14,719,816</u>

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

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the nine-month period ended 30 September 2022

6 RELATED PARTY DISCLOSURES (CONTINUED)

(c) Due to related parties (continued)

	30 September 2022 QR (Reviewed)	31 December 2021 QR (Audited)
<i>Shareholders</i>		
Qatar Insurance Company Q.P.S.C. “shareholder”	<u>6,127,544</u>	<u>6,321,234</u>

(d) Compensation of key management personnel

	30 September 2022 QR (Reviewed)	30 September 2021 QR (Reviewed)
Short term benefits	2,926,800	3,032,829
Board of director’s remuneration	<u>850,000</u>	<u>798,751</u>
	<u>3,776,800</u>	<u>3,831,580</u>

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

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the nine-month period ended 30 September 2022

7 NET UNDERWRITING RESULTS

For the nine-month period ended	<i>Reviewed</i>									
	<i>Marine and Aviation</i>		<i>Motor</i>		<i>Fire and General Accident</i>		<i>Takaful and Medical</i>		<i>Total</i>	
	<i>30</i>	<i>30</i>	<i>30</i>	<i>30</i>	<i>30</i>	<i>30</i>	<i>30</i>	<i>30</i>	<i>30</i>	<i>30</i>
	<i>September</i>	<i>September</i>	<i>September</i>	<i>September</i>	<i>September</i>	<i>September</i>	<i>September</i>	<i>September</i>	<i>30 September</i>	<i>September</i>
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
Gross contributions	2,195,328	1,762,641	77,897,730	75,682,957	39,348,092	38,296,382	181,575,347	164,332,187	301,016,497	280,074,167
Re-Takaful share	(1,434,907)	(1,011,750)	(3,383,866)	(1,688,695)	(32,152,078)	(31,624,499)	(32,472,230)	(29,651,983)	(69,443,081)	(63,976,927)
Net contributions	760,421	750,891	74,513,864	73,994,262	7,196,014	6,671,883	149,103,117	134,680,204	231,573,416	216,097,240
Movement in unearned contribution – net	(88,437)	64,140	99,926	5,655,194	(528,940)	82,368	(35,280,692)	(35,275,632)	(35,798,143)	(29,473,930)
Net earned contributions	671,984	815,031	74,613,790	79,649,456	6,667,074	6,754,251	113,822,425	99,404,572	195,775,273	186,623,310
Expenses:										
Gross claims paid	(121,758)	(10)	(57,099,614)	(60,318,308)	(3,492,604)	(4,753,868)	(51,455,580)	(39,300,596)	(112,169,556)	(104,372,782)
Re-Takaful and other recoveries	61,268	6	17,252,789	24,310,588	2,773,630	4,307,059	20,956,556	14,969,712	41,044,243	43,587,365
Movement in outstanding claims and IBNR – net (note 7.1)	384,271	(162,972)	(785,533)	821,025	29,695	(668,950)	365,471	(6,322,406)	(6,096)	(6,333,303)
Commission expense - net	114,486	78,544	(5,913,500)	(6,046,866)	935,189	499,001	(30,501,328)	(26,645,392)	(35,365,153)	(32,114,713)
Net takaful expenses	438,267	(84,432)	(46,545,858)	(41,233,561)	245,910	(616,758)	(60,634,881)	(57,298,682)	(106,496,562)	(99,233,433)
Surplus from takaful operations	1,110,251	730,599	28,067,932	38,415,895	6,912,984	6,137,493	53,187,544	42,105,890	89,278,711	87,389,877

7.1 In current period, movement in outstanding claims and IBNR includes reversal of QR. 4,202,860, which was originally recorded in the year 2020 under takaful and other payables relating to a potential facultative cover claim.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the nine-month period ended 30 September 2022

7 NET UNDERWRITING RESULTS (CONTINUED)

For the three-month period ended	<i>Reviewed</i>									
	<i>Marine and Aviation</i>		<i>Motor</i>		<i>Fire and General Accident</i>		<i>Takaful and Medical</i>		<i>Total</i>	
	<i>30</i>	<i>30</i>	<i>30</i>	<i>30</i>	<i>30</i>	<i>30</i>	<i>30</i>	<i>30</i>	<i>30</i>	<i>30</i>
	<i>September</i>	<i>September</i>	<i>September</i>	<i>September</i>	<i>September</i>	<i>September</i>	<i>September</i>	<i>September</i>	<i>September</i>	<i>September</i>
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
Gross contributions	668,021	573,338	23,300,308	25,434,557	10,457,637	10,258,654	51,494,089	53,404,185	85,920,055	89,670,734
Re-Takaful share	(447,680)	(309,673)	(1,168,723)	(848,005)	(8,465,675)	(8,541,893)	(6,018,899)	(8,071,406)	(16,100,977)	(17,770,977)
Net contributions	220,341	263,665	22,131,585	24,586,552	1,991,962	1,716,761	45,475,190	45,332,779	69,819,078	71,899,757
Movement in unearned contribution - net	300,877	192,596	898,968	1,837,325	(260,055)	(284,912)	(4,812,511)	(12,069,064)	(3,872,721)	(10,324,055)
Net earned contributions	521,218	456,261	23,030,553	26,423,877	1,731,907	1,431,849	40,662,679	33,263,715	65,946,357	61,575,702
Expenses:										
Gross claims paid	(109,670)	(2)	(21,752,798)	(21,556,776)	(467,502)	(2,946,380)	(18,511,855)	(14,602,306)	(40,841,825)	(39,105,464)
Re-Takaful and other recoveries	54,902	-	6,512,099	12,348,363	420,069	3,061,582	7,790,876	5,304,838	14,777,946	20,714,783
Movement in outstanding claims and IBNR - net	372,439	(2,232)	(6,721)	2,376,283	(203,513)	(314,377)	1,942,679	(4,090,960)	2,104,884	(2,031,286)
Commission expense - net	62,766	12,901	(1,692,720)	(1,916,360)	6,795	113,624	(10,430,182)	(9,273,861)	(12,053,341)	(11,063,696)
Net takaful expenses	380,437	10,667	(16,940,140)	(8,748,490)	(244,151)	(85,551)	(19,208,482)	(22,662,289)	(36,012,336)	(31,485,663)
Surplus from takaful operations	901,655	466,928	6,090,413	17,675,387	1,487,756	1,346,298	21,454,197	10,601,426	29,934,021	30,090,039

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

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the nine-month period ended 30 September 2022

8 GENERAL AND ADMINISTRATIVE EXPENSES

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2022	2021	2022	2021
	QR.	QR.	QR.	QR.
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Technical fees	348,854	411,750	1,172,354	1,235,250
Insurance expenses	541,459	359,521	1,381,609	1,062,381
Board of directors' remuneration	212,500	266,251	850,000	798,751
Business promotion expenses	2,350	3,070	20,550	14,051
Legal and professional fee	209,500	215,825	851,027	692,357
IT charges	854,945	187,500	1,180,163	612,526
Amortisation of right of use assets	61,849	61,849	123,697	123,698
Postage and telephone	111,143	90,668	350,121	292,289
Printing and stationery	137,748	64,687	331,970	150,404
Subscription fees	201,245	42,425	736,350	724,169
Repair and maintenance expenses	880,288	496,036	1,614,863	997,859
Rent	(7,659)	-	-	177,831
Other operating expenses (i)	127,781	317,942	648,023	421,659
	<u>3,682,003</u>	<u>2,517,524</u>	<u>9,260,727</u>	<u>7,303,225</u>

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

9 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

As at 30 September 2022, the Company held the following classes of financial instruments measured at fair value:

30 September 2022 (Reviewed)	Level 1 QR	Level 2 QR	Level 3 QR	Total QR
- Investments at fair value through equity	838,528,012	-	-	838,528,012
- Investments at fair value through income statement	31,170,437	-	-	31,170,437
	<u>869,698,449</u>	<u>-</u>	<u>-</u>	<u>869,698,449</u>
31 December 2021 (Audited)	Level 1 QR	Level 2 QR	Level 3 QR	Total QR
- 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
	<u>826,098,791</u>	<u>-</u>	<u>-</u>	<u>826,098,791</u>

During the period / year ended 30 September 2022 and 31 December 2021, there were no transfers between Level 1 and Level 3 fair value measurements.

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

For the nine-month period ended 30 September 2022

9 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

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

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

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

10 COMMITMENTS AND CONTINGENT LIABILITIES

The Company had the following commitments and contingent liabilities outstanding:

	<i>30 September 2022 QR (Reviewed)</i>	<i>31 December 2021 QR (Audited)</i>
Bank guarantees	<u>6,781,296</u>	<u>6,413,986</u>

11 PRIOR PERIOD ADJUSTMENT

Prior period adjustment comprises of net realised investment income which had been inadvertently omitted over the years but was recognized in March 2022. The income relates to dividend income on equity portfolio liquidated in April 2019. It has been adjusted from opening balance of accumulated surplus of policyholders and retained earnings of shareholders for the nine-month period ended 30 September 2022. Details of this are set out below:

	QR
Policyholders	
Realised dividend on equity portfolio	2,853,245
Less: Investment fee	<u>(230,000)</u>
	2,623,245
Less: Mudarib share	<u>(1,049,298)</u>
Net adjustment	<u>1,573,947</u>
Shareholders	
Realised dividend on equity portfolio	2,859,669
Less: Investment fee	<u>(389,000)</u>
	2,470,669
Add: Mudarib share from policyholders	<u>1,049,298</u>
Net adjustment	<u>3,519,967</u>

12 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2021.

13 DIVIDEND

The cash dividend paid to Shareholders in respect of the year ended 31 December 2021, amounting to a total of QR 20,000,000 (2020: QR 20,000,000), was approved by the shareholders at the Annual General meeting on 10 March 2022.

14 SHARI'A SUPERVISORY BOARD

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