Doha Insurance Company Q.S.C.

CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

Building a better
working world

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DOHA INSURANCE COMPANY Q.S.C.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Doha Insurance Company Q.S.C. and its subsidiary (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2015 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' responsibility for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DOHA INSURANCE COMPANY Q.S.C. (CONTINUED)

Report on Legal and Other Regulatory Matters

Furthermore, in our opinion proper books of account have been kept by the Group and the consolidated financial statements comply with the Qatar Commercial Companies Law No. 11 of 2015 and the Company's Articles of Association. We have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above mentioned law or the Articles of Association and the applicable provisions of Qatar Central Bank regulations and Law No. 13 of 2012 having occurred during the year which might have had a material effect on the business of the Group or on its financial position.

Firas Qoussous
of Ernst & Young
Auditor's Registration No. 236

Date: 14 February 2016
Doha

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CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2015

	Notes	*2015* **QR**	*2014* *QR*
Gross premiums		**494,082,164**	533,715,317
Reinsurers' share of gross premiums		**(346,469,280)**	(403,053,662)
Net premiums	4	**147,612,884**	130,661,655
Change in unearned premium reserve		**(11,365,779)**	(8,733,891)
Earned insurance premiums	4	**136,247,105**	121,927,764
Commissions received		**27,443,885**	30,710,591
Change in deferred commissions		**2,300,976**	2,344,282
Total underwriting revenues	4	**165,991,966**	154,982,637
Claims paid	4	**(149,692,894)**	(150,595,014)
Reinsurers' share of claims paid	4	**81,078,218**	95,424,998
Change in outstanding claims reserve	4	**(7,221,996)**	(6,718,047)
Commissions paid	4	**(9,387,025)**	(7,269,268)
Other technical expenses	4	**(1,550,886)**	(911,023)
NET UNDERWRITING RESULTS	4	**79,217,383**	84,914,283
Dividend income		**22,033,955**	17,793,207
Interest income		**7,233,583**	5,567,484
Rental income from investment properties	12	**5,852,230**	5,666,816
Net gain on sale of financial investments		**6,829,098**	30,264,643
Net (loss) gain on sale of investments for held at fair value through profit or loss		**(157,913)**	563,586
Impairment of financial investments	9	**(9,832,944)**	(3,000,000)
Profit on sale of asset held-for-sale	14	**78,365,570**	-
Share of results of associates	11	**5,281,905**	4,362,788
Other income		**302,985**	258,198
INVESTMENT AND OTHER INCOME		**115,908,469**	61,476,722
Salaries and other staff costs		**(52,116,468)**	(41,672,543)
General and administrative expenses	5	**(26,916,259)**	(22,734,988)
Pre-opening costs	6	**(2,636,738)**	-
Depreciation of investment properties	12	**(1,376,487)**	(1,376,487)
Depreciation of property and equipment	13	**(1,897,280)**	(1,662,116)
TOTAL EXPENSES		**(84,943,232)**	(67,446,134)
PROFIT FOR THE YEAR BEFORE ALLOCATION TO TAKAFUL BRANCH POLICYHOLDERS		**110,182,620**	78,944,871
Net deficit (surplus) attributable to Takaful branch policyholders	28	**784,406**	(1,672,368)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		**110,967,026**	77,272,503
Basic and diluted earnings per share	7	**2.22**	1.96

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2015

	Notes	***2015*** ***QR***	*2014* *QR*
Profit attributable to shareholders		**110,967,026**	77,272,503
Other comprehensive income			
Recognised gains on available-for-sale financial investments	9	**(6,810,757)**	(30,264,643)
Transfer to consolidated statement of income on impairment of available-for-sale financial investments	9	**9,832,944**	3,000,000
Net movement in fair value of available-for-sale financial investments	9	**(60,792,221)**	93,106,742
Exchange differences on translating foreign operations	11	**(239)**	(1,230)
Other comprehensive income for the year		**(57,770,273)**	65,840,869
Total comprehensive income for the year		**53,196,753**	143,113,372

The attached notes 1 to 28 form part of the these consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Notes	2015 QR	2014 QR
ASSETS			
Cash and cash equivalents	8	**467,930,245**	467,475,244
Financial investments	9	**564,725,341**	597,950,822
Reinsurance contract assets	19	**212,267,187**	366,119,080
Insurance and other receivables	10	**110,756,297**	144,990,662
Investments in associates	11	**13,198,424**	8,297,288
Investment properties	12	**158,865,138**	23,816,399
Property and equipment	13	**9,173,252**	7,720,035
Asset held-for-sale	14	**-**	65,474,510
TOTAL ASSETS		**1,536,915,884**	1,681,844,040
EQUITY AND LIABILITIES			
Equity			
Share capital	15	**500,000,000**	500,000,000
Legal reserve	16	**340,579,308**	318,385,903
Fair value reserve		**68,722,807**	126,492,841
Foreign currency translation reserve		**(82,211)**	(81,972)
Proposed cash dividends	18	**50,000,000**	50,000,000
Retained earnings		**115,832,345**	79,832,900
Total equity		**1,075,052,249**	1,074,629,672
Liabilities			
Insurance contract liabilities	19	**356,770,393**	494,335,487
Provisions, insurance and other payables	20	**87,922,785**	100,826,713
Employees' end of service benefits	21	**17,170,457**	12,052,168
Total liabilities		**461,863,635**	607,214,368
TOTAL EQUITY AND LIABILITIES		**1,536,915,884**	1,681,844,040

Nawaf Bin Nasser Bin Khaled Al Thani
Chairman

Bassam Hussein
Chief Executive Officer

The attached notes 1 to 28 form part of the these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Share capital QR	*Legal reserve QR*	*Fair value reserve QR*	*Foreign currency translation reserve QR*	*Proposed cash dividends QR*	*Retained earnings QR*	*Total QR*
Balance at 1 January 2015	500,000,000	318,385,903	126,492,841	(81,972)	50,000,000	79,832,900	1,074,629,672
Profit attributable to shareholders	-	-	-	-	-	110,967,026	110,967,026
Other comprehensive loss for the year	-	-	(57,770,034)	(239)	-	-	(57,770,273)
Total comprehensive (loss) income for the year	-	-	(57,770,034)	(239)	-	110,967,026	53,196,753
Transfer to legal reserve (Note 16)	-	22,193,405	-	-	-	(22,193,405)	-
Social and Sports Activities Fund (Note 17)	-	-	-	-	-	(2,774,176)	(2,774,176)
Cash dividends paid	-	-	-	-	(50,000,000)	-	(50,000,000)
Proposed cash dividends (Note 18)	-	-	-	-	50,000,000	(50,000,000)	-
Balance at 31 December 2015	**500,000,000**	**340,579,308**	**68,722,807**	**(82,211)**	**50,000,000**	**115,832,345**	**1,075,052,249**
Balance at 1 January 2014	257,400,000	109,139,129	60,650,742	(80,742)	51,480,000	69,946,711	548,535,840
Profit attributable to shareholders	-	-	-	-	-	77,272,503	77,272,503
Other comprehensive income (loss) for the year	-	-	65,842,099	(1,230)	-	-	65,840,869
Total comprehensive income (loss) for the year	-	-	65,842,099	(1,230)	-	77,272,503	143,113,372
Increase in share capital (Note 15)	242,600,000	193,792,273	-	-	-	-	436,392,273
Transfer to legal reserve (Note 16)	-	15,454,501	-	-	-	(15,454,501)	-
Social and Sports Activities Fund (Note 17)	-	-	-	-	-	(1,931,813)	(1,931,813)
Cash dividends paid	-	-	-	-	(51,480,000)	-	(51,480,000)
Proposed cash dividends (Note 18)	-	-	-	-	50,000,000	(50,000,000)	-
Balance at 31 December 2014	500,000,000	318,385,903	126,492,841	(81,972)	50,000,000	79,832,900	1,074,629,672

The attached notes 1 to 28 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	Notes	2015 QR	2014 QR
OPERATING ACTIVITIES			
Profit attributable to shareholders		**110,967,026**	77,272,503
Adjustments for:			
Depreciation of property and equipment	13	**1,897,280**	1,662,116
Depreciation of investment properties	12	**1,376,487**	1,376,487
Provision for employees' end of service benefits	21	**5,381,574**	2,456,741
Impairment of financial investments	9	**9,832,944**	3,000,000
Impairment of insurance and other receivables	10	**5,400,000**	3,500,000
Unrealised loss on investments held at fair value through profit or loss		**1,609,709**	2,474,012
Share in results of associates	11	**(5,281,905)**	(4,362,788)
Reinsurers' share of unearned premium	19	**50,217,273**	4,987,715
Movement in unearned premium	19	**(38,851,494)**	3,746,176
Gain on sale of asset held-for-sale	14	**(78,365,570)**	-
Net gain on sale of financial investments		**(6,671,185)**	(30,828,229)
Gain on disposal of property and equipment		**-**	(45,500)
Dividend income		**(22,033,955)**	(17,793,207)
Interest income		**(7,233,583)**	(5,567,484)
Operating profit before changes in operating assets and liabilities		**28,244,601**	41,878,542
Increase in insurance and other receivables		**(3,269,950)**	(49,542,095)
Decrease in insurance reserves		**4,921,021**	4,373,765
(Decrease) increase in provisions, insurance and other payables		**(13,746,291)**	23,452,329
Cash generated from operations		**16,149,381**	20,162,541
Employees' end of service benefits paid	21	**(263,285)**	(267,383)
Net cash generated from operating activities		**15,886,096**	19,895,158
INVESTING ACTIVITIES			
Purchase of financial investments		**(125,450,535)**	(353,684,276)
Proceeds from disposal of financial investments		**96,134,514**	203,790,322
Dividend received		**22,033,955**	17,793,207
Interest received		**7,233,583**	5,567,484
Proceeds from sale of asset held-for-sale		**143,840,080**	-
Purchase of investment properties		**(104,320,912)**	-
Purchase of property and equipment	13	**(3,350,497)**	(1,120,001)
Dividends received from associates	11	**380,530**	3,000,000
Proceeds from disposal of property and equipment		**-**	167,500
Net cash generated from (used in) investing activities		**36,500,718**	(124,485,764)
FINANCING ACTIVITIES			
Payment of contribution to Social and Sports Activities Fund	17	**(1,931,813)**	-
Proceeds from rights issue		**-**	436,392,273
Dividends paid	18	**(50,000,000)**	(51,480,000)
Net cash (used in) generated from financing activities		**(51,931,813)**	384,912,273
INCREASE IN CASH AND CASH EQUIVALENTS		**455,001**	280,321,667
Cash and cash equivalents at 1 January		**467,475,244**	187,153,577
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	8	**467,930,245**	467,475,244

The attached notes 1 to 28 form part of these consolidated financial statements.

1 ACTIVITIES

Doha Insurance Company Q.S.C. (the "Company") is a Qatari shareholding company registered and incorporated in the State of Qatar under Emiri Decree No. 30 issued on 2 October 1999. The shares of the Company are listed on Qatar Exchange.

In 2006, the Company established an Islamic Takaful branch under the brand name Doha Takaful (the "Branch") to carry out insurance and reinsurance activities in accordance with Islamic Sharia principles on a non-usury basis in all areas of insurance. The financial information of the Branch are disclosed in Note 28 to the consolidated financial statements.

In 21 October 2015, MENA RE Underwriters Limited (the "Subsidiary"), a limited liability company, was established and incorporated in Dubai, UAE under the Companies Law, Dubai International Financial Centre (DIFC) Law No.2 of 2009. The initial registered paid up capital of the Subsidiary is wholly owned by the Company.

The Company and its subsidiary (together referred to as the "Group") are engaged in the business of insurance and reinsurance, and insurance intermediation and management in Qatar and in United Arab Emirates (UAE), respectively.

The consolidated financial statements of the Group for the year ended 31 December 2015 include the results of the Company, the subsidiary and the Branch.

These consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 31 January 2016.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

Statement of compliance
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and applicable provisions of the Qatar Commercial Companies Law No. 11 of 2015, Qatar Central Bank regulations and Law No. 13 of 2012.

Basis of measurement
The consolidated financial statements are prepared under the historical cost convention, except for the financial investments in the consolidated statement of financial position which are carried at fair value. The methods used to measure fair values are discussed further in Note 3.

Functional and presentational currency
The consolidated financial statements are presented in Qatari Riyal (QR), which is the Group's functional and presentational currency.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiary as at 31 December 2015. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (continued)

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements, and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in the other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 Transactions eliminated on consolidation

Inter-company balances and transactions, and any unrealised gains arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

2.4 Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosure of contingent liabilities at the reporting date. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Information about significant areas of estimates and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are included in Note 3.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following:

New and amended standards and interpretations
The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2015. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments apply for the first time in 2015, they do not have a material impact on the annual consolidated financial statements of the Group

Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*
IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual Improvements
Annual Improvements 2010-2012 Cycle
With the exception of the improvement relating to IFRS 2 Share-based Payment applied to share-based payment transactions with a grant date on or after 1 July 2014, all other improvements are effective for accounting periods beginning on or after 1 July 2014. The Group has applied these improvements for the first time in these consolidated financial statements. They include:

IFRS 2 *Share-based Payment*
This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions. The clarifications are consistent with how the Group has identified any performance and service conditions which are vesting conditions in previous periods. Thus, these amendments do not impact the Group's consolidated financial statements or accounting policies.

IFRS 3 *Business Combinations*
The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39. This is consistent with the Group's current accounting policy and, thus, this amendment does not impact the Group's accounting policy.

IFRS 8 *Operating Segments*
The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

IAS 16 *Property, Plant and Equipment and IAS 38 Intangible Assets*
The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that an asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. This amendment did not have any impact to the revaluation adjustments recorded by the Group during the current period.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Changes in accounting policies and disclosures (continued)

IAS 24 *Related Party Disclosures*
The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

Annual Improvements 2011-2013 Cycle
These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these consolidated financial statements. They include:

IFRS 3 *Business Combinations*
The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:
- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3.
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

The Group is not a joint arrangement, and thus this amendment is not relevant for the Group and its subsidiaries.

IFRS 13 *Fair Value Measurement*
The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Group does not apply the portfolio exception in IFRS 13.

IAS 40 *Investment Property*
The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Group has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment does not impact the accounting policy of the Group.

2.6 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Topic	***Effective date***
IFRS 9 Financial Instruments	1 January 2018
IFRS 14 Regulatory Deferral Accounts	1 January 2016
IFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests	1 January 2016
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to IAS 27: Equity Method in Separate Financial Statements	1 January 2016
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to IAS 1 Disclosure Initiative	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception	1 January 2016

The Group did not early adopt any new or amended standards during the year. The Group is considering the implications of the above standards, the impact on the Group and the timing of its adoption by the Group.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Summary of significant accounting policies

Premiums earned
Gross premiums comprise the total premiums receivable for the whole period of cover provided by insurance contracts entered into during the accounting period. They are recognised on the date on which the policy commences and becomes effective. Premiums are taken into income over the terms of the policies to which they relate. Unearned premiums represent the portion of net premiums written relating to the unexpired period of coverage calculated principally on the basis of actual number of days' method (daily pro rata basis), except for marine cargo insurance which is calculated at 25% of net premiums.

Commission earned and paid
Commissions received and paid are taken into income over the terms of the policies to which they relate similar to premiums.

Deferred commissions
Those direct and indirect costs incurred during the financial period arising from the writing or renewing of insurance contracts are deferred to the extent that these costs are recoverable out of future premiums. Subsequent to initial recognition, these costs are amortised over the terms of the policies to which they relate similar to premiums. Amortisation is recorded in the statement of profit or loss.

Claims
Claims consist of amount payable to contract holders and third parties and related loss adjustment expenses, net of salvage and other recoveries and are charged to profit or loss as incurred.

Gross outstanding claims comprise the gross estimated cost of claims incurred but not settled at the end of the reporting period, whether reported or not. Provisions for reported claims not paid as at the end of the reporting period are made on the basis of individual case estimates. In addition, a provision based on the Group's prior experience is maintained for the cost of settling claims incurred but not reported at the end of the reporting period. Any difference between the provisions at the end of the reporting period and settlements and provisions in the following year is included in the underwriting account for that year.

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

Liabilities adequacy test
At the end of the reporting period, the Group assesses whether its recognised insurance liabilities are adequate using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of estimated future claims flows, the entire deficiency is immediately recognized in the consolidated statement of income.

Reinsurance
The Group cedes insurance risk in the normal course of business for all of its businesses. Reinsurance contract assets represent balances due from reinsurance companies. Recoverable amounts are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer. The impairment loss is recorded in the consolidated statement of income.

Ceded reinsurance arrangements do not relieve the Group from its immediate obligatios to policyholders.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Summary of significant accounting policies (continued)

Reinsurance (continued)
Premiums and claims on assumed reinsurance are recognised as income and expense in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business.

Reinsureance contract liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the associated reinsurance contract.

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

Net earned premiums
Premiums, net of reinsurance, are taken to income over the terms of the related contracts or policies. The portion of premium received on in-force contracts that relates to unexpired risks at the statement of financial position date is reported as the unearned premium liability.

Investment income
Rental income from investment properties is recognised in the consolidated statement of income on a straight line basis over the period of the lease. Investment income also includes dividends, which are recognised when the right to receive the same is established. Interest income is recognised in the consolidated statement of income as it accrues.

Asset held-for-sale
Assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets (and disposal groups) classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Property and equipment is not depreciated once classified as held-for-sale.

Property and equipment
Property and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight line basis over the estimated useful life of the assets as follows:

Buildings	10 years
Furniture and fixtures	5 years
Computers	5 years
Vehicles	5 years
Office equipment	5 years

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written-off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the consolidated statement of comprehensive income as the expense is incurred.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Summary of significant accounting policies (continued)

Property and equipment (continued)
An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated statement of comprehensive income in the year the asset is derecognised.

The assets' residual values, useful lives and method of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Investment properties
Freehold land and building are considered as investment properties only when they are being held to earn rentals or capital appreciation or both.

Investment properties are carried at cost less accumulated depreciation calculated on a straight line basis over a period of 20 years. Land held under investment properties is not depreciated.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated statement of income in the period of derecognition.

Investments in associates
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group's investments in associates is accounted for under the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investments in associates. Where necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36, *Impairment of Assets,* as a single asset by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount. Any impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held-for-sale. When the Group retains an interest in the former associate and retained interest in a financial asset, the Group measures the retained interest at the fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in the consolidated statement of comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture. There is no remeasurement to fair value upon such changes in ownership interest.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Summary of significant accounting policies (continued)

Investments in associates (continued)
When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income rleating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Impairment of non-financial assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognised in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset, except for assets previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of comprehensive income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Financial instruments – initial recognition and subsequent measurement

Financial assets
Initial recognition and measurement
Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset. The Group's financial assets comprise of cash and bank balances, financial investments, reinsurance contract assets, and insurance and other receivables.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as described in the subsequent paragraph:

Cash and cash equivalents
For the purpose of consolidated statement of cash flows, cash and cash equivalents consists of cash on hand, bank balances and short-term deposits with an original maturity of three months or less as of reporting period.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Summary of significant accounting policies (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

Financial investments
Available-for-sale financial investments
Available-for-sale financial investments include equity investments and debt securities. Equity investments classified as available for sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the fair value reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the fair value reserve to the comprehensive statement of comprehensive income under impairment losses on available-for-sale investments. Interest earned while holding available-for-sale financial investments is reported as interest income using the effective interest method.

The Group evaluates the ability and intention to sell its available-for-sale financial investments in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for forseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised costs and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the consolidated statement of income.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the consolidated statement of income.

Insurance and other receivables
Insurance and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the consolidated statement of income when there is objective evidence of that the asset is impaired.

Reinsurance contract assets
The Group cedes insurance risk in the normal course of business for its businesses. Reinsurance assets represent balances recoverable from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurers' policies and are in accordance with the related reinsurance contract.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Summary of significant accounting policies (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

Financial investments (continued)

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group’s continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred ‘loss event’) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial re organisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Available-for-sale financial investments
For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

Objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. ‘Significant’ is evaluated against the original cost of the investment and ‘prolonged’ against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated statement of comprehensive income – is removed from other comprehensive income and recognised in the consolidated statement of comprehensive income. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Summary of significant accounting policies (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

Fair value of financial instruments
The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models

Financial liabilities
Initial recognition and measurement
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. The Group's financial liabilities include insurance contract liabilities, due to insurance and reinsurance companies, trade payables, dividends and board of directors' remuneration payables and net surplus attributable to Islamic Takaful policyholders.

Insurance contract liabilities
Insurance contract liabilities include the outstanding claims provision, provision for claims incurred but not reported and the provision for unearned premium and deferred commissions.

Amounts payable for insurance claims reported up to the reporting period end and the amount payable to reinsurance companies are accrued as a liability payable. The insurance claims are accrued on the basis of the actual losses reported against the policies underwritten by the Group during the year

Provision for claims incurred but not reported are computed based on past claim settlement trends to predict future claims settlement trends.

Unearned premiums represent the portion of net premiums written relating to the unexpired period of coverage calculated on the actual number of days method (daily pro rata basis), except for marine cargo insurance which is calculated at 25% of net premiums. The change in the provision for unearned premium is taken to the consolidated statement of income in order that revenue is recognised over the period of risk.

Trade payable and accruals
Liabilities are recognised for amounts to be paid in the future for goods, assets or services received, whether billed by the supplier or not. The financial liabilities are subsequently measured at amortised cost using the (Effective Interest Rate) EIR method.

Net surplus attributable to Islamic Takaful policyholders
The net surplus attributable to Islamic Takaful policyholders represents accumulated profit on policyholders operation. Any surplus or deficit during the year is fully allocated to the policyholders.

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

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Summary of significant accounting policies (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

Financial liabilities (continued)

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Employees' end of service benefits
Under the law No. 14 of 2004, the Group provides for end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Pension plan
The Group is also required to make contributions to a Government fund scheme for Qatari employees calculated as a percentage of the Qatari employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Provisions
Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Foreign currencies
Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All foreign exchange differences are taken to the consolidated statement of income except when it relates to items where gains or losses are recognized directly in equity, where the gain or loss is then recognized net of the exchange component in equity.

Earnings per share
Basic earnings per share is calculated by dividing profit of loss attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by adjusting the earnings and number of shares for the effect of any dilutive instruments.

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Classification of investments
Management decides on acquisition of a financial investment whether it should be classified as held-to-maturity, held for trading or available-for-sale.

For those debt instruments deemed held-to-maturity, management ensures that the requirements of IAS 39 are met and in particular that the Group has the intent and ability to hold these to maturity.

Investments typically bought with the intention to sell in the near future are classified as held-for-trading.

Classification of financial investments
If the Group's objective is to maintain an investment portfolio that can generate a constant return in terms of dividend and capital appreciation and not for the purpose of making short term profit from market volatility, all other debt, investment funds, and equity investment securities are classified as available-for-sale.

Fair value measurement of financial instruments
When the fair values of financial assets and liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 25 for further disclosures.

Impairment of financial investments
The Group treats available-for-sale investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment. "Significant" is to be evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

Provision for outstanding claims
Considerable judgment by management is required in the estimation of amounts due to contract holders and third parties arising from claims made under insurance contracts. Such estimates are necessarily based on significant assumptions about several factors involving varying, and possible significant, degrees of judgment and uncertainly and actual results may differ from management's estimates resulting in future changes in estimated liabilities.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the end of the reporting period and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the end of the reporting period. The primary technique adopted by management in estimating the cost of notified and IBNR claims, is that of using past claim settlement trends to predict future claims settlement trends.

Claims requiring court or arbitration decisions are estimated individually. Independent loss adjusters normally estimate property claims. Management reviews its provisions for claims incurred, and claims incurred but not reported, on a quarterly basis.

Reinsurance
The Group is exposed to disputes with, and possibility of defaults by, its reinsurers. The Group monitors on a quarterly basis the evolution of disputes with the strength of its reinsurers.

Unearned premium reserve
The Group's estimate of the unearned premium reserve is based on current insurance industry practices in Qatar and other analysis. The Group monitors its premium growth periodically and ascertains that difference between the estimate calculation based on the actual number of days method (daily pro-rata basis) except for marine cargo insurance which is calculated at 25% is not materially different had the Group calculated the reserve on an actual basis.

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Impairment of accounts receivable
An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, the estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Impairment of property and equipment
At each reporting date, the Group reviews the carrying amounts of its property and equipment to determine whether there is any indication that those assets have suffered from impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. The recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate rate.

Impairment of investment properties
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market price less incremental costs for disposing the asset.

4 NET UNDERWRITING RESULTS

	Motor		*Marine and Aviation*		*Fire and General Accident*		*Total*	
	2015	*2014*	***2015***	*2014*	***2015***	*2014*	***2015***	*2014*
	QR	*QR*	***QR***	*QR*	***QR***	*QR*	***QR***	*QR*
Gross premiums	**125,128,842**	97,387,916	**116,228,769**	143,881,073	**252,724,553**	292,446,328	**494,082,164**	533,715,317
Reinsurers' share of gross premiums	**(19,479,214)**	(10,979,884)	**(104,846,174)**	(133,340,912)	**(222,143,892)**	(258,732,866)	**(346,469,280)**	(403,053,662)
Net premiums	**105,649,628**	86,408,032	**11,382,595**	10,540,161	**30,580,661**	33,713,462	**147,612,884**	130,661,655
Change in unexpired risk reserve	**(5,521,165)**	(11,876,923)	**(2,621,331)**	2,189,791	**(3,223,283)**	953,241	**(11,365,779)**	(8,733,891)
Earned insurance premiums	**100,128,463**	74,531,109	**8,761,264**	12,729,952	**27,357,378**	34,666,703	**136,247,105**	121,927,764
Commissions received	**1,096,147**	631,878	**7,672,562**	7,969,901	**18,675,176**	22,108,812	**27,443,885**	30,710,591
Change in deferred commissions	**1,420,339**	472,748	**275,731**	484,570	**604,906**	1,386,964	**2,300,976**	2,344,282
Total underwriting revenues	**102,644,949**	75,635,735	**16,709,557**	21,184,423	**46,637,460**	58,162,479	**165,991,966**	154,982,637
Claims paid	**(64,883,045)**	(47,058,532)	**(6,812,723)**	(4,646,826)	**(77,997,126)**	(98,889,656)	**(149,692,894)**	(150,595,014)
Reinsurers' share of claims paid	**2,534,119**	1,926,308	**4,865,518**	4,051,655	**73,678,581**	89,447,035	**81,078,218**	95,424,998
Change in outstanding claims reserve	**(7,645,805)**	(7,963,122)	**43,757**	(387,798)	**380,052**	1,632,873	**(7,221,996)**	(6,718,047)
Commissions paid	**(3,807,054)**	(859,210)	**(857,460)**	(497,886)	**(4,722,511)**	(5,912,172)	**(9,387,025)**	(7,269,268)
Other technical expenses	**(595,731)**	(343,751)	**(19,872)**	(1,217)	**(935,283)**	(566,055)	**(1,550,886)**	(911,023)
	28,247,433	21,337,428	**13,928,777**	19,702,351	**37,041,173**	43,874,504	**79,217,383**	84,914,283

5 GENERAL AND ADMINISTRATIVE EXPENSES

	2015 *QR*	*2014* *QR*
Provision for doubtful debts (Note 10)	**5,400,000**	3,500,000
Board of Directors' remuneration (Note 24)	**5,000,000**	4,000,000
Rent, maintenance and office expenses	**4,728,827**	1,777,797
Advertisement and business promotion	**2,788,829**	2,528,847
Legal and consultation fees	**1,521,810**	1,984,135
Directors sitting fees (Note 24)	**1,500,000**	1,500,000
Foreign exchange loss	**863,060**	1,290,591
Government fees	**744,714**	667,636
Communication	**781,495**	802,707
Training expenses	**702,985**	1,100,382
Business travel	**613,421**	602,532
Contributions	**486,800**	942,030
Printing and stationery	**331,640**	319,754
Miscellaneous fees	**1,452,678**	1,718,577
	26,916,259	22,734,988

6 PRE-OPENING COSTS

	2015 *QR*
Employee-related costs	**1,203,508**
Rent and office maintenance	**959,276**
Consultation fees	**343,653**
Government fees	**81,652**
Business travel	**48,649**
	2,636,738

Note:
Pre-opening costs are expenditures incurred by the Group for the incorporation of the new subsidiary, MENA RE.

7 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to the shareholders by the weighted average number of ordinary shares outstanding during the year.

	2015 *QR*	*2014* *QR*
Profit attributable to the shareholders	**110,967,026**	77,272,503
Weighted average number of shares outstanding during the year	**50,000,000**	39,472,550
Basic earnings per share	**2.22**	1.96

7 EARNINGS PER SHARE (CONTINUED)

The weighted average number of shares for 2014 has been calculated as follows:

	2014 *QR*
Weighted average number of shares at 1 January	25,740,000
Effects of rights issue	13,732,550
Weighted average number of shares at 31 December	39,472,550

In 2014, the Group increased its share capital by rights issue. In 2015, there were no potentially dilutive shares outstanding at any time. Therefore, the diluted earnings per share are equal to the basic earnings per share.

8 CASH AND CASH EQUIVALENTS

	2015 ***QR***	*2014* *QR*
Bank balances and short term deposits	**467,533,043**	467,299,889
Cash on hand	**397,202**	175,355
	467,930,245	467,475,244

Short term deposits consist of fixed deposits amounting to QR 382,158,461 (2014: QR 388,199,246) bearing interest at the rate of 1.25% to 2.0% per annum (2014: 0.65% to 1.6% per annum) and maturing within a period of one to three months.

9 FINANCIAL INVESTMENTS

	2015 ***QR***	*2014* *QR*
Investments held at fair value through profit or loss		
Quoted shares, net	**7,838,600**	15,869,580
Available-for-sale investments		
Quoted shares	**452,482,201**	479,545,678
Unquoted shares	**72,652,069**	70,975,374
Debt securities with fixed interest rate	**31,752,471**	31,560,190
	564,725,341	597,950,822

The debt securities carry interest at 3% to 6% per annum and have maturity periods of 5 to 10 years.

The movement in the fair value of the Group's available-for-sale investments into and out of the consolidated statement of changes in equity is shown below:

	2015 ***QR***	*2014* *QR*
Recognised gains on available-for-sale financial investments	**(6,810,757)**	(30,264,643)
Transfer to consolidated statement of income on impairment of available-for-sale financial investments	**9,832,944**	3,000,000
Net movement in fair value of available-for-sale financial investments	**(60,792,221)**	93,106,742
	(57,770,034)	65,842,099

10 INSURANCE AND OTHER RECEIVABLES

	2015	*2014*
	QR	*QR*
Due from policyholders	**72,834,243**	64,066,051
Reinsurers – amounts due in respect of claims paid	**32,855,241**	44,431,739
Due from employees	**1,355,585**	1,571,524
Advances for the purchase of land plots	**-**	32,104,314
Prepayments and others	**3,711,228**	2,817,034
	110,756,297	144,990,662

Due from policyholders comprise a large number of customers mainly within Qatar. Five major customers accounted for 55% of receivables balance as of 31 December 2015 (2014: 41%). Due from policyholders is net of provision for impairment of QR 12,000,000 (2014: QR 6,600,000). Insurance and other receivables are stated net of any required provision and are short term in nature. The reinsurer's shares of claims not paid by the Group at the end of the reporting period are disclosed in Note 19.

Movements in the allowance for impairment of insurance and other receivables were as follows:

	2015	*2014*
	QR	*QR*
At 1 January	**6,600,000**	3,100,000
Charge for the year (Note 5)	**5,400,000**	3,500,000
At 31 December	**12,000,000**	6,600,000

The following table provides an age analysis of insurance and other receivables as at 31 December:

			Past due but not impaired		
	Total	*Neither past due nor impaired*	*<3 months*	*7 – 12 months*	*< 1 year*
	QR	*QR*	*QR*	*QR*	*QR*
2015	**105,689,484**	**47,089,471**	**35,759,184**	**17,559,621**	**5,281,208**
2014	108,497,790	62,332,341	33,795,017	10,069,652	2,300,780

Unimpaired insurance and other receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over financial assets and all are, therefore, unsecured.

11 INVESTMENTS IN ASSOCIATES

The Group owns 40% interest in Yemeni Qatari Insurance Company, a company incorporated and registered in the Republic of Yemen and is engaged in the business of insurance and reinsurance.

In 2014, the management made an assessment of the Group's influence over its investment in Qatar Unified Insurance Bureau W.L.L. (QUIB) which is engaged in providing insurance for vehicles entering the country and sell insurance cards to vehicles going out of the state.

Based on the assessment made, the management concluded the Group has significant influence over QUIB with a 20% ownership and reclassified the investment as an investment in associate. Any prior period effects as a result of the reclassification were determined as insignificant and has been recorded in the current year.

11 INVESTMENTS IN ASSOCIATES (CONTINUED)

Movements in the investment in associates are as follows:

	2015 *QR*	*2014* *QR*
At 1 January	**8,297,288**	5,935,730
Reclassification from financial investments	**-**	1,000,000
	8,297,288	6,935,730
Equity share in net earnings	**5,281,905**	4,362,788
Cash dividends received	**(380,530)**	(3,000,000)
Foreign currency translation difference	**(239)**	(1,230)
At 31 December	**13,198,424**	8,297,288

The summarized financial information of the Group's investments in associates are as follows:

	2015 *QR*	*2014* *QR*
Share in the associates' statement of financial position:		
Total assets	**21,693,226**	17,286,805
Total liabilities	**(8,114,272)**	(5,989,517)
Cash dividends received	**(380,530)**	(3,000,000)
Net assets	**13,198,424**	8,297,288

	2015 *QR*	*2014* *QR*
Share in the associates' revenue and results		
Revenues	**6,339,561**	7,668,623
Share of results	**5,281,905**	4,362,788

The carrying amounts of the investments are as follows:

	2015 *QR*	*2014* *QR*
Yemeni Qatari Insurance Company	**7,125,805**	7,176,389
Qatar Unified Insurance Bureau W.L.L.	**6,072,619**	1,120,899
	13,198,424	8,297,288

Due to the current uprising and geopolitical uncertainty in Yemen, the Group has decided not to recognize its share in earnings in Yemeni Qatari Insurance Company for 2015.

12 INVESTMENT PROPERTIES

	2015	*2014*
	QR	*QR*
Cost:		
At 1 January	**37,778,044**	37,778,044
Additions	**136,425,226**	-
	174,203,270	37,778,044
Accumulated depreciation:		
At 1 January	**13,961,645**	12,585,158
Provided during the year	**1,376,487**	1,376,487
	15,338,132	13,961,645
Net carrying value	**158,865,138**	23,816,399

(i) The basis used in determining the fair value of investment properties reflects actual market state and circumstances as of the reporting date. Accordingly, the Group used external independent evaluators to determine the fair value of investment properties. The fair value of the investment properties reflects, amongst other things rental income from current leases and reasonable and supportable assumptions that represent the market view of what knowledgeable, willing parties would assume about rental income from future leases in light of current market conditions.

(ii) The fair value of the investment properties as at 31 December 2015 amounting to QR 287,267,756 (2014: QR 147,610,238) which has been arrived at on the basis of a valuation carried out on 24 December 2015 (2014: 31 December 2014) by an independent valuer not related to the Group. The independent valuer is a qualified consultant and has appropriate qualifications and recent experience in the valuation of properties in the relevant locations.

(iii) The Group earned rental income amounting to QR 5,852,230 in 2015 (2014: QR 5,666,816) and this has been reflected in the consolidated statement of income. Direct operating expenses of these investment properties amounting to QR 251,208 (2014: QR 264,744) have been reflected as part of rent, maintenance and office expenses.

13 PROPERTY AND EQUIPMENT

	Freehold land QR	*Buildings QR*	*Furniture and fixtures QR*	*Computers QR*	*Vehicles QR*	*Office equipment QR*	*Total QR*
Cost:							
At 1 January 2015	2,350,000	10,138,377	2,412,454	7,426,821	978,460	1,084,948	24,391,060
Additions	-	753,187	608,383	249,366	1,185,844	553,717	3,350,497
At 31 December	2,350,000	10,891,564	3,020,837	7,676,187	2,164,304	1,638,665	27,741,557
Accumulated depreciation:							
At 1 January 2015	-	8,370,742	2,115,713	4,653,335	873,343	657,892	16,671,025
Depreciation for the year	-	314,724	134,136	1,062,093	249,917	136,410	1,897,280
At 31 December	-	8,685,466	2,249,849	5,715,428	1,123,260	794,302	18,568,305
Net carrying amounts:							
At 31 December 2015	**2,350,000**	**2,206,098**	**770,988**	**1,960,759**	**1,041,044**	**844,363**	**9,173,252**

13 PROPERTY AND EQUIPMENT (CONTINUED)

	Freehold land QR	*Land QR*	*Buildings QR*	*Furniture and fixtures QR*	*Computers QR*	*Vehicles QR*	*Office equipment QR*	*Total QR*
Cost:								
At 1 January 2014	2,350,000	65,474,510	9,913,384	2,245,216	7,051,626	1,283,460	748,116	89,066,312
Additions	-	-	224,993	167,238	375,195	-	352,575	1,120,001
Disposals	-	-	-	-	-	(305,000)	(15,743)	(320,743)
Reclassification (Note 14)	-	(65,474,510)	-	-	-	-	-	(65,474,510)
At 31 December	2,350,000	-	10,138,377	2,412,454	7,426,821	978,460	1,084,948	24,391,060
Accumulated depreciation:								
At 1 January 2014	-	-	8,111,056	2,026,233	3,650,611	868,202	551,550	15,207,652
Depreciation for the year	-	-	259,686	89,480	1,002,724	188,141	122,085	1,662,116
Disposals	-	-	-	-	-	(183,000)	(15,743)	(198,743)
At 31 December	-	-	8,370,742	2,115,713	4,653,335	873,343	657,892	16,671,025
Net carrying amounts:								
At 31 December 2014	2,350,000	-	1,767,635	296,741	2,773,486	105,117	427,056	7,720,035

14 ASSET HELD-FOR-SALE

In 2014, the Board resolved to sell the land in Marina Lusail. At 31 December 2014, the land has been classified as an asset held-for-sale in accordance with IFRS 5, *Non-current assets held for sale and discontinued operations.* During the year, the Group sold the land at a profit of
QR 78,365,570.

15 SHARE CAPITAL

Authorized, issued and fully paid up share capital of 50,000,000 shares of QR 10 each (2014: 50,000,000 shares of QR 10 each).

	2015 ***QR***	*2014* *QR*
	500,000,000	500,000,000

On 10 March 2014, the Board of Directors announced the resolution adopted by the Extraordinary General Assembly of Shareholders held on 17 February 2014 to increase the share capital of the Group to QR 500,000,000 through the issuance of 24,260,000 new shares for the current shareholders with a par value of QR 10 and premium of QR 8 per share. The subscription was completed on 7 April 2014.

16 LEGAL RESERVE

As required by Qatar Commercial Companies' Law No. 5 of 2002, 10% of the profit for the year should be transferred to legal reserve. Such transfers may be discontinued at the option of the Group when the legal reserve equates to 50% of the share capital. However, in accordance with Qatar Central Bank's Law No. 13 of 2012 as amended, 10% of net profit is required to be transferred to legal reserve until the legal reserve equals 100% of the paid up capital. The balance under this reserve is not available for distribution, except in the circumstances specified in the above law and after Qatar Central Bank approval.

Further, the Board of Directors resolved to transfer 20% of the net profits for the year amounting to QR 22,193,405 (2014: 20% of the net profits amounting to QR 15,454,501) to legal reserve.

17 SOCIAL AND SPORTS ACTIVITIES FUND

During the year, the Group made an appropriation from retained earnings of QR 2,774,176 (2014: QR 1,931,813) to the Social and Sports Activities Fund of Qatar. This amount represents 2.5% of the net profit attributable to shareholders for the year ended 31 December 2015. The appropriation for the year ended 31 December 2014 has been remitted to the Public Revenues and Taxes Department during the year.

18 PROPOSED CASH DIVIDENDS

The Board of Directors decided in its meeting held on 31 January 2016 to propose to the forthcoming General Assembly to approve a cash dividend of 10 % of the share capital amounting to QR 1 per share totaling to QR 50,000,000 for the year ended 31 December 2015 (2014: 10% of the share capital amounting to QR 1 per share totaling to QR 50,000,000).

The above is subject to the approval of the shareholders in the forthcoming General Assembly.

19 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS

	2015 *QR*	*2014* *QR*
Gross		
Insurance contract liabilities:		
Claims reported unsettled	**169,709,386**	267,817,133
Claims incurred but not reported	**14,761,288**	13,066,165
Unearned premiums	**168,277,520**	207,129,014
Deferred commissions	**4,022,199**	6,323,175
Total insurance contract liabilities	**356,770,393**	494,335,487
Recoverable from reinsurers:		
Claims reported unsettled	**106,173,208**	209,807,828
Unearned premiums	**106,093,979**	156,311,252
Total insurance contract assets	**212,267,187**	366,119,080
Net		
Claims reported unsettled	**63,536,178**	58,009,305
Claims incurred but not reported	**14,761,288**	13,066,165
Unearned premiums	**62,183,541**	50,817,762
Deferred commissions	**4,022,199**	6,323,175
	144,503,206	128,216,407

19 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS (CONTINUED)

The movement in the provision for outstanding claims and related reinsurers' share was as follows:

	2015			*2014*		
	Gross QR	***Reinsurers' share QR***	***Net QR***	*Gross QR*	*Reinsurers' share QR*	*Net QR*
At 1 January						
Claims	**267,817,133**	**(209,807,828)**	**58,009,305**	462,866,401	(409,134,733)	53,731,668
Claims incurred but not reported	**13,066,165**	**-**	**13,066,165**	10,625,755	-	10,625,755
	280,883,298	**(209,807,828)**	**71,075,470**	473,492,156	(409,134,733)	64,357,423
Insurance claims paid during the year	**(149,692,894)**	**81,078,218**	**(68,614,676)**	(150,595,014)	95,424,998	(55,170,016)
Incurred during the year	**53,280,270**	**22,556,402**	**75,836,672**	(42,013,844)	103,901,907	61,888,063
At 31 December	**184,470,674**	**(106,173,208)**	**78,297,466**	280,883,298	(209,807,828)	71,075,470

Analysis of outstanding claims

	2015			*2014*		
	Gross QR	***Reinsurers' share QR***	***Net QR***	*Gross QR*	*Reinsurers' share QR*	*Net QR*
Claims	**169,709,386**	**(106,173,208)**	**63,536,178**	267,817,133	(209,807,828)	58,009,305
Claims incurred but not reported	**14,761,288**	**-**	**14,761,288**	13,066,165	-	13,066,165
At 31 December	**184,470,674**	**(106,173,208)**	**78,297,466**	280,883,298	(209,807,828)	71,075,470

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

Amounts due from reinsurers relating to claims already paid by the Group are included in insurance and other receivables (Note 10).

19 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS (CONTINUED)

Analysis of unearned premium risk

	2015			*2014*		
	Insurance contract liabilities QR	***Reinsurance of liabilities QR***	***Net QR***	*Insurance contract liabilities QR*	*Reinsurance of liabilities QR*	*Net QR*
At 1 January	**207,129,014**	**(156,311,252)**	**50,817,762**	203,382,838	(161,298,967)	42,083,871
Premiums written during the year	**494,082,164**	**(346,469,280)**	**147,612,884**	533,715,317	(403,053,662)	130,661,655
Premiums earned during the year	**(532,933,658)**	**396,686,553**	**(136,247,105)**	(529,969,141)	408,041,377	(121,927,764)
Change in unearned premium reserve	**168,277,520**	**(106,093,979)**	**62,183,541**	207,129,014	(156,311,252)	50,817,762

The following table shows the estimated cumulative reported claims, excluding IBNR, for each successive accident year at the end of each reporting period, together with cumulative payments to date:

Claims development 2015

	Accident years					
	Before 2011 QR	***2012 QR***	***2013 QR***	***2014 QR***	***2015 QR***	***Total QR***
Estimate of cumulative claims						
At end of the accident year	**147,693,844**	**118,991,801**	**94,868,598**	**179,152,039**	**113,487,914**	**654,194,195**
One year later	**93,249,056**	**98,863,226**	**53,277,782**	**153,656,284**	**-**	**399,046,347**
Two years later	**56,379,856**	**14,510,600**	**34,008,410**	**-**	**-**	**104,898,866**
Three years later	**27,869,246**	**11,398,592**	**-**	**-**	**-**	**39,267,838**
Four years later	**47,901,266**	**-**	**-**	**-**	**-**	**47,901,266**
Current estimate of cumulative claims	**47,901,266**	**11,398,592**	**34,008,410**	**153,656,284**	**113,487,914**	**360,452,466**
Cumulative payments to date	**(34,226,878)**	**(5,738,832)**	**(9,315,546)**	**(120,011,969)**	**(21,449,855)**	**(190,743,080)**
Total cumulative claims recognised in the statement of financial position as of 31 December 2015	**13,674,388**	**5,659,759**	**24,692,864**	**33,644,315**	**92,038,059**	**169,709,386**

19 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS (CONTINUED)

Claims development 2014

	Accident years					
	Before 2010	*2011*	*2012*	*2013*	*2014*	*Total*
	QR	*QR*	*QR*	*QR*	*QR*	*QR*
Estimate of cumulative claims	33,432,934	11,509,391	17,859,949	99,026,197	199,844,940	361,673,411
At end of the accident year						
One year later	38,537,606	15,258,072	25,649,405	103,986,444	-	183,431,527
Two years later	39,726,396	18,501,589	24,894,543	-	-	83,122,528
Three years later	62,414,305	19,348,244	-	-	-	81,762,549
Four years later	56,143,715	-	-	-	-	56,143,715
Current estimate of cumulative claims	56,143,715	19,348,244	24,894,543	103,986,444	199,844,940	404,217,886
Cumulative payments to date	(38,936,622)	(10,299,355)	(11,021,515)	(52,315,137)	(23,828,125)	(136,400,754)
Total cumulative claims recognised in the statement of financial position as of 31 December 2014	17,207,093	9,048,889	13,873,028	51,671,307	176,016,815	267,817,132

20 PROVISIONS, INSURANCE AND OTHER PAYABLES

	2015 ***QR***	*2014* *QR*
Due to insurance and reinsurance companies	**39,920,950**	52,278,421
Trade payable	**13,274,163**	16,845,159
Dividends payable	**7,768,891**	8,334,813
Staff related accruals	**10,955,234**	8,307,594
Board of Directors' remuneration payable	**6,650,000**	5,500,000
Net surplus attributable to Islamic Takaful policyholders	**4,424,310**	5,208,716
Provision for Social and Sports Activities Fund	**2,774,176**	1,931,813
Accrued expenses	**2,155,061**	2,420,197
	87,922,785	100,826,713

21 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the provision recognized in the consolidated statement of financial position are as follows:

	2015 ***QR***	*2014* *QR*
As at 1 January	**12,052,168**	9,862,810
Provided during the year	**5,381,574**	2,456,741
End of service benefits paid	**(263,285)**	(267,383)
	17,170,457	12,052,168

22 BOARD OF DIRECTORS' REMUNERATION

The Board of Directors proposed an amount of QR 5,000,000 as remuneration to the board members for the year 2015 (2014: QR 4,000,000). The above mentioned remuneration is included under general and administrative expenses in the consolidated statement of income.

23 SEGMENT INFORMATION

For management purposes, the Group is organized into three business segments, marine and aviation, motor and fire, and general. These segments are the basis on which the Group reports its primary segment information. Other operations of the Group comprise investment and cash management for the Group's own account. There are no transactions between segments. The data with respect to segment information is disclosed in the Note 4 to the consolidated financial statements.

The Group operates in the State of Qatar, and recently established its wholly owned subsidiary registered and operating in Dubai, UAE. The associate companies operate in the State of Qatar and the Republic of Yemen.

	2015			*2014*		
	Conventional insurace QR	***Takaful insurance QR***	***Total QR***	*Conventional insurance QR*	*Takaful insurance QR*	*Total QR*
Gross premium	**443,040,201**	**51,041,963**	**494,082,164**	483,058,323	50,656,994	533,715,317
Reinsurer's share of gross premiums	**(322,339,133)**	**(24,130,147)**	**(346,469,280)**	(377,820,196)	(25,233,466)	(403,053,662)
Net premiums	**120,701,068**	**26,911,816**	**147,612,884**	105,238,127	25,423,528	130,661,655
Change in unexpired risk reserve	**(10,825,421)**	**(540,357)**	**(11,365,778)**	(4,216,939)	(4,516,952)	(8,733,891)
Earned insurance premiums	**109,875,647**	**26,371,459**	**136,247,106**	101,021,188	20,906,576	121,927,764
Commissions received	**25,927,028**	**1,516,856**	**27,443,884**	29,348,907	1,361,684	30,710,591
Change in deferred commissions	**1,894,844**	**406,132**	**2,300,976**	2,642,798	(298,516)	2,344,282
Wakalah fee	**7,932,082**	**(7,932,082)**	**-**	5,429,410	(5,429,410)	-
Total underwriting revenues	**145,629,601**	**20,362,365**	**165,991,966**	138,442,303	16,540,334	154,982,637
Claims paid	**(132,739,799)**	**(16,953,095)**	**(149,692,894)**	(137,212,313)	(13,382,701)	(150,595,014)
Reinsurers' share of claims	**79,959,931**	**1,118,287**	**81,078,218**	91,947,392	3,477,606	95,424,998
Change in outstanding claims reserve	**(3,258,776)**	**(3,963,220)**	**(7,221,996)**	(2,412,554)	(4,305,493)	(6,718,047)
Commission paid	**(8,221,483)**	**(1,165,542)**	**(9,387,025)**	(6,649,034)	(620,234)	(7,269,268)
Other technical expenses	**(1,493,785)**	**(57,101)**	**(1,550,886)**	(874,686)	(36,337)	(911,023)
Total insurance expense	**(65,753,912)**	**(21,020,671)**	**(86,774,583)**	(55,201,195)	(14,867,159)	(70,068,354)
Net underwriting results	**79,875,689**	**(658,306)**	**79,217,383**	83,241,108	1,673,175	84,914,283
Investment and other income	**115,407,969**	**500,500**	**115,908,469**	61,154,410	322,312	61,476,722
Total expenses	**(84,316,632)**	**(626,600)**	**(84,943,232)**	(67,123,015)	(323,119)	(67,446,134)
Profit for the year	**110,967,026**	**(784,406)**	**110,182,620**	77,272,503	1,672,368	78,944,871

23 SEGMENT INFORMATION (CONTINUED)

	2015			*2014*		
	Conventional insurace QR	***Takaful insurance QR***	***Total QR***	*Conventional insurance QR*	*Takaful insurance QR*	*Total QR*
Assets						
Total assets	**1,472,433,901**	**64,481,983**	**1,536,915,884**	1,627,331,288	54,512,752	1,681,844,040
Liabilities						
Insurance contract liabilties	**(317,549,519)**	**(39,220,874)**	**(356,770,393)**	(459,118,917)	(35,216,570)	(494,335,487)
Net surplus attributable to Islamic Takaful policyholders	**-**	**(4,424,310)**	**(4,424,310)**	-	(5,208,716)	(5,208,716)
Liabilties (other than insurance funds)	**(84,832,133)**	**(15,836,799)**	**(100,665,932)**	(98,582,699)	(9,087,466)	(107,670,165)
Net assets	**1,070,052,249**	**5,000,000**	**1,075,052,249**	1,069,629,672	5,000,000	1,074,629,672

24 RELATED PARTY TRANSACTIONS

Related party transactions
Related parties represent major shareholders, directors, related companies and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Transactions with related parties included in the consolidated statement of income are as follows:

	2015		*2014*	
	Premiums QR	***Claims QR***	*Premiums QR*	*Claims QR*
Major shareholders	**8,375,926**	**1,855,084**	6,821,640	732,621

Balances with related parties included in the statement of financial position are as follows:

	2015		*2014*	
	Receivables QR	***Claims and payables QR***	*Receivables QR*	*Claims and payables QR*
Major shareholders	**2,199,470**	**1,176,060**	1,741,466	991,323

Compensation of key management personnel
The compensation of key management personnel during the year are as follows:

	2015 QR	*2014 QR*
Board of Directors' remuneration	**5,000,000**	4,000,000
Directors' sitting fees	**1,500,000**	1,500,000
Short-term benefits	**4,196,000**	3,888,888
End of service and other benefits	**7,825,667**	4,128,000
	18,521,667	13,516,888

25 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of financial investments, and receivables arising from insurance contract assets and reinsurance contracts, other receivables and cash and cash equivalents. Financial liabilities consist of insurance contract liabilities and other payables.

The fair values of financial instruments are not materially different from their carrying values.

25 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

As at 31 December 2015, the Group held the following financial instruments measured at fair value. The Group 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
Level 3	:	techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	31 December 2015 QR	***Level 1 QR***	***Level 2 QR***	***Level 3 QR***
Assets measured at fair value				
Financial investments	**532,972,870**	**460,320,801**	**72,652,069**	**-**

	31 December 2014 QR	*Level 1 QR*	*Level 2 QR*	*Level 3 QR*
Assets measured at fair value				
Financial investments	550,261,275	495,415,258	54,846,017	-

During the year ended 31 December 2015, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

26 RISK MANAGEMENT

The Group, in the normal course of business derives its revenue mainly from assuming and managing insurance and investments. The Group's lines of business are exposed to the following risks:

- Insurance risk
- Reinsurance risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors approves the Group's risk management policies and meets regularly. These policies define the Group's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the corporate goals, and specify reporting requirements. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

26 RISK MANAGEMENT (CONTINUED)

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

The above risk exposure is mitigated by diversification across large portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

Frequency and amounts of claims
The frequency and amounts of claims can be affected by several factors. The Group underwrites mainly fire and general accident, motor and marine and aviation risks. These are regarded as short-term insurance contracts as claims are normally advised and settled within one year of the insured event taking place. This helps to mitigate insurance risk.

Fire and general accident – Property
Property and insurance is designed to compensate contract holders for damage suffered to properties or for the value of property lost. Contract holder could also receive compensation for the loss of earnings caused by the inability to use the insured properties.

For property insurance contracts, the main risks are fire and business interruption. In recent years, the Group has only underwritten policies for properties containing fire detection equipment.

These contracts are underwritten by reference to the replacement value of the properties and contents insured. The cost of rebuilding properties and obtaining replacement contents and the time taken to restart operation which leads to business interruptions are the main factors that influence the level of claims. The Group has reinsurance cover for such damage to limit total losses by treaty (including Quota share) amounting to QR 13,980,648 (2014: QR 150,083,755) during the year.

Motor
Motor insurance is designed to compensate contract holders for damage suffered to their vehicles or liability to third parties arising though accidents. Contract holders could receive compensation for the fire or theft of their vehicles.

For motor contracts, the main risks are claims for death and bodily injury and the replacement or repair of vehicles. In recent years, the Group has mainly underwritten comprehensive policies for owners/drivers over 21 years of age. Substantially all of the motor contracts relate to private individuals. The Group has reinsurance cover to limit losses for any individual claim amounting to QR 5,137,925 (2014: QR 4,572,975) during the year.

The blood money for deaths and to injured parties and the replacement costs of motor vehicles are the key factors that influence the level of claims.

Marine
Marine insurance is designed to compensate contract holders for damage and liability arising through loss or damage to marine craft and accidents at sea resulting in total or partial loss of cargoes.

For marine insurance, the main risks are loss or damage to marine craft and accidents resulting in the total or partial loss of cargoes.

The underwriting strategy for the marine class of business is to ensure that the policies are well diversified in terms of vessels and shipping routes covered. The Group has entered into reinsurance agreements to limit total losses by treaty (including quota share) amounting to QR 7,091,543 (2014: QR 11,036,252) during the year.

26 RISK MANAGEMENT (CONTINUED)

Reinsurance risk

In common with other insurance companies, in order to minimize the financial exposure arising from large claims, the Group in the normal course of business, enters into agreements with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the reinsurance is effected under treaty, facultative and excess-of-loss reinsurance contracts.

To minimize its exposure to significant losses from reinsurer insolvencies, the Group evaluates the financial condition of its reinsurers and monitors concentrations of credit risk.

Reinsurance ceded contracts do not relieve the Group from its obligation to policyholders and as a result, the Group remains liable for the portion of outstanding claims reinsured to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements.

Concentration of risks

The Group's insurance risk relates to policies directly written in the State of Qatar only. The segmental concentration of insurance risk is set out in Note 22.

Sensitivity of changes in assumption

The Group does not have any single insurance contract or a small number of related contracts that cover low frequency, high-severity risks such as earthquakes, or insurance contracts covering risks for single incidents that expose the Group to multiple insurance risks. The Group has adequately reinsured for insurance risks that may involve significant litigation. A 5% change in the average claims ratio will have no material impact on the consolidated statement of income.

Financial risk

The Group's principal instruments are financial investments, receivables arising from insurance and reinsurance contracts and cash and cash equivalents.

The Group does not enter into derivative transactions.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, market price risk and liquidity risk.

The Board reviews and agrees policies for managing each of these risks which are summarized as follows.

Regulatory framework

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

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

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Management believes that there is minimal risk of significant losses due to exchange rate fluctuations and consequently the Group does not hedge its foreign currency exposure.

Other than balances in United States Dollars and United Arab Emirate Dinar (AED), to which the Qatari Rial is pegged, there are no significant foreign currency financial assets due in foreign currencies included under reinsurance balances receivable.

26 RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

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

The Group is exposed to interest rate risk on certain of its bank deposits. The Group limits interest rate risk by monitoring changes in interest rates in the currencies in which its cash and interest bearing investments are denominated. During the year, the Group disposed the interest bearing investments classified as held-to-maturity and retained only interest bearing short term bank deposits.

The following table demonstrates the sensitivity of the statement of income to reasonably possible changes in interest rates, with all other variables held constant.

There is no impact on the Group's equity.

	Increase/ decrease in basis points	*Effect on profit for the year*
2015	**+25**	**955,396**
	-50	**1,910,792**
2014	+25	970,498
	-50	1,940,996

Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. For all classes of financial assets held by the Group, the maximum credit risk exposure to the Group is the carrying value as disclosed in the statement of financial position.

Reinsurance arrangements are effected with reinsurers whose creditworthiness is assessed on the basis of satisfying minimum rating and financial strength criteria. Reinsurance is made with different reinsurance companies' in order to reduce the risk of concentration.

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the statement of financial position date. Premium receivables comprise a large number of customers mainly within State of Qatar. Five companies account for 55% of the accounts receivable as of 31 December 2015 (2014: 41%). Five reinsurance companies account for 32%. of the reinsurance receivables as of 31 December 2015 (2014: 57%).

The Group continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties. The Group's management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality.

26 RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

Credit risk (continued)

The table below shows the maximum exposure to credit risk for the components of the statement of financial position. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting.

	2015 QR	*2014 QR*
Bank balances	**467,533,043**	467,299,889
Reinsurance contract assets	**212,267,187**	366,119,080
Due from policyholders and reinsurers	**105,689,484**	108,497,790
	785,489,714	941,916,759

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet obligation as they fall due. The Group's approach to manage liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's operations.

The Group limits its liquidity risk by ensuring bank facilities are available. The Group's terms of sales require amounts to be paid within 30-120 days of the date of sale.

The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

2015	***Less than 6 months QR***	***6 to 12 months QR***	***1 to 5 years QR***	***No term QR***	***Total QR***
Insurance contract liabilities	**172,299,719**	**-**	**-**	**184,470,674**	**356,770,393**
Provisions, insurance and other payables	**87,922,785**	**-**	**-**	**-**	**87,922,785**
Total	**260,222,504**	**-**	**-**	**184,470,674**	**444,693,178**

2014	*Less than 6 months QR*	*6 to 12 months QR*	*1 to 5 years QR*	*No term QR*	*Total QR*
Insurance contract liabilities	213,452,189	-	-	280,883,298	494,335,487
Provisions, insurance and other payables	100,826,713	-	-	-	100,826,713
Total	314,278,902	-	-	280,883,298	595,162,200

26 RISK MANAGEMENT (CONTINUED)

Equity price risks
Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether these changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group is exposed to other market price risk in respect of its listed equity securities and bonds. Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity and the value of individual stocks. The effect on equity due to a reasonably possible change in equity indices by (+/-) 10%, with all other variables held constant is as follows:

		2015		*2014*	
	Changes in variables	***Impact on profit QR***	***Impact on other comprehensive income QR***	*Impact on profit QR*	*Impact on other comprehensive income QR*
Available-for-sale investments	+10%	**783,860**	**55,588,674**	1,586,958	58,208,124
Available-for-sale investments	-10%	**(783,860)**	**(55,588,674)**	(1,586,958)	(58,208,124)

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

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

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

27 COMMITMENTS AND CONTINGENCIES

Guarantees
At 31 December, the Group had contingent liabilities in respect of tender guarantees and other guarantees from which it is anticipated that no material liabilities will arise, amounting to QR 2,964,370 (2014: QR 2,904,885).

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

28 ISLAMIC TAKAFUL BRANCH OF DOHA INSURANCE COMPANY Q.S.C.

The statement of financial position and statement of income of the Branch are presented below:

(i) Statement of financial position for the year

	2015 QR	*2014 QR*
PARTICIPANTS' OPERATIONS ASSETS		
Cash on hand	**8,785**	5,193
Bank balances (Islamic banks)	**37,093,244**	28,784,825
Reinsurance contract assets	**7,771,881**	7,865,023
Due from policyholders	**11,778,295**	8,236,333
Due from insurance and reinsurance companies	**7,525,321**	9,324,041
Prepayments and other assets	**56,389**	30,081
Property and equipment	**248,068**	267,256
TOTAL ASSETS	**64,481,983**	54,512,752
PARTICIPANTS' FUNDS AND LIABILITIES		
Participants' fund		
Participants' account	**9,424,310**	10,208,716
Liabilities		
Insurance contract liabilities	**39,220,874**	35,216,570
Provisions, insurance and other payables	**15,836,799**	9,087,466
Total liabilities	**55,057,673**	44,304,036
TOTAL PARTICIPANTS' FUND AND LIABILITIES	**64,481,983**	54,512,752

(ii) Statement of income for the year

	2015 QR	*2014 QR*
PARTICIPANTS' REVENUES AND EXPENSES		
(LOSS) REVENUE		
Net Takaful (loss) revenue	**(658,306)**	1,673,175
Other income	**500,500**	322,312
	(157,806)	1,995,487
EXPENSE		
General and administrative expenses	**(626,600)**	(323,119)
NET (DEFICIT) SURPLUS FOR THE YEAR TRANSFERRED TO PARTICIPANTS' FUND	**(784,406)**	1,672,368