

Takaful International Company B.S.C.

**INTERIM CONDENSED
FINANCIAL STATEMENTS**

30 JUNE 2021 (REVIEWED)

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Takaful International Company B.S.C.

General information

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PRINCIPAL BANKERS

Bahrain Islamic Bank
Al Salam Bank

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Actuary

Lux Actuaries & Consultants
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Takaful International Company B.S.C.

Directors and management

BOARD OF DIRECTORS

Jamal Ali Al Hazeem	- Chairman
AbdulRahman Abdulla Mohammed	- Vice-Chairman
Khaled Saud Al Hasan	- Director
Ebrahim Mohamed Sharif Alrayes	- Director
Ahmed AbdulRahman Bucheeri	- Director
Osama Kamel Kishk	- Director
Dr. Osama T. Albaharna	- Director
Rashed Ali Abdulrahim	- Director
Khalid Jamal Al Muzaire	- Director (Resigned 23 March 2021)
Abdulla Rabea Mohamed Rabea	- Director
Saleh Fahad Al Zouman	- Director (Appointed 23 March 2021)
Ali Hasan Fardan	- Secretary to the Board

EXECUTIVE COMMITTEE

Khaled Saud Al Hasan	- Chairman
AbdulRahman Abdulla Mohammed	- Vice Chairman
Abdulla Rabea Mohamed Rabea	- Member
Ebrahim Mohamed Sharif Alrayes	- Member (Left executive committee on 23 March 2021)
Ahmed AbdulRahman Bucheeri	- Member
Saleh Fahad Al Zouman	- Member (Appointed 23 March 2021)

AUDIT AND CORPORATE GOVERNANCE COMMITTEE

Ebrahim Mohamed Sharif Alrayes	- Chairman (Joined audit committee on 23 March 2021)
Khalid Jamal Al Muzaire	- Chairman (Resigned 23 March 2021)
Rashed Ali Abdulrahim	- Vice Chairman
Osama Kamel Kishk	- Member
Dr. Osama T. Albaharna	- Member

NOMINATION & REMUNERATION COMMITTEE

Jamal Ali Al Hazeem	- Chairman
Khaled Saud Al Hasan	- Vice Chairman
Khalid Jamal Al Muzaire	- Member (Resigned 23 March 2021)
Rashed Ali Abdulrahim	- Member
Ebrahim Mohamed Sharif Alrayes	- Member (Joined Nomination & remuneration committee on 23 March 2021)

RISK COMMITTEE

Dr. Osama T. Albaharna	- Chairman
Osama Kamel Kishk	- Vice Chairman
Ahmed AbdulRahman Bucheeri	- Member
Abdulaziz A. Al Othman	- Member (Deputy Chief Executive Officer)

Sharia'a Supervisory Board

Dr. Shaikh Abdul Latif Mahmood Al Mahmood	- Chairman
Dr. Shaikh Osama Mohammed Bahar	- Deputy Chairman
Shaikh Essam Mohammed Ishaq	- Member

EXECUTIVE MANAGEMENT

Essam M. Al Ansari	- Chief Executive Officer
Abdulaziz A. Al Othman	- Deputy Chief Executive Officer
Santosh Shreenivas Prabhu	- Chief Financial Officer
Jijan Abraham Stephen	- Chief Underwriting Officer - General Takaful
Reema Nowrooz	- Chief Underwriting Officer - Family Takaful & Healthcare
Lamia E. Hassan	- Chief Underwriting Officer - Motor Takaful
Sayed Jaffer K. Hussain	- Senior Manager - Information Technology
Najat Al Wadi	- Manager - Governance, Risk Management & Compliance

REPORT ON REVIEW OF THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF TAKAFUL INTERNATIONAL COMPANY B.S.C.

Introduction

We have reviewed the accompanying interim condensed financial statements of Takaful International B.S.C. (the "Company") as at 30 June 2021, comprising of the interim statement of financial position as at 30 June 2021 and the related interim statement of income for the three and six month periods then ended and the related interim statements of changes in shareholders' equity, changes in participants' fund and cash flows for the six-month period then ended and explanatory notes. The Board of Directors of the Company is responsible for the preparation and presentation of these interim condensed financial statements in accordance with the basis of preparation and accounting policies described in note 2. Our responsibility is to express a conclusion on these interim condensed financial statements 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. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with the basis of preparation and accounting policies described in note 2 to the interim condensed financial statements.

Other matter

Due to the outbreak of the novel coronavirus (COVID-19) in early 2020, the CBB vide its circular OG/124/2020 dated 30 March 2020 had exempted all public shareholding companies and locally incorporated banks from preparation and publication of interim condensed financial statements for the three-month period ended 31 March 2020. Accordingly, we have not reviewed the comparative information for the three-month period ended 30 June 2020 presented in these interim condensed financial statements which have been extracted from management accounts and, we do not express any review conclusion on them.



3 August 2021
Manama, Kingdom of Bahrain

Takaful International Company B.S.C.
INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 June 2021

ASSETS

Cash and investments:

Statutory deposit
Cash and balances with banks
Investments
Investment in an associate

Takaful and retakaful receivables
Retakaful providers' share of takaful liabilities
Deferred acquisition costs
Property and equipment
Right-of-use assets
Other receivables, accrued income and prepayments
Retakaful providers' share of family takaful technical reserves

TOTAL ASSETS

LIABILITIES, PARTICIPANTS' FUNDS AND OWNERS' EQUITY

Liabilities

Takaful liabilities
Unearned commissions
Family takaful technical reserves
Payables and accrued liabilities :
Takaful and retakaful companies
Participants'
Others
Ijarah liabilities

Total liabilities

Participants' fund

Surplus / (deficit) in participants' fund
Investments fair value reserve

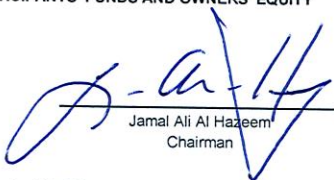
Owners' equity

Share capital
Statutory reserve
General reserve
Retained earnings
Investments fair value reserve


Total owners' equity

TOTAL LIABILITIES, PARTICIPANTS' FUNDS AND OWNERS' EQUITY

Shareholders		General takaful		Family takaful		Total	
Reviewed 30 June 2021 BD	Audited 31 December 2020 BD	Reviewed 30 June 2021 BD	Audited 31 December 2020 BD	Reviewed 30 June 2021 BD	Audited 31 December 2020 BD	Reviewed 30 June 2021 BD	Audited 31 December 2020 BD
125,000	125,000	-	-	-	-	125,000	125,000
7,532,774	7,678,395	10,931,010	8,512,369	2,449,351	2,100,488	20,913,135	18,291,252
2,969,068	2,634,093	3,098,406	2,031,884	1,184,071	1,252,954	7,251,545	5,918,931
160,941	260,776	-	-	-	-	160,941	260,776
10,787,783	10,698,264	14,029,416	10,544,253	3,633,422	3,353,442	28,450,621	24,595,959
-	-	6,429,312	5,599,724	502,295	486,885	6,931,607	6,086,609
-	-	5,626,708	5,583,715	264,493	300,570	5,891,201	5,884,285
629,353	493,161	-	-	-	-	629,353	493,161
78,487	72,728	-	-	-	-	78,487	72,728
563,065	-	-	-	-	-	563,065	-
916,288	1,156,184	497,221	373,669	44,451	27,070	1,457,960	1,556,923
-	-	-	-	2,575,386	2,550,251	2,575,386	2,550,251
12,974,976	12,420,337	26,582,657	22,101,361	7,020,047	6,718,218	46,577,680	41,239,916
-	-	20,150,906	17,363,546	437,441	498,210	20,588,347	17,861,756
-	-	360,449	285,762	-	-	360,449	285,762
-	-	-	-	5,417,030	5,052,328	5,417,030	5,052,328
-	-	3,463,921	2,256,096	908,237	792,177	4,372,158	3,048,273
428,709	350,760	1,261,500	1,094,879	3,774	4,065	1,693,983	1,449,704
721,746	905,444	1,065,494	1,186,724	97,761	175,360	1,885,001	2,267,528
562,479	-	-	-	-	-	562,479	-
1,712,934	1,256,204	26,302,270	22,187,007	6,864,243	6,522,140	34,879,447	29,965,351
-	-	169,053	(159,838)	67,835	132,449	236,888	(27,389)
-	-	111,334	74,192	87,969	63,629	199,303	137,821
-	-	280,387	(85,646)	155,804	196,078	436,191	110,432
8,500,000	8,500,000	-	-	-	-	8,500,000	8,500,000
770,569	770,569	-	-	-	-	770,569	770,569
200,000	200,000	-	-	-	-	200,000	200,000
1,629,220	1,578,365	-	-	-	-	1,629,220	1,578,365
162,253	115,199	-	-	-	-	162,253	115,199
11,262,042	11,164,133	-	-	-	-	11,262,042	11,164,133
12,974,976	12,420,337	26,582,657	22,101,361	7,020,047	6,718,218	46,577,680	41,239,916


Jamal Ali Al Hazeem
Chairman


AbdulRahman Abdulla Mohammed
Vice Chairman


Essam Mohamed Al Ansari
Chief Executive Officer

The attached explanatory notes 1 to 7 form part of these interim condensed financial statements.

Takaful International Company B.S.C.

INTERIM STATEMENT OF INCOME

For the six-month period ended 30 June 2021 (Reviewed)

Note	Shareholders		General takaful		Family takaful		Total	
	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June
	2021	2020	2021	2020	2021	2020	2021	2020
	BD	BD	BD	BD	BD	BD	BD	BD
Gross contributions	-	-	14,242,323	12,884,556	711,508	916,942	14,953,831	13,801,498
Retakaful provider's share of gross contributions	-	-	(3,775,575)	(3,718,476)	(229,161)	(417,114)	(4,004,736)	(4,135,590)
Retained contributions	-	-	10,466,748	9,166,080	482,347	499,828	10,949,095	9,665,908
Unearned contributions adjustment - gross	-	-	(2,517,118)	(2,059,006)	(53,612)	(51,252)	(2,570,730)	(2,110,258)
Unearned contributions adjustment - retakaful	-	-	339,391	685,359	22,429	13,597	361,820	698,956
Net earned contributions	-	-	8,289,021	7,792,433	451,164	462,173	8,740,185	8,254,606
Gross claims paid	-	-	(5,885,897)	(6,535,949)	(268,344)	(170,889)	(6,154,241)	(6,706,838)
Retakaful provider's and others share of claims paid	-	-	757,332	1,206,509	50,176	20,142	807,508	1,226,651
Outstanding claims adjustment - gross	-	-	(270,241)	(482,360)	114,381	(67,189)	(155,860)	(549,549)
Outstanding claims adjustment - retakaful and others	-	-	(296,397)	85,203	(58,505)	8,644	(354,902)	93,847
Net incurred claims	-	-	(5,695,203)	(5,726,597)	(162,292)	(209,292)	(5,857,495)	(5,935,889)
Fee and commission income	-	-	408,710	419,454	-	7	408,710	419,461
Other takaful expenses	-	-	(279,775)	(291,642)	(3,564)	(3,134)	(283,339)	(294,776)
Transfer to family takaful technical reserve	-	-	-	-	(339,567)	(210,000)	(339,567)	(210,000)
Provision for impaired takaful receivables	-	-	(112,972)	(270,371)	-	(8,725)	(112,972)	(279,096)
Surplus from takaful operations before wakala fees	-	-	2,609,781	1,923,277	(54,259)	31,029	2,555,522	1,954,306
Wakala fees expense	-	-	(2,286,109)	(1,792,934)	(64,036)	(36,678)	(2,350,145)	(1,829,612)
Surplus / (deficit) from takaful operations after wakala fees	-	-	323,672	130,343	(118,295)	(5,649)	205,377	124,694
Wakala fees income	2,350,145	1,829,612	-	-	-	-	2,350,145	1,829,612
Investment income / (loss) - net	121,939	(8,395)	6,959	145,348	71,575	(39,905)	200,473	97,048
Mudarib share	19,634	36,337	(1,740)	(36,337)	(17,894)	-	-	-
(Loss) / income from an associate	(17,299)	78,168	-	-	-	-	(17,299)	78,168
Other income	2,932	164,798	-	-	-	-	2,932	164,798
	2,477,351	2,100,520	5,219	109,011	53,681	(39,905)	2,536,251	2,169,626
General administration expenses	(1,055,588)	(969,540)	-	-	-	-	(1,055,588)	(969,540)
Corporate expenses	(193,878)	(138,342)	-	-	-	-	(193,878)	(138,342)
Amortisation of acquisition costs	(746,301)	(632,955)	-	-	-	-	(746,301)	(632,955)
	(1,995,767)	(1,740,837)	-	-	-	-	(1,995,767)	(1,740,837)
Net profit and surplus / (deficit) for the period	481,584	359,683	328,891	239,354	(64,614)	(45,554)	745,861	553,483
Earnings per share	5.67 fils	4.23 fils						

Jamal Ali Al Hazeem
Chairman

Abdulrahman Abdulla Mohammed
Vice Chairman

Essam Mohamed Al Anbari
Chief Executive Officer

The attached explanatory notes 1 to 7 form part of these interim condensed financial statements.

Takaful International Company B.S.C.

INTERIM STATEMENT OF INCOME

For the three-month period ended 30 June 2021

	Shareholders		General takaful		Family takaful		Total	
	Reviewed	Not reviewed	Reviewed	Not reviewed	Reviewed	Not reviewed	Reviewed	Not reviewed
	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June
	2021	2020	2021	2020	2021	2020	2021	2020
Note	BD	BD	BD	BD	BD	BD	BD	BD
Gross contributions								
Retakaful provider's share of gross contributions	-	-	5,121,462	5,199,270	292,633	527,238	5,414,095	5,726,508
	-	-	(1,325,876)	(1,276,128)	(112,238)	(277,597)	(1,438,114)	(1,553,725)
Retained contributions								
Unearned contributions adjustment - gross	-	-	3,795,586	3,923,142	180,395	249,641	3,975,981	4,172,783
Unearned contributions adjustment - retakaful	-	-	740,096	176,555	(24,088)	(18,707)	716,008	157,848
	-	-	(433,995)	(275,203)	14,742	10,004	(419,253)	(265,199)
Net earned contributions	-	-	4,101,687	3,824,494	171,049	240,938	4,272,736	4,065,432
Gross claims paid								
Retakaful provider's and others share of claims paid	-	-	(2,879,051)	(3,206,216)	(224,857)	(117,677)	(3,103,908)	(3,323,893)
Outstanding claims adjustment - gross	-	-	373,723	567,418	28,800	-	402,523	567,418
Outstanding claims adjustment - retakaful and others	-	-	(155,554)	144	250,585	7,109	95,031	7,253
	-	-	(274,358)	(349,092)	(103,021)	-	(377,379)	(349,092)
Net incurred claims	-	-	(2,935,240)	(2,987,746)	(48,493)	(110,568)	(2,983,733)	(3,098,314)
Fee and commission income								
Other takaful expenses	-	-	220,398	208,938	-	-	220,398	208,938
Transfer to family takaful technical reserve	-	-	(114,434)	(105,292)	(1,660)	(1,265)	(116,094)	(106,557)
Provision for impaired takaful receivables	-	-	-	-	(194,693)	(195,000)	(194,693)	(195,000)
	-	-	(32,846)	(138,000)	-	15,538	(32,846)	(122,462)
Surplus from takaful operations before wakala fees	-	-	1,239,565	802,394	(73,797)	(50,357)	1,165,768	752,037
Wakala fees expense	-	-	(1,068,444)	(773,710)	(26,685)	33,469	(1,095,129)	(740,241)
Surplus / (deficit) from takaful operations after wakala fees	-	-	171,121	28,684	(100,482)	(16,888)	70,639	11,796
Wakala fees income	1,095,129	740,241	-	-	-	-	1,095,129	740,241
Investment income / (loss) - net	65,463	64,677	(52,903)	71,188	42,871	8,398	55,431	144,263
Mudarib share	(2,508)	17,797	13,226	(17,797)	(10,718)	-	-	-
Income from an associate	44	15,910	-	-	-	-	44	15,910
Other income	2,932	163,475	-	-	-	-	2,932	163,475
	1,161,060	1,002,100	(39,677)	53,391	32,153	8,398	1,153,536	1,063,889
General administration expenses								
Corporate expenses	(517,747)	(501,351)	-	-	-	-	(517,747)	(501,351)
Amortisation of acquisition costs	(51,895)	(55,813)	-	-	-	-	(51,895)	(55,813)
	(365,170)	(316,000)	-	-	-	-	(365,170)	(316,000)
	(934,812)	(873,164)	-	-	-	-	(934,812)	(873,164)
Net profit and surplus / (deficit) for the period	226,248	128,936	131,444	82,075	(68,329)	(8,490)	289,363	202,521
Earnings per share								
	2.66 Fils	1.52 Fils						

3

Jamal Ali Al Hazeem
Chairman

AbdulRahman Abdulla Mohammed
Vice Chairman

Essam Mohamed Al Ansari
Chief Executive Officer

The attached explanatory notes 1 to 7 form part of these interim condensed financial statements.

Takaful International Company B.S.C.

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six-month period ended 30 June 2021 (Reviewed)

	<i>Share capital</i>	<i>Statutory reserve</i>	<i>General reserve</i>	<i>Retained earnings</i>	<i>Investments fair value reserve</i>	<i>Total owners' equity</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Balance at 1 January 2021	8,500,000	770,569	200,000	1,578,365	115,199	11,164,133
Effect of adoption of a new accounting standard (note 2)	-	-	-	(5,729)	-	(5,729)
Balance at 1 January 2021 (restated)	8,500,000	770,569	200,000	1,572,636	115,199	11,158,404
Profit for the period	-	-	-	481,584	-	481,584
Other comprehensive income	-	-	-	-	47,054	47,054
Total comprehensive income for the period	-	-	-	481,584	47,054	528,638
Dividend paid	-	-	-	(425,000)	-	(425,000)
Balance as at 30 June 2021	8,500,000	770,569	200,000	1,629,220	162,253	11,262,042
Balance at 1 January 2020	8,500,000	656,159	200,000	548,670	174,142	10,078,971
Profit for the period	-	-	-	359,683	-	359,683
Other comprehensive loss	-	-	-	-	(103,621)	(103,621)
Total comprehensive income / (loss) for the period	-	-	-	359,683	(103,621)	256,062
Balance as at 30 June 2020	8,500,000	656,159	200,000	908,353	70,521	10,335,033

The attached explanatory notes 1 to 7 form part of these interim condensed financial statements.

Takaful International Company B.S.C.

INTERIM STATEMENT OF CHANGES IN PARTICIPANTS' FUND

For the six-month period ended 30 June 2021 (Reviewed)

	<i>(Deficit) / surplus in participants' fund</i>		<i>Investments fair value reserve</i>		
	<i>General takaful</i>	<i>Family takaful</i>	<i>General takaful</i>	<i>Family takaful</i>	<i>Total</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Balance at 1 January 2021	(159,838)	132,449	74,192	63,629	110,432
Realised fair value losses on investments	-	-	144,465	17,540	162,005
Unrealised fair value (losses) / gains on investments	-	-	(107,323)	6,800	(100,523)
Surplus / (deficit) for the period	328,891	(64,614)	-	-	264,277
Balance as at 30 June 2021	169,053	67,835	111,334	87,969	436,191
Balance at 1 January 2020	(591,591)	163,939	130,039	6,917	(290,696)
Realised fair value losses on investments	-	-	1,376	116,648	118,024
Unrealised fair value losses on investments	-	-	(46,678)	(138,478)	(185,156)
Surplus / (deficit) for the period	239,354	(45,554)	-	-	193,800
Balance as at 30 June 2020	(352,237)	118,385	84,737	(14,913)	(164,028)

The attached explanatory notes 1 to 7 form part of these interim condensed financial statements.

Takaful International Company B.S.C.

INTERIM STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2021 (Reviewed)

	<i>Six months ended</i>	
	<i>30 June</i>	
	<i>2021</i>	<i>2020</i>
	<i>BD</i>	<i>BD</i>
OPERATING ACTIVITIES		
Net profit for the period	481,584	359,683
Surplus from participants' operations	264,277	193,800
Adjustments for:		
Income from an associate	(2,994)	(78,168)
Loss on sale of an associate	20,293	-
Investment income	(268,796)	(350,459)
Gains on sale of investments	(169,386)	(35,904)
Impairment loss on investments	181,389	233,497
Amortisation of right-of-use assets	36,774	-
Depreciation on property and equipment	16,606	47,614
Provision for impairment of takaful and retakaful receivables	112,972	279,096
Ijarah cost	23,682	-
Movement in unearned contributions	2,208,910	1,411,303
Movement in unearned commissions	(61,505)	(45,271)
Movement in transfer to family takaful technical reserve	339,567	210,000
Operating profit before changes in operating assets and liabilities	3,183,373	2,225,191
Changes in operating assets and liabilities:		
Takaful and retakaful receivables	(957,970)	243,481
Other receivables and prepayments	(179,769)	6,899
Retakaful share of outstanding claims	354,903	(93,848)
Gross outstanding claims	155,861	549,550
Takaful and retakaful payables	1,568,162	285,358
Other liabilities and provisions	(128,388)	(370,850)
Employees' terminal benefits	7,526	22,191
Net cash from operating activities	4,003,698	2,867,972
INVESTING ACTIVITIES		
Investment income received	438,182	386,363
Purchase of property and equipment	(22,364)	(27,407)
Purchase of investments	(1,761,003)	(1,044,186)
Proceeds from the sale of investments	355,537	598,202
Bank deposits with maturities of more than three months	1,887,119	1,021,481
Proceeds from the sale of investment in an associate	82,533	-
Net cash from investing activities	980,004	934,453
FINANCING ACTIVITIES		
Cash dividend paid	(425,000)	-
Payment of ijarah liabilities	(49,703)	-
Net cash used in financing activities	(474,703)	-
INCREASE IN CASH AND CASH EQUIVALENTS	4,508,999	3,802,425
Cash and cash equivalents at the beginning of the period	8,641,681	2,590,725
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	13,150,680	6,393,150
COMPRISING:		
CASH AND BALANCES WITH BANKS		
Cash and balance in current accounts	4,876,792	3,308,894
Bank deposits with maturity of three months or less	8,273,888	3,084,256
CASH AND CASH EQUIVALENTS	13,150,680	6,393,150
Bank deposits with maturity of more than three months	7,762,455	7,941,310
Cash and balances with banks as per interim statement of financial position	20,913,135	14,334,460

The attached explanatory notes 1 to 7 form part of these interim condensed financial statements.

At 30 June 2021

1 ORGANISATION AND ACTIVITIES

Takaful International Company B.S.C. ("the Company") is a Bahraini public shareholding company registered with the Ministry of Industry and Commerce and Tourism in the Kingdom of Bahrain and operates under commercial registration number 21100 obtained on 11 April 1989. The Company provides Takaful and related insurance products and services.

The activities of the Company are organised on the principles of Sharia'a. The principal activity of the Company is to manage the General and Family takaful activities and investments by adopting wakala and mudarabha models respectively, on behalf of the participants in accordance with the Islamic Sharia'a principles. The retakaful activities are organised on an underwriting year basis with the participants pooling their contributions to compensate for losses suffered in the pool on occurrence of a defined event.

Impact of COVID-19

The spread of coronavirus ("COVID-19") pandemic has severely impacted various economies globally, causing disruption to business and economic activities. This has resulted in a global economic slowdown with uncertainties in the economic environment. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The extent and duration of its business and economic impacts remain uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of the coronavirus and the extent and effectiveness of containment actions taken. These developments could impact our future financial results, cash flows and financial condition.

The registered office of the Company is in the Kingdom of Bahrain.

The interim condensed financial statements of the Company were authorised for issue in accordance with a resolution of the Board of Directors dated 3 August 2021

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The condensed interim financial information has been prepared in accordance with International Accounting Standard 34 - "*Interim Financial Reporting*". The condensed interim financial information should therefore be read in conjunction with the annual audited financial statements prepared as at, and for the year ended 31 December 2020 which has been prepared in accordance with the Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("the AAOIFI"). For recognition and measurement matters which are not covered by the AAOIFI standards, including Interim Financial Reporting, the Company uses guidance from International Financial Reporting Standards issued by the International Accounting Standards Board.

During 2020 as a result of COVID-19, the CBB issued various circulars on regulatory concessionary measures including circular OG/124/2020 dated 31 March 2020, in which the CBB exempted all public shareholding companies and locally incorporated banks from preparation and publication of interim condensed financial statements for the three-month period ended 31 March 2020. Accordingly, the Company did not publish reviewed interim condensed financial statements for the period ended 31 March 2020 and therefore the comparative information for the three-month period ended 30 June 2020 included in these interim condensed financial statements have been extracted from management accounts on which neither an audit opinion nor a review conclusion was issued.

Significant accounting policies

The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the annual audited financial statements of the Company prepared as at, and for the year ended 31 December 2020 except for the adoption of new and amended standards issued and effective for annual periods beginning on or after 1 January 2021.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)***Significant accounting policies (continued)*****FAS 31 Investment Agency (Al-Wakala Bi Al-Istithmar)**

This standard defines the accounting principles and reporting requirements for investment agency (Al-Wakala Bi Al-Istithmar) transactions and instruments, in the hands of both the principal and the agent. The standard requires the principal to evaluate the nature of the investment as either a) a pass-through investment or b) wakala venture. This standard does not have any impact on the financial statements of the Company.

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.

Under this standard, an institution, in its capacity either as lessor or lessee shall classify each of its Ijarah into a) operating Ijarah b) Ijarah Muntahia Bittamleek with expected transfer of ownership after the end of the Ijarah term – either through sale or gift; and c) Ijarah Muntahia Bittamleek with gradual transfer – with gradual transfer of ownership during the Ijarah term including Diminishing Musharaka Ijarah.

The standard includes two recognition exemptions for Ijarah – Ijarah of "low-value" assets (e.g., personal computers) and short-term Ijarah (i.e., Ijarah with a Ijarah term of 12 months or less). At the commencement date of the Ijarah, a lessee will recognize an asset representing the right to use the underlying asset during the Ijarah term (i.e., the right-of-use asset) and a net Ijarah liability, duly comprising of a) gross Ijarah liability and b) deferred Ijarah cost (shown as contra-liability). Further, the net Ijarah liabilities should be netted off against the advance rental's payments made prior to the commencement of Ijarah term.

Upon adoption of FAS 32, the Company applied a single recognition and measurement approach for all Ijarah in which it is the lessee, except for short-term Ijarah and Ijarah of low-value assets. The Company recognised Ijarah liabilities to make Ijarah payments and right-of-use assets representing the right to use the underlying assets. The Company adopted FAS 32 using the modified retrospective method of adoption with the date of initial application of 1 January 2021 and accordingly, the comparative information is not restated.

When measuring Ijarah liabilities, the Company discounted Ijarah payments using its incremental borrowing rate at 1 January 2021. The effect of adopting FAS 32 as at 1 January 2021 is disclosed as follows:

	1 January 2021 BD
Assets	
Right-of-use assets	599,840
Prepayments	(17,068)
	582,772
Owners' equity	
Retained earnings	(5,729)
Liabilities	
Ijarah liabilities	588,501

At 30 June 2021

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

FAS 32 Ijarah (continued)

a) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the Ijarah (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated amortisation and impairment losses, and adjustment for any effect of Ijarah modification or reassessment. The cost of right-of-use assets represents the fair value of total consideration paid / payable and includes initial direct costs and any dismantling or decommissioning costs. The Company amortises the right-of-use assets from the commencement date to the end of the useful economic life of the right-of use assets which coincides with the end of the Ijarah term using a systematic basis that is reflective of the pattern of utilization of benefits from the right-of-use asset. Right-of-use assets are also subjects to impairment in line with FAS 30 requirements.

b) Ijarah liabilities

At the commencement date of the Ijarah (i.e., the date the underlying asset is available for use), the Company recognises Ijarah liabilities measured at the fair value of total rentals payable for Ijarah term. After the commencement date, the amount of Ijarah liabilities are increased to reflect return on the Ijarah liabilities – by way of amortisation of deferred Ijarah cost and reduced to reflect the Ijarah rentals made. In addition, the carrying amount of Ijarah liabilities is remeasured if there is a modification, a change in the Ijarah term or change in the in-substance fixed Ijarah payments.

FAS 34 Financial Reporting for Sukuk -holders

This standard prescribes the accounting principles and reporting requirements for underlying assets of a sukuk instrument. It requires the originator to prepare or cause to prepare financing reports as needed under this standard. This standard does not have any impact on the financial statements of the Company.

FAS 36 First Time Adoption of AAOIFI Financial Accounting Standards

The standard provides principles of financial reporting for Islamic financial institutions (the institutions), to be applied in the financial statements prepared for the first time according to the AAOIFI FASs, and to prescribe the transitional effects at the time of adoption. This standard does not have any impact on the financial statements of the Company.

New standards issued but deferred by AAOIFI

The Accounting Board of AAOIFI in its meeting held on 22-23 June 2020 has clarified that till the project of revision of certain FASs is complete, the takaful companies are subject to the investments impairment and classification requirements of FAS 25 'investments in Sukuk, shares and similar instruments' therefore the following issued AAOIFI FASs are extended till the date of completion of revision of certain takaful standards.

FAS 30 Impairment, credit losses and onerous commitments

The standard fundamentally changed the accounting for impairment losses for financial assets by replacing FAS 11 "provisions and reserves" incurred loss approach with a forward-looking Expected Credit Loss (ECL) approach on all receivables and off-balance sheet exposures including guarantees, letters of credit and other similar positions which are subject to credit risk.

The assets subject to credit losses will be categorised in the following three stages:

- | | |
|---------|--|
| Stage 1 | Performing receivables: receivables that are not significantly deteriorated in credit quality since origination. The impairment provision will be recorded based on 12 months ECL. |
| Stage 2 | Underperforming receivables: receivables that have significantly deteriorated in credit quality since origination. The credit losses will be recorded based on life time ECL. |
| Stage 3 | Impaired receivables: For receivables that are impaired, the impairment provision based on life time ECL will be recognised. |

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

New standards issued but deferred by AAOIFI (continued)

FAS 30 Impairment, credit losses and onerous commitments (continued)

The Company will be required to consider the forward-looking information in its assessment of significant deterioration in credit risk since origination as well as the measurement of ECLs. The forward-looking information will include the elements such as macroeconomic factors (e.g., equity prices and oil prices) and economic forecasts obtained through external sources.

The Company will evaluate a range of possible outcomes and scenarios. For each scenario, the Company will derive an ECL and apply a probability weighted approach to determine the impairment provision.

Impairment approach

Impairment losses will be recognised on all other financing, investment assets and exposures subject to risks other than credit risk (excluding investments carried at fair value through statement of income).

The impairment losses will be measured by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount will be the higher of its fair value less costs of disposal and its value in use.

Provision for onerous contract or commitment to acquire an asset

The Company will recognise provision when the Company is obligated to acquire an asset under a future commitment or contracts permissible to be entered in the future, and it is expected that the obligation under the contract or commitment is higher than the economic benefits expected to flow through acquisition of such asset. In such situation, the Company will create a provision on this account reflecting the expected losses arising on such transaction.

FAS 33 Investment in sukuk, shares and similar instruments

This standard aims at setting out principles for the classification, recognition, measurement, presentation, and disclosure of investments in Sukuk, shares and other similar instruments of investments made by Islamic financial institution. The standard defines the key types of instruments of Shari'ah compliant investments and the primary accounting treatments commensurate to the characteristics and business model of institutions under which the investments are made, managed and held.

New standards issued but not yet effective

Standards, interpretations and amendments to existing standards issued but not yet effective up to the date of issuance of the Company's interim condensed financial statements are disclosed below. The Company reasonably expects these issued standards, interpretations and amendments to existing standards to be applicable at a future date. The Company intends to adopt these standards, interpretations and amendments to existing standards, if applicable, when they become effective:

- 'FAS 37 "Financial Reporting by Waqf Institutions" (effective 1 January 2022)
The standard establishes principles of financial reporting by Waqf financial institutions, which are established and operated in line with Shari'ah principle and rules.
- FAS 38 Wa'ad Khiyar and Tahawwut (effective 1 January 2022)
The standard prescribes the accounting and reporting principles and requirements for Wa'ad (promise), Khiyar (option) and Tahawwut (hedging) arrangements for the institutions.

The Company's management is currently assessing the impact of the above standards, interpretations and amendments on the condensed interim financial statements of the Company.

3 EARNINGS PER SHARE

The calculation of earnings per share is based on the profit for the six-month period ended 30 June 2021 - Reviewed of BD 481,584 (30 June 2020 BD 359,683) attributable to 85 million (2020: 85 million) weighted average number of ordinary shares, being the number of ordinary shares outstanding during the period. The Company does not have any potentially dilutive ordinary shares, hence the diluted earnings and basic earnings per share are identical.

4 SEGMENTAL UNDERWRITING RESULTS

Business segments – primary reporting segment

For management purposes, the Company is organised into departments based on the classes of insured risks. The reportable operating segments of the Company are as follows:

Fire and general takaful offers insurance policies to cover various risks of fire, sabotage and terrorism, engineering and general accident.

Medical takaful offers insurance policies to cover risks of medical contingencies and expenses.

Motor takaful offers insurance policies to cover risks of motor third party, motor comprehensive and extended warranty.

Marine and aviation takaful offers insurance policies to cover risks of marine cargo, marine hull and aviation.

Family takaful offers insurance policies to cover risks of group takaful and group credit, protection (decreasing term assurance/ life term assurance) and also for group savings, individual savings, education and cash back.

Management monitors the underwriting results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on underwriting profit. The following table presents disclosure of segment revenues, measurement of segment profit for the period and their reconciliation to the Company's income and profit for the period.

4 SEGMENTAL UNDERWRITING RESULTS (continued)**Business segments – primary reporting segment**

An analysis of the gross participants' contributions, net contributions retained and net results for its main classes of general and family takaful are as follows:

	Six-month period ended 30 June 2021 (Reviewed)						
	Fire & General BD	Medical BD	Motor BD	Marine & Aviation BD	Total General Takaful BD	Family Takaful BD	Total BD
Gross contributions	3,789,859	6,088,808	4,183,952	179,704	14,242,323	711,508	14,953,831
Retakaful provider's share of gross contributions	(3,339,658)	(142,867)	(151,576)	(141,474)	(3,775,575)	(229,161)	(4,004,736)
Retained contributions	450,201	5,945,941	4,032,376	38,230	10,466,748	482,347	10,949,095
Unearned premiums adjustment - net	(68,161)	(2,252,035)	142,172	297	(2,177,727)	(31,183)	(2,208,910)
Net earned contributions	382,040	3,693,906	4,174,548	38,527	8,289,021	451,164	8,740,185
Fee and commission Income	370,351	22	28	38,309	408,710	-	408,710
Segment revenue	752,391	3,693,928	4,174,576	76,836	8,697,731	451,164	9,148,895
Net incurred claims	(61,429)	(2,913,606)	(2,713,648)	(6,520)	(5,695,203)	(162,292)	(5,857,495)
Other takaful expenses	(3,668)	(217,124)	(58,946)	(37)	(279,775)	(3,564)	(283,339)
Transfer to family takaful technical reserve	-	-	-	-	-	(339,567)	(339,567)
Provision for impaired takaful receivables	(23,701)	-	(89,271)	-	(112,972)	-	(112,972)
Underwriting surplus / (deficit) before wakala fees	663,593	563,198	1,312,711	70,279	2,609,781	(54,259)	2,555,522
Wakala fees expense	(599,307)	(487,105)	(1,154,771)	(44,926)	(2,286,109)	(64,036)	(2,350,145)
Surplus / (deficit) from takaful operations after wakala fees	64,286	76,093	157,940	25,353	323,672	(118,295)	205,377
Investment income - net					6,959	71,575	78,534
Mudarib fees expense					(1,740)	(17,894)	(19,634)
Net surplus / (deficit)					328,891	(64,614)	264,277

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2021

4 SEGMENTAL UNDERWRITING RESULTS (continued)

Business segments – primary reporting segment (continued)

	Six-month period ended 30 June 2020 (Reviewed)						
	Fire & General BD	Medical BD	Motor BD	Marine & Aviation BD	Total General Takaful BD	Family Takaful BD	Total BD
Gross contributions	3,653,378	4,651,749	4,335,041	244,388	12,884,556	916,942	13,801,498
Retakaful provider's share of gross contributions	(3,220,112)	(166,210)	(141,696)	(190,458)	(3,718,476)	(417,114)	(4,135,590)
Retained contributions	433,266	4,485,539	4,193,345	53,930	9,166,080	499,828	9,665,908
Unearned premiums adjustment - net	(94,717)	(1,117,556)	(155,208)	(6,166)	(1,373,647)	(37,655)	(1,411,302)
Net earned contributions	338,549	3,367,983	4,038,137	47,764	7,792,433	462,173	8,254,606
Fee and commission Income	377,517	52	40	41,845	419,454	7	419,461
Segment Revenue	716,066	3,368,035	4,038,177	89,609	8,211,887	462,180	8,674,067
Net incurred claims	(275,885)	(2,491,738)	(2,943,213)	(15,761)	(5,726,597)	(209,292)	(5,935,889)
Other takaful expenses	(10,193)	(196,309)	(85,140)	-	(291,642)	(3,134)	(294,776)
Transfer to family takaful technical reserve	-	-	-	-	-	(210,000)	(210,000)
Provision for impaired takaful receivables	(89,076)	(45,338)	(115,203)	(20,754)	(270,371)	(8,725)	(279,096)
Underwriting surplus before wakala fees	340,912	634,650	894,621	53,094	1,923,277	31,029	1,954,306
Wakala fees expense	(294,158)	(600,076)	(849,668)	(49,032)	(1,792,934)	(36,678)	(1,829,612)
Surplus / (deficit) from takaful operations after wakala fees	46,754	34,574	44,953	4,062	130,343	(5,649)	124,694
Investment income / (loss) - net					145,348	(39,905)	105,443
Mudarib fees expense					(36,337)	-	(36,337)
Net surplus / (deficit)					239,354	(45,554)	193,800

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2021

4 SEGMENTAL UNDERWRITING RESULTS (continued)

The following table presents disclosure of segment assets and liabilities:

	<i>Fire & General BD</i>	<i>Medical BD</i>	<i>Motor BD</i>	<i>Marine & Aviation BD</i>	<i>Family Takaful BD</i>	<i>Total BD</i>	<i>Unallocated assets / Liabilities BD</i>	<i>Total BD</i>
<i>Identifiable assets and liabilities as on 30 June 2021 (Reviewed)</i>								
Identifiable assets	4,767,229	171,337	1,219,062	91,488	2,846,826	9,095,942	37,481,738	46,577,680
Identifiable liabilities	5,788,540	5,150,185	9,424,222	148,408	5,854,471	26,365,826	8,513,621	34,879,447
<i>Identifiable assets and liabilities as on 31 December 2020 - (Audited)</i>								
Identifiable assets	4,373,040	50,564	1,546,471	102,189	2,855,434	8,927,698	32,312,218	41,239,916
Identifiable liabilities	5,238,833	2,784,584	9,473,676	152,215	5,550,538	23,199,846	6,765,505	29,965,351

5 FINANCIAL INSTRUMENTS

Set out below is an overview of financial instruments held by the Company as at 30 June 2021 and 31 December 2020:

	30 June 2021 (Reviewed)		
	Equity and debt type instruments at fair value through BD	Financial Assets at amortised cost BD	Total BD
Cash and bank balances	-	20,913,135	20,913,135
Statutory deposits	-	125,000	125,000
Takaful and retakaful balances receivable	-	6,931,607	6,931,607
Other receivables and prepayments	-	736,100	736,100
Retakaful share of Takaful Liabilities			
- Outstanding Claims - reported claims	-	2,666,132	2,666,132
Investments at fair value through equity	6,513,145	738,400	7,251,545
	6,513,145	32,110,374	38,623,519
			Liabilities BD
Takaful Liabilities			
- Outstanding Claims - reported claims			5,480,197
Takaful and retakaful payables			6,066,141
Other liabilities and provisions			764,053
Ijarah liabilities			562,479
			12,872,870
	31 December 2020 (Audited)		
	Equity and debt type instruments at fair value through equity BD	Financial assets at amortised cost BD	Total BD
Statutory deposit	-	125,000	125,000
Cash and balances with Bank	-	18,291,252	18,291,252
Investments fair value reserve	5,574,931	344,000	5,918,931
Takaful and retakaful receivables		6,086,609	6,086,609
Retakaful providers' share of takaful liabilities			
- Outstanding Claims - reported claims	-	3,026,034	3,026,034
Other receivables	-	498,528	498,528
	5,574,931	28,371,423	33,946,354

5 FINANCIAL INSTRUMENTS (continued)

	<i>Liabilities</i>
	<i>BD</i>
Takaful Liabilities	
- Outstanding Claims - reported claims	5,690,422
Takaful and retakaful payables	4,497,978
Other liabilities and provisions	1,282,339
	<u>11,470,739</u>

Valuation methods & assumptions

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a measurement date.

Fair values of quoted securities are derived from quoted market prices in active markets, if available. For unquoted securities, fair value is estimated using appropriate valuation techniques. Such techniques may include using recent arms length market transactions; reference to the current fair value of another instrument that is substantially the same; or other valuation models.

The fair value of funds that are listed on active markets are determined by reference to their quoted bid prices. The fair value of unlisted funds are based on net asset values which are determined by the fund manager using the quoted market prices of the underlying assets, if available or other acceptable methods such as recent price paid by another investor or the market value of comparable companies.

Fair Value Hierarchy

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.

5 FINANCIAL INSTRUMENT (continued)

30 June 2021 (Reviewed)				
	Level 1	Level 2	Level 3	Total
	BD	BD	BD	BD
Equity and debt-type instruments at fair value through equity				
Quoted investments				
Government	3,332,915	-	-	3,332,915
Banking	1,135,698	-	-	1,135,698
Infrastructure	878,004	-	-	878,004
Others	613,304	-	-	613,304
Education	192,167	-	-	192,167
Consumer Service	79,892	-	-	79,892
Other managed funds				
Consumer Service	-	-	168,452	168,452
Infrastructure	-	-	17,202	17,202
Others	49,776	-	45,735	95,511
	6,281,756	-	231,389	6,513,145
31 December 2020 (Audited)				
	Level 1	Level 2	Level 3	Total
	BD	BD	BD	BD
Equity and debt-type instruments at fair value through equity				
Quoted investments				
Banking	1,630,360	-	-	1,630,360
Government	2,132,302	-	-	2,132,302
Infrastructure	1,104,680	-	-	1,104,680
Consumer Service	77,518	-	-	77,518
Others	441,498	-	-	441,498
Other managed funds				
Consumer Service	-	-	125,386	125,386
Infrastructure	-	-	6,774	6,774
Others	-	-	56,413	56,413
	5,386,358	-	188,573	5,574,931

Significant unobservable inputs to valuation - Equity-type instruments at fair value through equity in unquoted equity

A reasonably possible increase / (decrease) in the key assumptions by 10% would result in a fair value increase / (decrease) of BD 23,139 / (BD 23,139) (31 December 2020: increase / (decrease) of BD 18,857 / (BD 18,857)).

Transfers between Level 1, Level 2 and Level 3

During the six-month period ended 30 June 2021 there were no transfers between Level 1 and Level 2 fair value hierarchies, and no transfers into or out of Level 3 fair value hierarchy (30 June 2020: No transfers).

Carrying amount and fair values of financial instruments not carried at fair value

The management assessed that the fair values of statutory deposits, cash and balances with banks cash and bank balances, takaful and retakaful receivables, debt-type instruments at amortised cost, retakaful providers' share of takaful liabilities, other receivables, accrued income and prepayments, takaful liabilities payables and payables and accrued liabilities, approximate their carrying amounts largely due to short-term maturities of these instruments. These financial instruments are classified under level 2 of the fair value hierarchy.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

STATEMENTS

At 30 June 2021

6 RELATED PARTIES

Related parties represent the ultimate parent, parent, major shareholders, subsidiaries, associates, directors and key management personnel of the Company and their close family members and entities controlled, jointly controlled or significantly influenced by such parties. It also includes Company's external auditors, Shari'a advisor and members of the Shari'a Supervisory Board. Pricing policies and terms of these transactions are approved by the Company's management and are on an arms' length basis.

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including the executive management of the Company.

The following are the transactions entered into with the related parties during the period ended 30 June 2021 and 30 June 2020:

	30 June 2021		30 June 2020	
	(Reviewed)		(Reviewed)	
	Shareholders	Others	Shareholders	Others
	BD	BD	BD	BD
Gross contributions	126,609	934	170,714	-
Reinsurers' share of gross contribution	(114,732)	-	(86,368)	-
Gross claims paid	(6,213)	-	(33,599)	-
Reinsurers' share of claims paid	1,435	14,357	5	-
Fee and commission income	10,134	-	7,404	-
Acquisition costs	(12,791)	-	(30,853)	-
General administration expenses	(7,265)	-	-	-
Corporate expenses	-	(120,924)	-	(55,938)
(Loss) / income from an associate	-	(17,299)	-	78,168

A summary of the balances with related parties, included in these interim condensed financial

	30 June 2021		31 December 2020	
	(Reviewed)		(Audited)	
	Shareholders	Others	Shareholders	Others
	BD	BD	BD	BD
Investments at fair value through equity	-	160,941	-	260,776
Right of use of asset	549,209	-	-	-
Ijarah liability	544,477	-	-	-
Takaful and retakaful balances receivable	114,120	439	119,110	-
Takaful and retakaful balances payable	79,108	39	62,035	580
Other payables	-	1,250	18,952	1,343
Other receivables	13,268	118	13,568	118

Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as

	(Reviewed)	(Reviewed)
	30 June	30 June
	2021	2020
	BD	BD
Salaries and benefits	93,420	93,420
Employees' end of service benefits	3,350	3,350
	96,770	96,770

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2021

7 TOTAL COMPREHENSIVE INCOME

	<i>Six month's ended 30 June 2021 (Reviewed)</i>				<i>Six month's ended 30 June 2020 (Reviewed)</i>			
	<i>Shareholders</i>	<i>General</i>	<i>Family</i>	<i>Total</i>	<i>Shareholders</i>	<i>General</i>	<i>Family</i>	<i>Total</i>
	<i>BD</i>	<i>Takaful</i>	<i>Takaful</i>	<i>BD</i>	<i>BD</i>	<i>Takaful</i>	<i>Takaful</i>	<i>BD</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Net profit and surplus / (deficit) for the period	481,584	328,891	(64,614)	745,861	359,683	239,354	(45,554)	553,483
Other comprehensive income / (loss) to be reclassified to statement of profit or loss in subsequent periods:								
<i>Investment at fair value through equity:</i>								
Fair value changes arising during the period	39,668	(107,323)	6,800	(60,855)	(184,745)	(46,678)	(138,478)	(369,901)
Recycled to interim condensed statement of profit or loss on disposal/impairment	7,387	144,465	17,540	169,392	81,124	1,376	116,648	199,148
Other comprehensive income / (loss) for the period to be reclassified to interim condensed statement of profit or loss in subsequent periods	47,054	37,142	24,340	108,537	(103,621)	(45,302)	(21,830)	(170,753)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	528,638	366,033	(40,274)	854,398	256,062	194,052	(67,384)	382,730

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2021

7 TOTAL COMPREHENSIVE INCOME (continued)

	<i>Three month's ended 30 June 2021 (reviewed)</i>				<i>Three month's ended 30 June 2020 (not reviewed)</i>			
	<i>Shareholders</i>	<i>General</i>	<i>Family</i>	<i>Reviewed</i>	<i>Shareholders</i>	<i>General</i>	<i>Family</i>	
	<i>BD</i>	<i>Takaful</i>	<i>Takaful</i>	<i>Total</i>	<i>BD</i>	<i>Takaful</i>	<i>Takaful</i>	<i>Total</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Net profit and surplus / (deficit) for the period	226,248	131,444	(68,329)	289,363	128,936	82,075	(8,490)	202,521
Other comprehensive income / (loss) to be reclassified to statement of profit or loss in subsequent periods:								
<i>Investment at fair value through equity:</i>								
Fair value changes arising during the period	17,326	(115,590)	6,153	(92,111)	147,817	104,911	(34,196)	218,532
Recycled to interim condensed statement of profit or loss on disposal / impairment	9,275	144,465	10,559	164,299	(1,506)	-	40,545	39,039
Other comprehensive income for the period to be reclassified to interim condensed statement of profit or loss in subsequent periods	26,600	28,875	16,712	72,187	146,311	104,911	6,349	257,571
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	252,848	160,319	(51,617)	361,550	275,247	186,986	(2,141)	460,092

**(The attached financial information do not form part
of the interim condensed financial statements)**

Takaful International Company B.S.C.

SUPPLEMENTARY DISCLOSURE TO THE FINANCIAL STATEMENTS RELATED TO THE FINANCIAL IMPACT OF COVID-19 AS AT 30 June 2021

COVID-19 pandemic continues to present challenges for many entities throughout the world. The pandemic arrested the growth in business & resulted in pulling down the activities of the Company. However, the financial impact was insignificant. The Company is actively monitoring the COVID-19 situation, and in response to this outbreak, has activated its disaster recovery, business continuity & risk management plans to manage the potential business disruption on its operations and financial performance.

The Central Bank of Bahrain (CBB) announced various measures to combat the effects of COVID-19 to ease liquidity conditions in the economy as well as to assist financial institutions in complying with regulatory requirements.

The pandemic as well as the resulting measures and policies have had some impact on the Company as at 30 June 2021:

- There was no major loss of contributions.
- There was no reduction in assets.
- The Company's liquidity was un-affected due to the situation.
- The Company continues to meet the regulatory requirements of minimum capital.
- The slow-down in the local economy resulted in nominal reduction in claims.
- There was no direct effect of COVID-19 situation on general expenses during the first & second quarter of 2021.

The overall impact of COVID-19 situation on the financial statements as at 30 June 2021 as assessed by the Company is as below:

	Shareholders BD
<u>Revenue Expenditure</u>	
Sterilization & Disinfection of Premises, Sanitizers, Masks & Gloves, Depreciation, etc.	135
COVID-19 rapid test expenses for employees	144
Total Revenue Expenditure	279
<u>Capital Expenditure</u>	
Cost of Laptops for contingency plan	2,240
Total Capital Expenditure	2,240

The above supplementary information is provided to comply with the CBB circular number OG/259/2020 (Reporting of Financial Impact of COVID-19), dated 14th July 2020.

This disclosure should not be considered as an indication of the results of the entire year or relied upon for any other purposes. Since the situation of the COVID-19 is uncertain and is still evolving, the above impact is as of the date of preparation of this information. Circumstances may change which may result in this information to be out-of-date. In addition, this information does not represent the exact full comprehensive assessment of COVID-19 impact on the Company. This information is not subject to a formal review by the external auditors.