

Solidarity Bahrain B.S.C.

**Condensed interim financial information
Period ended 30 June 2020**

Solidarity Bahrain B.S.C.

Condensed interim financial information

Period ended 30 June 2020

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Solidarity Bahrain B.S.C.

General information

Commercial registration

5091 obtained on 17 August 1976

Board of Directors

Tawfeeq Shehab

Chairman of the Board, member of the Audit & Risk Committee and Chairman of Nomination & Remuneration Committee (Independent Non-Executive Director)

Ashraf Bseisu

Vice Chairman of the Board, Chairman of the Executive Committee and Member of the Nomination & Remuneration Committee (Executive Director)

Dr. Nadhem Al Saleh

Board Member, Chairman of Audit & Risk Committee, member of Corporate Governance Committee and member of Nomination & Remuneration Committee (Independent Non-Executive Director)

Sharif Ahmadi

Board Member, Chairman of Corporate Governance Committee and member of the Executive Committee (Independent Non-Executive Director)

Venkatesan Muniswamy

Board Member and member of the Executive Committee (Executive Director)

Bashar Sameer Nass

Board member and member of Audit & Risk Committee (Non-Independent Non-Executive Director)-

Ali Abdulrahim

Board member and member of the Executive Committee (Non-Independent Non-Executive Director)

Executive Committee

Ashraf Bseisu – Chairman
Sharif Ahmadi
Venkatesan Muniswamy
Ali Abdulrahim

Audit and Risk Committee

Dr. Nadhem Al Saleh – Chairman
Tawfeeq Shehab
Bashar Nass

Nomination and Remuneration Committee

Tawfeeq Shehab – Chairman
Nadhem Al Saleh
Ashraf Bseisu

Solidarity Bahrain B.S.C.

General information (continued)

Corporate Governance Committee

Sharif Ahmadi – Chairman
Dr. Nadhem Al Saleh
Shaikh Dr. Osama Bahar – Member of the Sharia Supervisory Board

Sharia Supervisory Board

Shaikh Dr. Osama Bahar
Chairman of Sharia Supervisory Board and member of Corporate Governance Committee

Shaikh Mohsin Shaikh A. Hussain Al Asfoor
Member of Sharia Supervisory Board

Shaikh Abdul Naser Al Mahmood
Member of Sharia Supervisory Board

Management

Jawad Mohammed
Chief Executive Officer

Nandakumar Duraiswamy
Deputy General Manager – Operations

Jai Prakash Pandey
Assistant General Manager – Business Development

Mohammed Awachi
Assistant General Manager – Corporate Support

Yaser Al Hammadi
Head of Compliance and Risk Management & MLRO

Sanjeev Aggarwal
Head of Finance

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Telephone: 17585222
Fax: 17585200
Website: www.solidarity.com.bh

Principal bankers

Ithmaar Bank B.S.C. (c), Kingdom of Bahrain
Ahli United Bank B.S.C., Kingdom of Bahrain

Auditor

Deloitte & Touche – Middle East
P.O. Box 421
Manama, Kingdom of Bahrain

Actuary

Lux Actuaries and Consultants
PO Box 50912 – Manama, Kingdom of Bahrain

Shares registrar

Bahrain Clear, Kingdom of Bahrain

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Directors
Solidarity Bahrain B.S.C.
Kingdom of Bahrain

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Solidarity Bahrain B.S.C. (the "Company") as at June 30, 2020 and the related condensed interim statements of income and participants' revenue and expenses, participants' surplus and deficit, changes in shareholders' equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and explanatory notes. The Directors of the Company are responsible for the preparation and presentation of this condensed interim financial information in accordance with the basis of preparation stated in note 2 to the condensed interim financial information. Our responsibility is to express a conclusion on this condensed 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 condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information has not been properly prepared, in all material respect, in accordance with the basis of preparation stated in note 2 to the condensed interim financial information.



Deloitte and Touche – Middle East
Partner Registration No. 157
Manama, Kingdom of Bahrain

August 5, 2020

Condensed interim statement of financial position
As at 30 June 2020

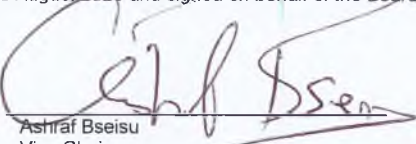
In thousands of Bahraini Dinars

Note	General takaful fund		Family takaful fund		Conventional (run-off) fund		Shareholders' fund		Total		
	30 June 2020 (unaudited)	31 December 2019 (audited)	30 June 2020 (unaudited)	31 December 2019 (audited)	30 June 2020 (unaudited)	31 December 2019 (audited)	30 June 2020 (unaudited)	31 December 2019 (audited)	30 June 2020 (unaudited)	31 December 2019 (audited)	
Assets											
	Cash and cash equivalents	1,855	2,061	268	116	390	597	3,359	1,139	5,872	3,913
	Placements with financial institutions	4,706	5,238	828	1,040	129	619	6,835	8,897	12,498	15,794
5	Investments	812	815	2,531	2,620	-	-	16,827	16,824	20,170	20,259
6	Takaful and insurance receivables	11,763	9,718	41	89	275	374	-	-	12,079	10,181
	Retakaful and reinsurance share of technical liabilities	11,489	12,293	354	317	474	419	-	-	12,317	13,029
8.1	Deferred acquisition costs	-	-	-	-	2	4	540	428	542	432
	Prepayments and other assets	3,414	2,598	313	70	765	171	1,686	1,683	6,178	4,522
	Takaful participants' assets – under run-off management	-	-	-	-	-	-	128	119	128	119
9	Property and equipment	-	-	-	-	-	-	2,035	1,239	2,035	1,239
	Total assets	34,039	32,723	4,335	4,252	2,035	2,184	31,410	30,329	71,819	69,488
Liabilities, participants' funds and shareholders' equity											
Liabilities											
7	Takaful and insurance technical liabilities	26,150	25,952	486	429	1,716	1,769	-	-	28,352	28,150
8.2	Unearned commission reserves	421	432	-	-	7	10	-	-	428	442
10	Family takaful technical reserve	-	-	3,198	3,258	-	-	-	-	3,198	3,258
11	Takaful and insurance payables	8,218	7,038	425	-	233	139	-	-	8,876	7,177
	Other liabilities	1,057	1,221	2	281	79	266	4,861	2,943	5,999	4,711
9	Takaful participants' liabilities – under run-off management	-	-	-	-	-	-	128	119	128	119
	Total liabilities	35,846	34,643	4,111	3,968	2,035	2,184	4,989	3,062	46,981	43,857
	Participants' funds	(1,807)	(1,920)	224	284	-	-	-	-	(1,583)	(1,636)
	Shareholders' equity										
12.2	Share capital	-	-	-	-	-	-	12,000	12,000	12,000	12,000
12.3	Treasury shares	-	-	-	-	-	-	(4)	(4)	(4)	(4)
	Statutory reserve	-	-	-	-	-	-	2,913	2,913	2,913	2,913
	Share premium	-	-	-	-	-	-	4,182	4,182	4,182	4,182
	Property revaluation reserve	-	-	-	-	-	-	747	747	747	747
	Investment fair value reserve	-	-	-	-	-	-	1,482	1,889	1,482	1,889
	Retained earnings	-	-	-	-	-	-	5,101	5,540	5,101	5,540
	Total shareholders' equity	-	-	-	-	-	-	26,421	27,267	26,421	27,267
	Total liabilities, participants' funds and shareholders' equity	34,039	32,723	4,335	4,252	2,035	2,184	31,410	30,329	71,819	69,488


This condensed interim financial information was approved and authorised for issue on 5 August 2020 and signed on behalf of the Board by:



Tawfeeq Shehab
Chairman



Ashraf Bseisu
Vice Chairman



Jawad Mohammed
Chief Executive Officer

Notes 1 to 23 form an integral part of the condensed interim financial information.

Solidarity Bahrain B.S.C.

Condensed interim statement of income and participants' revenues and expenses (unaudited)

Six-month period ended 30 June 2020

In thousands of Bahraini Dinars

	Note	General Takaful fund		Family Takaful fund		Conventional (run-off) fund		Shareholders' fund		Total	
		30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Takaful/conventional revenues											
Gross contributions/premiums		15,334	15,233	133	131	16	30	-	-	15,483	15,394
Retakaful contributions/reinsurance premiums		(7,289)	(7,381)	(243)	(258)	(37)	(48)	-	-	(7,569)	(7,687)
Retained contributions/premiums		8,045	7,852	(110)	(127)	(21)	(18)	-	-	7,914	7,707
Movement in unearned contributions/premiums, net		(238)	(130)	-	-	3	5	-	-	(235)	(125)
Net contributions/premiums earned		7,807	7,722	(110)	(127)	(18)	(13)	-	-	7,679	7,582
Net commission earned/(incurred)	8	445	410	-	-	4	18	-	-	449	428
Profit commission and other income		72	83	29	-	-	-	-	-	101	83
Total takaful/conventional revenues		8,324	8,215	(81)	(127)	(14)	5	-	-	8,229	8,093
Takaful/conventional expenses											
Gross claims paid		(4,612)	(5,501)	-	(315)	(112)	(1,709)	-	-	(4,724)	(7,525)
Claims recovered from retakaful/reinsurance and other parties		300	933	-	240	26	845	-	-	326	2,018
Net claims paid		(4,312)	(4,568)	-	(75)	(86)	(864)	-	-	(4,398)	(5,507)
Movement in outstanding claims – gross		(175)	(1,211)	(55)	22	43	2,700	-	-	(187)	1,511
Movement in outstanding claims – retakaful/reinsurance		(591)	669	37	(59)	62	(1,784)	-	-	(492)	(1,174)
Net claims incurred		(5,078)	(5,110)	(18)	(112)	19	52	-	-	(5,077)	(5,170)
Transfer from family takaful technical reserve	10	-	-	7	49	-	-	-	-	7	49
Total takaful/conventional expenses		(5,078)	(5,110)	(11)	(63)	19	52	-	-	(5,070)	(5,121)
Technical surplus/(deficit)		3,246	3,105	(92)	(190)	5	57	-	-	3,159	2,972
Wakala fee expense	14	(3,220)	(3,020)	(33)	(32)	-	-	-	-	(3,253)	(3,052)
Surplus/(deficit) from takaful/conventional operations		26	85	(125)	(222)	5	57	-	-	(94)	(80)
Wakala fee income	14	-	-	-	-	-	-	3,253	3,052	3,253	3,052
Investment income, net	15	87	90	65	61	-	-	811	777	963	928
Other income	21	-	-	-	-	-	-	298	-	298	-
Technical surplus transferred from conventional (run-off) fund		-	-	-	-	(5)	(57)	5	57	-	-
Mudarib share		-	-	-	-	-	-	51	50	51	50
Employee costs		-	-	-	-	-	-	(1,227)	(1,132)	(1,227)	(1,132)
Commission expenses incurred	8.1	-	-	-	-	-	-	(524)	(458)	(524)	(458)
TPA fees		-	-	-	-	-	-	(205)	(210)	(205)	(210)
Other operating expenses		-	-	-	-	-	-	(1,003)	(774)	(1,003)	(774)
Provision for doubtful receivables, net	6.1	-	-	-	-	-	-	(99)	(73)	(99)	(73)
Net profit and surplus/(deficit) for the period		113	175	(60)	(161)	-	-	1,360	1,289	1,413	1,303
Basic and diluted earnings per share	13							11.34 fils	10.75 fils		

This condensed interim financial information was approved and authorised for issue on 5 August 2020 and signed on behalf of the Board by:

Tawfeeq Shenab
Chairman

Ashraf Bseisu
Vice Chairman

Jawad Mohammed
Chief Executive Officer

Notes 1 to 23 form an integral part of the condensed interim financial information.

Solidarity Bahrain B.S.C.

Condensed interim statement of participants' surplus and deficit

Period ended 30 June 2020

In thousands of Bahraini Dinars

	Accumulated (deficit)/surplus	
	General Takaful	Family Takaful
2020		
At 1 January (audited)	(1,920)	284
Surplus/(deficit) for the period	113	(60)
At 30 June (unaudited)	(1,807)	224

	Accumulated (deficit)/surplus	
	General Takaful	Family Takaful
2019		
At 1 January (audited)	(2,128)	205
Surplus/(deficit) for the period	175	(161)
At 30 June (unaudited)	(1,953)	44

Notes 1 to 23 form an integral part of the condensed interim financial information.

Solidarity Bahrain B.S.C.
Condensed interim statement of changes in shareholders' equity
Period ended 30 June 2020

In thousands of Bahraini Dinars

2020	Share capital	Treasury shares	Statutory reserve	Share premium	Property revaluation reserve	Investment fair value reserve	Retained earnings	Total
At 1 January (audited)	12,000	(4)	2,913	4,182	747	1,889	5,540	27,267
Net profit for the period	-	-	-	-	-	-	1,360	1,360
Dividends declared	-	-	-	-	-	-	(1,799)	(1,799)
Change in fair value of equity investments	-	-	-	-	-	(407)	-	(407)
At 30 June (unaudited)	12,000	(4)	2,913	4,182	747	1,482	5,101	26,421

2019	Share capital	Treasury shares	Statutory reserve	Share premium	Property revaluation reserve	Investment fair value reserve	Retained earnings	Total
At 1 January (audited)	12,000	(4)	2,651	4,182	747	1,646	4,685	25,907
Net profit for the period	-	-	-	-	-	-	1,289	1,289
Dividends declared	-	-	-	-	-	-	(1,499)	(1,499)
Change in fair value of equity investments	-	-	-	-	-	376	-	376
At 30 June (unaudited)	12,000	(4)	2,651	4,182	747	2,022	4,475	26,073

Notes 1 to 23 form an integral part of the condensed interim financial information.

Condensed interim statement of cash flows (unaudited)

Period ended 30 June 2020

In thousands of Bahraini Dinars

	Notes	30 June 2020	30 June 2019
OPERATING ACTIVITIES			
Combined profit & surplus for the period		1,413	1,303
<i>Adjustments for non-cash items:</i>			
Depreciation		118	63
Provision for employees end of service benefits		10	20
Investment income, net	15	(963)	(928)
Amortisation during the period, net	5.1	29	13
Provision for doubtful receivables, net	6.1	99	73
Operating cash flows before working capital changes		706	544
<i>Changes in working capital:</i>			
Increase in takaful and insurance receivables		(1,997)	(2,316)
Decrease in retakaful and reinsurance share of technical liabilities		712	1,069
Increase in deferred acquisition costs		(110)	(154)
Increase in prepayments and other assets		(1,669)	(590)
Increase/(decrease) in takaful and insurance technical liabilities		202	(1,281)
(Decrease)/increase in unearned commission reserves		(14)	50
Decrease in family takaful technical reserve		(60)	(142)
Increase in takaful and insurance payables		1,699	1,458
Increase in other liabilities		1,122	229
Working capital changes		(115)	(1,677)
Payment towards employees end of service benefits		-	(18)
Net cash generated from/(used in) operating activities		591	(1,151)
INVESTING ACTIVITIES			
Purchase of equipment		(914)	(87)
Purchase of investments	5.1 & 5.2	(1,070)	(3,232)
Placements with financial institutions, net		3,296	1,776
Proceeds from disposal of investments carried at amortised cost	5.1	723	3,705
Investment income received		976	733
Net cash generated from investing activities		3,011	2,895
FINANCING ACTIVITY			
Dividends paid during the period		(1,643)	(1,405)
Net cash used in financing activity		(1,643)	(1,405)
Net increase in cash and cash equivalents		1,959	339
Cash and cash equivalents at the beginning of the period		3,913	1,895
Cash and cash equivalents at the end of the period		5,872	2,234
Shareholders' fund		3,359	1,364
Participants' fund		2,123	663
Conventional (run-off) fund		390	207
Cash and cash equivalents at the end of the period		5,872	2,234

Notes 1 to 23 form an integral part of the condensed interim financial information.

1 GENERAL INFORMATION

Solidarity Bahrain B.S.C. (the "Company") is a public shareholding company incorporated in the Kingdom of Bahrain under commercial registration number 5091 obtained on 17 August 1976. The majority shareholder of the Company is Solidarity Group Holding B.S.C. (c) (the "Parent Company").

The Company is licensed by the Central Bank of Bahrain (the "CBB") to carry out the following principal activities:

- (i) developing and providing protection covers for property, engineering, general accident, liability, marine cargo, marine hull, aviation, medical, group life, motor, level term assurance and decreasing term assurance; and
- (ii) management of general takaful and family takaful funds in accordance with the Islamic Shari'a principles. The Company on behalf of the participants of the fund manages these funds.

The Company's general takaful funds comprise of all protection covers except decreasing term assurance and level term assurance which are part of family takaful fund.

2 BASIS OF PREPARATION

The condensed interim financial information has been prepared in accordance with Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI"). In line with the requirement of AAOIFI and the CBB Rule Book Volume 3, for matters that are not covered by AAOIFI standards, the Company uses guidance from the relevant International Financial Reporting Standards ("IFRS"). Accordingly, the interim financial information has been presented in condensed form in accordance with International Accounting Standard 34 – Interim Financial Reporting, which permits the interim financial information to be in summarised form and do not include all of the information required for full annual financial statements. The condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2019.

3 ACCOUNTING POLICIES

The accounting policies have been consistently applied by the Company and the condensed interim financial information has been prepared using the same accounting policies and methods of computation applied in the preparation of the latest audited financial statements of the Company for the year ended 31 December 2019. The following new standards were issued by AAOIFI initially effective from 1 January 2020 however in the wake of the COVID-19 pandemic, the Accounting Board (AAB) of AAOIFI in its meeting held on 22 - 23 June 2020 decided to provide one year extension of the effective date to 1 January 2021, with early adoption permitted, of the recently issued AAOIFI FASs as mentioned below:

- FAS 30: Impairment, credit losses and onerous commitments
- FAS 31: Investment agency (Al-Wakala Bi Al-Istithmar)
- FAS 33: Investment in sukuk, shares and similar instruments
- FAS 34: Financial reporting for sukuk-holders

The Company's management is currently assessing the impact of the above standards on the future financial statements of the Company.

4 CYCLICAL VARIABILITY

The condensed interim results may not represent a proportionate share of the annual profits due to cyclical variability in contributions and uncertainty of claims occurrences.

5 INVESTMENTS

	30 June 2020 (unaudited)	31 December 2019 (audited)
Debt type instruments		
Amortised cost:		
Quoted instruments (5.1)	15,281	15,238
Equity type instruments		
Fair value through equity:		
Quoted instruments	3,239	3,371
Unquoted instruments	1,650	1,650
	20,170	20,259

5.1 The movement in investments carried at amortised cost is as follows:

	30 June 2020 (unaudited)	31 December 2019 (audited)
At the beginning of the period/year	15,238	15,865
Additions during the period/year	795	5,597
Disposals during the period/year	(723)	(6,193)
Amortisation during the period/year, net	(29)	(31)
At the end of the period/year	15,281	15,238

5.2 The movement in investments carried at fair value through equity is as follows:

	30 June 2020 (unaudited)	31 December 2019 (audited)
At the beginning of the period/year	5,021	4,593
Additions during the period/year	275	185
Change in fair value, net	(407)	243
At the end of the period/year	4,889	5,021

5.3 Investments carried at fair value through equity are broken down as follows:

	30 June 2020 (unaudited)	31 December 2019 (audited)
Quoted equity instruments	3,239	3,371
Unquoted equity instruments	1,650	1,650
	4,889	5,021

6 TAKAFUL AND INSURANCE RECEIVABLES

	30 June 2020 (unaudited)	31 December 2019 (audited)
Due from:		
Participants and policyholders	6,582	5,793
Brokers	2,969	2,397
Takaful and insurance companies in relation to subrogation	2,875	2,818
Takaful/retakaful and insurance/reinsurance companies	841	562
	13,267	11,570
Less: provision for doubtful receivables	(1,188)	(1,389)
	12,079	10,181

Included in the above takaful and insurance receivables are BD 275 Thousand (2019: BD 374 Thousand) that are held under conventional (run-off) fund.

The Company assesses impairment on an individual and specific basis. The Company assesses on a case by case basis whether there is any objective evidence that the outstanding balance is impaired for contribution due and claims recovery that are considered individually significant.

The Company records impairment allowance when the Company is satisfied that the recovery of the amount is not probable.

6.1 The movement in provision for doubtful receivables on takaful and insurance receivables is as follows:

	30 June 2020 (unaudited)	31 December 2019 (audited)
At the beginning of the period/year	1,389	1,031
Charge for the period/year	99	358
Write-off during the period/year	(300)	-
At the end of the period/year	1,188	1,389

6.2 The aging of unimpaired takaful and insurance receivables is as follows:

	Past due but not impaired			Total
	Neither past due nor impaired	181 to 365 days	More than 365 days	
30 June 2020 (unaudited)	7,179	2,900	2,000	12,079
31 December 2019 (audited)	5,982	3,117	1,082	10,181

7 TAKAFUL AND INSURANCE TECHNICAL LIABILITIES AND RETAKAFUL AND REINSURANCE SHARE OF TECHNICAL LIABILITIES

	30 June 2020 (unaudited)		31 December 2019 (audited)	
	Takaful	Conventional	Takaful	Conventional
Gross				
Unearned contributions/premiums	15,209	23	15,184	33
Outstanding claims	11,427	1,693	11,197	1,736
	26,636	1,716	26,381	1,769
Retakaful				
Retakaful unearned contributions /reinsurance unearned premiums	(7,736)	(20)	(7,949)	(27)
Retakaful/reinsurance outstanding claims	(4,107)	(454)	(4,661)	(392)
	(11,843)	(474)	(12,610)	(419)
Net				
Unearned contributions	7,473	3	7,235	6
Outstanding claims	7,320	1,239	6,536	1,344
	14,793	1,242	13,771	1,350

8 DEFERRED ACQUISITION COSTS AND UNEARNED COMMISSION RESERVES**8.1 Deferred acquisition costs**

	30 June 2020 (unaudited)		31 December 2019 (audited)	
	Shareholders' fund	Conventional (run-off) fund	Shareholders' fund	Conventional (run-off) fund
At the beginning of the period/year	428	4	402	5
Commissions paid during the period/year	636	2	484	8
Commissions incurred during the period/year	(524)	(4)	(458)	(9)
At the end of the period/year	540	2	428	4

8.2 Unearned commission reserves

	30 June 2020 (unaudited)		31 December 2019 (audited)	
	Takaful	Conventional	Takaful	Conventional
At the beginning of the period/year	432	10	363	24
Commissions received during the period/year	434	5	913	20
Commissions earned during the period/year	(445)	(8)	(844)	(34)
At the end of the period/year	421	7	432	10

9 TAKAFUL PARTICIPANTS' ASSETS AND LIABILITIES – UNDER RUN OFF MANAGEMENT

In accordance with the approval from the CBB, the shareholders of the Solidarity General Takaful B.S.C. (c) ("SGT") assumed assets and liabilities of Solidarity Family Takaful Participants Fund as at 1 July 2012 to manage the run-off of the fund and was accordingly transferred to the Company as part of the transfer of business, assets and liabilities from SGT. The Company did not accept any new risk relating to run-off portfolio and surplus and deficit pertaining to assets and liabilities under run-off management are recorded within the fund balance at each reporting date.

The Parent company has committed to compensate the Company for any adverse development in the run-off of the fund. Therefore, the Company has no material financial or takaful risk on assets and liabilities under run-off management.

	30 June 2020 (unaudited)	31 December 2019 (audited)
Cash and bank balances	62	57
Other investments	66	62
Total assets under run-off management	128	119
	30 June 2020 (unaudited)	31 December 2019 (audited)
Unearned contribution and mortality reserves	32	33
Takaful and other payables	40	39
Unit linked reserve	17	9
	89	81
Participants' surplus assets over liabilities	39	38
Total liabilities under run-off management	128	119

10 FAMILY TAKAFUL TECHNICAL RESERVE

	30 June 2020 (unaudited)	31 December 2019 (audited)
At the beginning of the period/year	3,258	3,567
Refund during the period/year	(53)	(160)
Net decrease during the period/year	(7)	(149)
At the end of the period/year	3,198	3,258

11 TAKAFUL AND INSURANCE PAYABLES

	30 June 2020 (unaudited)	31 December 2019 (audited)
Due to participants and policyholders	297	514
Due to Takaful and insurance companies	7,636	6,039
Due to garages	943	624
	8,876	7,177

Included in the above takaful and insurance payables are BD 233 thousand (2019: BD 139 thousand) that are held under conventional (run-off) fund.

12 SHARE CAPITAL**12.1 Authorised**

	Number of shares (thousands)	Share capital
Authorised shares of 150,000,000 at BD 0.100 each (2019: 150,000,000 shares of BD 0.100 each)	150,000	15,000

12.2 Issued and fully paid

	Number of shares (thousands)	Share capital
Issued and fully paid shares of 120,000,000 at BD 0.100 each (2019: 120,000,000 shares of BD 0.100 each)	120,000	12,000

The share capital of the Company is denominated in BD and these shares are traded on Bahrain Bourse in BD.

12.3 Treasury shares

The Company owned its own shares amounting to BD 4 thousand at 30 June 2020 (2019: BD 4 thousand). The shares are held as treasury shares and the Company has the right to reissue these shares at a later date.

13 BASIC AND DILUTED EARNINGS PER SHARE

	30 June 2020 (unaudited)	30 June 2019 (unaudited)
Net profit for the period	1,360	1,289
Weighted average number of shares outstanding	119,950,219	119,950,219
Basic and diluted earnings per 100 fils share	11.34 Fils	10.75 Fils

The earnings per share has been computed on the basis of net profit for the period divided by the weighted average number of shares outstanding for the period, net of treasury shares.

14 WAKALA FEE

The Company receives Wakala fee for administration of the takaful funds on behalf of the participants in accordance with the contracts of the respective takaful funds. The maximum chargeable Wakala fee which has been certified by Actuary and approved by the Shari'a Supervisory Board is 25% (2019: 25%) for the general Takaful fund and 25% (2019: 25%) for family Takaful fund of the overall gross contributions.

15 INVESTMENT INCOME, NET

	30 June 2020 (unaudited)	30 June 2019 (unaudited)
Income from placements with financial institutions	275	300
Income from debt instruments	375	382
Income from equity instruments	382	310
Investment management expenses	(18)	(14)
Net investment income	1,014	978
Mudarib share*	(51)	(50)
	963	928
Shareholders' investment income	811	777
General takaful investment income	87	90
Family takaful investment income	65	61
	963	928

**Mudarib share*

The shareholders manage the participants' investments and charges 25% (2019: 25%) of the investment income earned by takaful funds as mudarib share, as approved by the Shari'a Supervisory Board. Mudarib share has been included in shareholders condensed interim statement of income.

16 RELATED PARTIES

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. Related parties include the significant shareholder and entities over which the Company and the shareholder exercises significant influence, directors and executive management of the Company.

16.1 Transactions with key management personnel

Key management personnel of the Company comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Company. Remuneration paid to the Board of Directors of the Company during the period amounted to BD 63 thousand (2019: BD 52 thousand). Sitting fees paid to the members of the Committees of the Board of Directors amounting BD 15 thousand (2019: BD 14 thousand) and salaries and benefits paid to key members of management amounting to BD 222 thousand (2019: BD 204 thousand). End of service benefits due to key management personnel as at 30 June 2020 amounted to BD184 thousand (2019: BD 157 thousand).

16.2 Transactions and balances with related parties**a) Transactions with related parties**

	30 June 2020 (unaudited)	30 June 2019 (unaudited)
<i>Gross contributions:</i>		
Parent company	39	14
Entities under common control	1,185	1,187
<i>Retakaful contributions:</i>		
Entities under common control	1	11
<i>Income from placements:</i>		
Entities under common control	36	23
<i>Gross paid claims:</i>		
Entities under common control	70	299

b) Balances

	30 June 2020 (unaudited)	31 December 2019 (audited)
<i>Payables:</i>		
Entities under common control	3	96
<i>Placements with financial institutions:</i>		
Entities under common control	1,735	1,282
<i>Receivables:</i>		
Parent company	59	48
Entities under common control	913	332
<i>Claims outstanding:</i>		
Entities under common control	688	685
<i>Cash and cash equivalents:</i>		
Entities under common control	1,490	1,191

17 SEGMENTAL INFORMATION

The Company makes operating decisions on a combined basis for general takaful, family takaful and conventional insurance run-off fund. Management monitors the underwriting results and performance of the Company using the following business segments:

- Non-motor which includes fire, marine, general accident, liability, Aviation and engineering lines of business
- Motor
- Medical
- Group Life which includes group life and credit life business
- Family Takaful which includes long term decreasing term and level term business

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

17 SEGMENTAL INFORMATION (continued)

	30 June 2020 (unaudited)						30 June 2019 (unaudited)					
	Non-Motor (*)	Motor	Medical	Group Life	Family Takaful	Total	Non-Motor (*)	Motor	Medical	Group Life	Family Takaful	Total
Takaful/conventional revenues												
Gross contributions/premium Retakaful contributions /reinsurance premium	3,282	4,522	6,524	1,022	133	15,483	2,515	4,903	6,900	945	131	15,394
Retained contributions/premium Movement in unearned contributions/premium, net	(2,881)	(162)	(3,571)	(712)	(243)	(7,569)	(2,151)	(152)	(4,487)	(639)	(258)	(7,687)
Net contributions/premium earned	401	4,360	2,953	310	(110)	7,914	364	4,751	2,413	306	(127)	7,707
Commission income Movement in unearned commission, net Profit commission and other income	(75)	395	(507)	(48)	-	(235)	(67)	254	(283)	(29)	-	(125)
Net commission earned/(incurred)	326	4,755	2,446	262	(110)	7,679	297	5,005	2,130	277	(127)	7,582
Commission income Movement in unearned commission, net Profit commission and other income	316	11	110	-	-	437	435	14	32	-	-	481
Profit commission and other income	79	1	(68)	-	-	12	(36)	6	(23)	-	-	(53)
Profit commission and other income	47	19	-	6	29	101	43	22	18	-	-	83
Net commission earned/(incurred)	442	31	42	6	29	550	442	42	27	-	-	511
Total takaful/conventional revenues	768	4,786	2,488	268	(81)	8,229	739	5,047	2,157	277	(127)	8,093

(*) Non - motor includes fire, marine, aviation, general accident, liability and engineering.

17 SEGMENTAL INFORMATION (continued)

	30 June 2020 (unaudited)						30 June 2019 (unaudited)					
	Non-Motor (*)	Motor	Medical	Group Life	Family Takaful	Total	Non-Motor (*)	Motor	Medical	Group Life	Family Takaful	Total
Takaful/conventional expenses												
Gross claims paid	(170)	(2,801)	(1,537)	(216)	-	(4,724)	(1,138)	(3,853)	(1,602)	(617)	(315)	(7,525)
Claims recovered from retakaful /reinsurance and other parties	153	(12)	6	179	-	326	991	167	80	540	240	2,018
Net claims paid	(17)	(2,813)	(1,531)	(37)	-	(4,398)	(147)	(3,686)	(1,522)	(77)	(75)	(5,507)
Movement in outstanding claims – gross	(594)	651	(248)	59	(55)	(187)	1,908	(10)	(39)	(370)	22	1,511
Movement in outstanding claims – retakaful/reinsurance	378	(788)	(10)	(109)	37	(492)	(1,783)	382	(14)	300	(59)	(1,174)
Net claims incurred/(recovered)	(233)	(2,950)	(1,789)	(87)	(18)	(5,077)	(22)	(3,314)	(1,575)	(147)	(112)	(5,170)
Transfer from Family Takaful technical reserve	-	-	-	-	7	7	-	-	-	-	49	49
Technical surplus/(deficit)	535	1,836	699	181	(92)	3,159	717	1,733	582	130	(190)	2,972

(*) Non - motor includes fire, marine, aviation, general accident, liability and engineering.

18 CONTINGENT LIABILITIES AND COMMITMENTS

The Company is a defendant in a number of cases brought by policyholders in respect of claims which the Company disputes. While it is not possible to predict the eventual outcome of such legal actions, the management has made provisions which, in their opinion, are adequate. There are no commitments as at 30 June 2020 (31 December 2019: nil).

19 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or broker price quotations. For all other financial instruments, the Company determines fair values using other valuation techniques.

Fair value hierarchy

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included with in level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted market prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position. All fair value measurements below are recurring:

30 June 2020 (unaudited)	Level 1	Level 2	Level 3	Total
Investments carried at fair value through equity	3,239	-	1,650	4,889
	3,239	-	1,650	4,889
31 December 2019 (audited)	Level 1	Level 2	Level 3	Total
Investments carried at fair value through equity	3,371	-	1,650	5,021
	3,371	-	1,650	5,021

No transfers out of, or into, the level 3 measurement classification occurred during the period ended 30 June 2020 (31 December 2019: nil).

19 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The table below sets out the Company's classification of each class of financial assets and liabilities, and their fair values:

30 June 2020 (unaudited)	Fair value through equity	Amortised cost	Loans and receivables	Total carrying value	Fair value
Cash and cash equivalents	-	-	5,872	5,872	5,872
Placements with financial institutions	-	-	12,498	12,498	12,498
Investments	4,889	15,281	-	20,170	20,184
Takaful and insurance receivables	-	-	12,079	12,079	12,079
Retakaful and reinsurance share of technical liabilities	-	-	12,240	12,240	12,240
Other assets	-	-	3,471	3,471	3,471
Total financial assets	4,889	15,281	46,160	66,330	66,344
Takaful and insurance technical liabilities	-	-	25,613	25,613	25,613
Takaful and insurance payables	-	-	8,876	8,876	8,876
Other liabilities	-	-	3,292	3,292	3,292
Total financial liabilities	-	-	37,781	37,781	37,781

31 December 2019 (Audited)	Fair value through equity	Amortised cost	Loans and receivables	Total carrying value	Fair value
Cash and cash equivalents	-	-	3,913	3,913	3,913
Placements with financial institutions	-	-	15,794	15,794	15,794
Investments	5,021	15,238	-	20,259	20,682
Takaful and insurance receivables	-	-	10,181	10,181	10,181
Retakaful and reinsurance share of technical liabilities	-	-	12,858	12,858	12,858
Other assets	-	-	2,592	2,592	2,592
Total financial assets	5,021	15,238	45,338	65,597	66,020
Takaful and insurance technical liabilities	-	-	26,867	26,867	26,867
Takaful and insurance payables	-	-	7,177	7,177	7,177
Other liabilities	-	-	2,955	2,955	2,955
Total financial liabilities	-	-	36,999	36,999	36,999

The carrying value of the Company's financial instruments except investments were deemed to approximate fair value due to the immediate or short-term maturities of those financial instruments.

20 TOTAL COMPREHENSIVE INCOME

	Six-month period ended 30 June 2020 (unaudited)					Six-month period ended 30 June 2019 (unaudited)				
	General takaful fund	Family takaful fund	Conventional (run-off) fund	Shareholders' fund	Total	General takaful fund	Family takaful fund	Conventional (run-off) fund	Shareholders' fund	Total
Net profit and surplus/(deficit) for the period	113	(60)	-	1,360	1,413	175	(161)	-	1,289	1303
Other comprehensive income to be reclassified to statement of income and participants' revenues and expenses in subsequent period:										
Fair value changes arising during the period	-	-	-	(407)	(407)	-	-	-	376	376
Other comprehensive income for the period to be reclassified to condensed interim statement of income and participants' revenues and expenses in subsequent periods	-	-	-	(407)	(407)	-	-	-	376	376
Total Comprehensive income for the period	113	(60)	-	953	1,006	175	(161)	-	1,665	1,679

21 Impact of COVID-19

The outbreak of the novel Coronavirus (COVID-19) in early 2020 in most countries has caused widespread disruptions to business, with a consequential negative impact on economic activities. Therefore, it is challenging now, to predict the full extent and duration of its business and economic impact.

In light of COVID-19, the Company has considered whether any adjustments and changes in judgments, estimates and risk management are required to be considered and reported in the condensed interim financial information. Below are the key assumptions about the future and other key sources of estimation that may have a significant risk of causing material adjustments to the condensed interim financial information:

Impairment of financial assets:

The Company has assessed the impairment of its financial assets based on judgement, by considering the relevant macroeconomic factors relative to the economic climate of the respective markets in which it operates. The Company has also assessed the exposures in potentially affected sectors for any indicators of impairment and concluded there is no material impact on account of COVID-19.

Impairment of non-financial assets:

The Company has performed a qualitative assessment, considering the minimal impact of COVID-19 on entities operating in the insurance sector, and compared the actual results for the current period against corresponding prior period and industry benchmarks to conclude there is no material impact on account of COVID-19.

Commitment and contingent liabilities:

The Company has assessed the impact of any operational disruptions, including any contractual challenges and changes in business or commercial relationships among the Company and customers, with a view of potential increase in contingent liabilities and commitments, no issues were noted.

Government support:

The Government of Kingdom of Bahrain has announced various economic stimulus programmes to support businesses in these challenging times. The Company has received benefits in the form of waiver of Electricity and Water Authority utility bills and partial reimbursement of salaries of employees from the Unemployment Fund.

Included in condensed interim statement of income is BD 298 thousands of government support received relating to supporting the payroll of Company's employees and utility bills.

Going concern:

The Company has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Company's future performance, capital and liquidity. The impact of COVID-19 may continue to evolve, but at the present time the projections show that the Company has ample resources to continue in operational existence and its going concern position remains largely unaffected and unchanged as of the date of approval of these condensed interim financial information. As a result, this condensed financial information has been appropriately prepared on a going concern basis.

22 SUBSEQUENT EVENTS

As per the Bahrain Bourse circular LP/11/2020 dated 30 June 2020, the Company has transferred unclaimed dividend pertaining to all financial years up to 2018 amounting to BD 411 thousand on 28 July 2020. There were no other significant events subsequent to 30 June 2020 and occurring before the date of signing of the condensed interim financial information that would have a significant impact on the condensed interim financial information.

23 COMPARATIVES

Certain prior period/year figures have also been reclassified to conform to the current year presentation. This did not affect the financial position or results for the period/year.

**Supplementary disclosure – COVID-19 impact (Unaudited and not reviewed)
Period ended 30 June 2020**

On 21 February 2020, Kingdom of Bahrain confirmed the first case of COVID-19 whilst Health Ministry in Bahrain was on high alert and started implementing pre-emptive measures from January 2020. On 11 March 2020, World Health Organization (WHO) declared COVID-19 outbreak a global pandemic and asserted the threat posed by this virus. This pandemic is an unprecedented event, which has resulted in a global shutdown and caused severe repercussions for economies across the globe. To deter the spread, countries across the globe have taken several measures; complete and partial lockdown, travel restrictions, quarantine measures, closure of public facilities, restriction on certain business activities among many others.

To ease out the financial impact of COVID-19, Bahrain government announced stimulus package of BD 4.3 billion to support the citizens, residents and private sector. The stimulus package was quite comprehensive which included paying full salaries of all private sector employees for three months from April 2020, paying individuals' and businesses' including residents Electricity and Water Authority utility bills for three months from April 2020, exempting all individuals and businesses from municipal fees for three months from April 2020, exempting all businesses from industrial land rental fees for three months from April 2020, exempting all tourism-related industry from tourism levies for three months from April 2020, increasing the Liquidity Support Fund, increasing the Central Bank of Bahrain's loan facilities and redirection of all Tamkeen programmes among many others initiatives. Further, Central Bank of Bahrain directed all retails banks, finance and micro-finance firms to grant citizens a six-month repayment waiver without fees and interest-on-interest (compound interest) effective March 2020. Furthermore, to help private sector during these unprecedented times, in July 2020, Bahrain government has further extended 50% wage support to most affected private sector for three months period starting July 2020. All these measures had a positive impact, directly or indirectly across all the sectors and boosted the confidence in this challenging time.

Solidarity Bahrain has also benefitted from the stimulus package in form of wage support and waiver of utility bill for three months totalling BD 298 thousand, and to display its sincere solidarity with the nationwide efforts during this challenging time, the Company made a modest contribution of BD 75 thousand to Feena Kahir Bahrain COVID-19 Fund.

COVID-19 has changed the economic scenario and therefore affected the planned growth of the Company in 2020. However, the Company has so far shown great resilience and managed to achieve modest growth compared to the same period previous year. Although it is very difficult to ascertain the full financial impact at this time when the virus spread is still continuing, the impact on some of the key fundamentals of the Company during first half of 2020 are as follows:

- Achieved modest growth in gross contributions indicating no major loss of business.
- Decline in the value of equity investment portfolio measured at fair value but no impairment was warranted since the decline was not significant as at 30 June 2020.
- Increase in receivables due to delays in collection. However, the Company liquidity position is very strong and there is no adverse impact on its working capital.
- The Company hold strong solvency position and its net available capital as at 30 June 2020 is 3.8 times of the solvency margin required as per CBB regulations.

The above information is provided to comply with the requirement of CBB circular OG/259/2020 (Financial Impact of COVID-19) dated 14 July 2020. This information does not represent the exact full comprehensive assessment of COVID-19 impact on the Company. In addition, this information is not subject to a formal review by the external auditors.