

**DOHA INSURANCE GROUP Q.P.S.C.  
DOHA - QATAR**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE SIX MONTH PERIOD ENDED  
JUNE 30, 2018**

**DOHA INSURANCE GROUP Q.P.S.C**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT  
AUDITOR'S REVIEW REPORT**

For the six month period ended June 30, 2018

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QR. 31249

RN: 0088/MS/FY2018

## INDEPENDENT AUDITOR'S REVIEW REPORT

**To the Board of Directors  
Doha Insurance Group Q.P.S.C.  
Doha – Qatar**

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Doha Insurance Group Q.P.S.C. (the "Company") and its subsidiaries (together the "Group"), as at June 30, 2018, and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on the interim condensed consolidated financial statements based on our review.

### *Scope of review*

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

### *Basis for Qualified Conclusion*

The Group is still in the process of determining the full impact of implementing IFRS 9 "Financial Instruments" on its interim condensed consolidated financial statements. Particularly,

- Included in the statement of financial position at June 30, 2018 are debt instruments classified as FVTOCI amounting to QR 39.64 million and insurance contract receivables amounting to QR 225.24 million. The Group has not assessed the related impairment in accordance with the expected loss model under IFRS 9.
- Included in the statement of financial position at June 30, 2018 are unquoted equity instruments classified as FVTOCI amounting to QR 44.72 million which are carried at cost. The Group has not adjusted the carrying value of these investments to their fair value at period end as required under IFRS 9, as such fair values are not readily available.

It is not possible to determine the exact impact of the above and as such, we are unable to quantify the related effect on the interim condensed financial statements and related opening balances.

**INDEPENDENT AUDITOR'S REVIEW REPORT (CONTINUED)**

***Qualified conclusion***

Based on our review, except for the possible effects of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information does not present fairly, in all material respect, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

**Doha – Qatar  
July 31, 2018**

**For Deloitte & Touche  
Qatar Branch**



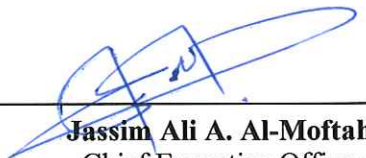
**Midhat Salha  
Partner  
License No. 257  
QFMA Audit Registration 120156**

**DOHA INSURANCE GROUP Q.P.S.C****INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at June 30, 2018

	Notes	June 30, 2018 QR (Reviewed)	December 31, 2017 QR (Audited)
<b>ASSETS</b>			
Cash and cash equivalents	3	427,614,184	465,633,719
Financial investments	4	501,328,079	472,007,436
Reinsurance contract assets	5	444,167,093	406,690,001
Insurance and other receivables		284,308,706	250,267,318
Investments in associates		16,046,065	19,583,559
Investment properties	8	216,531,554	214,430,303
Properties and equipment		13,711,097	13,005,984
<b>TOTAL ASSETS</b>		<b>1,903,706,778</b>	<b>1,841,618,320</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	6	500,000,000	500,000,000
Legal reserve	7	359,244,913	359,244,913
Fair value reserve related to AFS investments		--	(459,983)
Fair value reserve related to FVTOCI investments		(71,163,360)	--
Share in fair value reserve of associates		(175,633)	--
Foreign currency translation reserve		83,615	738,314
Retained earnings		240,222,805	178,713,005
<b>Total equity</b>		<b>1,028,212,340</b>	<b>1,038,236,249</b>
<b>Liabilities</b>			
Insurance contract liabilities	5	714,093,331	632,591,864
Provisions, insurance and other payables		117,114,039	122,806,012
Bank loan	10	30,207,315	31,940,250
Employees' end of service benefits		14,079,753	16,043,945
<b>Total liabilities</b>		<b>875,494,438</b>	<b>803,382,071</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,903,706,778</b>	<b>1,841,618,320</b>

  
Nawaf Bin Nasser Bin Khaled Al Thani  
Chairman

  
Jassim Ali A. Al-Moftah  
Chief Executive Officer

THE ATTACHED NOTES FORM AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS

**DOHA INSURANCE GROUP Q.P.S.C**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

For the six month period ended June 30, 2018

	Notes	For the six month period ended June 30,	
		2018	2017
		QR (Reviewed)	QR (Reviewed)
Gross premiums	13	318,415,509	284,882,356
Reinsurers' share of gross premiums	13	(169,985,800)	(161,345,897)
<b>Net premiums</b>		<b>148,429,709</b>	<b>123,536,459</b>
Change in unexpired risk reserve	13	(33,064,778)	(23,687,568)
<b>Underwriting revenue</b>		<b>115,364,931</b>	<b>99,848,891</b>
Claims paid	13	(74,899,171)	(52,517,622)
Reinsurers' share of claims	13	19,293,214	14,859,867
Change in outstanding claims reserve	13	(10,288,970)	(22,850,432)
Commissions received	13	18,822,440	15,866,083
Commissions paid	13	(25,361,165)	(16,601,553)
Other technical expenses	13	(1,757,230)	(1,096,445)
<b>Net underwriting results</b>		<b>41,174,049</b>	<b>37,508,789</b>
Dividend income		19,110,717	15,342,578
Interest income		6,867,168	7,317,186
Rental income from investment properties		5,602,298	4,049,054
Share of results of associates		(376,719)	2,730,313
Net gain on sale of financial investments		310,810	6,092,207
Unrealised loss on held-for-trading investments		(272,309)	(2,630,759)
Impairment of financial investments		--	(4,444,911)
Other losses		(11,843)	--
<b>Investment and other income</b>		<b>31,230,122</b>	<b>28,455,668</b>
General and administrative expenses	11	(35,784,701)	(32,367,271)
Depreciation of investment properties		(1,356,300)	(688,244)
Depreciation of properties and equipment		(1,140,860)	(1,117,881)
Finance cost		(409,509)	(134,476)
<b>Total expenses</b>		<b>(38,691,370)</b>	<b>(34,307,872)</b>
<b>Profit for the period before allocation to Takaful operation's policyholders</b>		<b>33,712,801</b>	<b>31,656,585</b>
Net deficit attributable to Takaful operation's policyholders	16	1,219,214	2,299,391
<b>Profit attributable to shareholders</b>		<b>34,932,015</b>	<b>33,955,976</b>
<b>Basic and diluted earnings per share</b>	12	<b>0.70</b>	<b>0.68</b>

THE ATTACHED NOTES FORM AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**DOHA INSURANCE GROUP Q.P.S.C**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the six month period ended June 30, 2018

	For the six month period ended June 30,	
	2018	2017
	QR (Reviewed)	QR (Reviewed)
<b>Profit attributable to shareholders</b>	<b>34,932,015</b>	<b>33,955,976</b>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to statement of profit or loss</i>		
Transfer to consolidated statement of profit or loss on impairment of available-for-sale investments	--	4,444,911
Share of other comprehensive income of associate	(66,969)	(31,061)
Recognised gains on available-for-sale investments	--	6,092,207
Exchange differences on translating foreign operations	(654,699)	1,968,987
Net movement in fair value of available-for-sale investments	--	(51,828,388)
	<u>(721,668)</u>	<u>(39,353,344)</u>
<i>Items that will not be reclassified subsequently to statement of profit or loss</i>		
Net movement in fair value of FVTOCI investments	(7,302,906)	--
<b>Other comprehensive loss for the period</b>	<u>(8,024,574)</u>	<u>(39,353,344)</u>
<b>Total comprehensive income/ (loss) for the period</b>	<u><b>26,907,441</b></u>	<u><b>(5,397,368)</b></u>

THE ATTACHED NOTES FORM AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**DOHA INSURANCE GROUP Q.P.S.C**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the six month period ended June 30, 2018

	Share capital	Legal reserve	Fair value reserve related to AFS investments	Share in fair value reserve of associate	Fair value reserve related to FVTOCI	Foreign currency translation reserve	Retained earnings	Total
	QR	QR	QR	QR	QR	QR	QR	QR
Balance at January 1, 2017 (Audited)	500,000,000	355,029,233	48,429,720	--	--	(1,255,776)	171,825,804	1,074,028,981
Profit attributable to shareholders	--	--	--	--	--	--	33,955,976	33,955,976
Other comprehensive loss for the period	--	--	(41,322,331)	--	--	1,968,987	--	(39,353,344)
Total comprehensive loss for the period	--	--	(41,322,331)	--	--	1,968,987	33,955,976	(5,397,368)
Cash dividends paid (Note 9)	--	--	--	--	--	--	(30,000,000)	(30,000,000)
Balance at June 30, 2017 (Reviewed)	500,000,000	355,029,233	7,107,389	--	--	713,211	175,781,780	1,038,631,613
Balance at January 1, 2018 (Audited)	500,000,000	359,244,913	(459,983)	--	--	738,314	178,713,005	1,038,236,249
Adjustments on adoption of IFRS 9 (Note 2)	--	--	459,983	(108,664)	(63,860,454)	--	63,509,135	--
Balance at January 1, 2018, as adjusted	500,000,000	359,244,913	--	(108,664)	(63,860,454)	738,314	242,222,140	1,038,236,249
Profit attributable to shareholders	--	--	--	--	--	--	34,932,015	34,932,015
Other comprehensive loss for the period	--	--	--	(66,969)	(7,302,906)	(654,699)	--	(8,024,574)
Disposal of investments at FVTOCI	--	--	--	--	--	--	568,650	568,650
Cash dividends paid (Note 9)	--	--	--	--	--	--	(37,500,000)	(37,500,000)
<b>Balance at June 30, 2018 (Reviewed)</b>	<b>500,000,000</b>	<b>359,244,913</b>	<b>--</b>	<b>(175,633)</b>	<b>(71,163,360)</b>	<b>83,615</b>	<b>240,222,805</b>	<b>1,028,212,340</b>

THE ATTACHED NOTES FORM AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



**DOHA INSURANCE GROUP Q.P.S.C**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six month period ended June 30, 2018

	For the six month period ended June 30,	
	2018 QR (Reviewed)	2017 QR (Reviewed)
<b>OPERATING ACTIVITIES</b>		
Profit attributable to shareholders	34,932,015	33,955,976
<i>Adjustments for:</i>		
Depreciation of properties and equipment	1,140,860	1,035,894
Depreciation of investment properties	1,356,300	688,244
Provision for employees' end of service benefits	1,544,379	1,639,632
Impairment of financial investments	--	4,444,911
Unrealised loss on investments held at fair value through profit or loss	272,309	2,698,136
Share in results of associates	309,750	(2,730,313)
Reinsurers' share of unearned premium	10,800,782	28,947,217
Movement in unearned premium	(40,262,404)	(52,634,784)
Net gain on sale of financial investments	(879,460)	(6,092,207)
Dividend income	(19,110,717)	(15,342,578)
Interest income	(6,867,168)	(7,317,186)
Finance cost	409,509	134,476
Loss on disposal of properties and equipment	--	77,973
	<u>(16,353,845)</u>	<u>(10,494,609)</u>
<b>Movements in working capital</b>		
Insurance and other receivables	(34,041,388)	(18,244,211)
Insurance reserves	73,485,996	70,596,656
Provisions, insurance and other payables	(6,221,568)	(23,761,635)
Cash generated by operations	<u>16,869,195</u>	<u>18,096,201</u>
Payment for employees' end of service benefits	(3,508,571)	(1,517,250)
<b>Net cash generated by operating activities</b>	<u>13,360,624</u>	<u>16,578,951</u>
<b>INVESTING ACTIVITIES</b>		
Dividends received	22,576,893	15,342,578
Proceeds from disposal of financial investments	15,118,137	19,127,353
Interest received	6,867,168	7,317,186
Short-term deposits	15,000,000	--
Purchase of properties and equipment	(1,845,973)	(3,401,834)
Purchase of financial investments	(50,498,917)	(48,194,049)
Purchase of investment properties	(4,113,113)	(57,804,531)
<b>Net cash generated by / (used in) investing activities</b>	<u>3,104,195</u>	<u>(67,613,297)</u>

THE ATTACHED NOTES FORM AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**DOHA INSURANCE GROUP Q.P.S.C****INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six month period ended June 30, 2018

	<b>For the six month period ended June 30,</b>	
	<b>2018</b>	<b>2017</b>
	<b>QR</b>	<b>QR</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>
<b>FINANCING ACTIVITIES</b>		
Bank loan	<b>(2,104,442)</b>	31,730,086
Dividends paid	<b>(36,970,403)</b>	(29,511,907)
Interest expense paid	<b>(409,509)</b>	(134,476)
<b>Cash (used in) / generated by financing activities</b>	<b>(39,484,354)</b>	<b>2,083,703</b>
Net decrease in cash and cash equivalents	<b>(23,019,535)</b>	(48,950,643)
Effect of foreign currency difference on cash and cash equivalent	--	1,968,987
Cash and cash equivalents at the beginning of period	<b>245,470,624</b>	<b>516,025,395</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (NOTE 3)</b>	<b>222,451,089</b>	<b>469,043,739</b>

THE ATTACHED NOTES FORM AN INTEGRAL PART OF THESE INTERIM CONDENSED FINANCIAL STATEMENTS

## DOHA INSURANCE GROUP Q.P.S.C

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2018

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#### 1. INCORPORATION AND ACTIVITIES

Doha Insurance Group Q.P.S.C. (the “Company”) (previously known as “Doha Insurance Company Q.S.C”), is a Qatari public shareholding company registered and incorporated in the State of Qatar under Emiri Decree No. 30 issued on October 2, 1999. It is engaged in the business of insurance and reinsurance in State of Qatar. The shares of the Company are listed on Qatar Exchange. The Company, by a resolution passed in Extraordinary General Assembly held on March 7, 2017, changed its name to “Doha Insurance Group Q.P.S.C”.

The interim condensed consolidated financial statements of the Group consolidates the assets, liabilities and operational performance of the Company and its subsidiaries (together “the Group”) detailed below:

- i. On October 21, 2015, MENA RE Underwriters Limited, a limited liability company engaged in insurance intermediation and management, was incorporated in Dubai, UAE with a registration number of CL1984. The registered and paid up capital of the Subsidiary is wholly subscribed and owned by the Company.
- ii. On December 21, 2016, the Company invested 100% in share capital of Barzan Technology Solutions, a company incorporated in Jordan having business activities of providing information technology solutions and also engaged in real estate and investment activities. The subsidiary has commenced its operations during the second half of the year 2017.
- iii. On December 27, 2016, the Company invested 100% in the equity of Schwenke Zentrum S.a.r.l, a company duly incorporated under the laws of Grand Duchy of Luxembourg. The subsidiary is engaged in real estate holding and leasing operations for a property located in Germany.
- iv. In 2006, the Company established an Islamic Takaful branch under the brand name Doha Takaful to carry out insurance and reinsurance activities in accordance with Islamic Sharia principles on a non-usury basis in all areas of insurance. On March 28, 2018, the Company has registered Doha Takaful into a separate limited liability company as Doha Takaful L.L.C. The financial information of Doha Takaful, not separately audited or reviewed by the auditors, are disclosed in Note 16 to these interim condensed consolidated financial statements as other information.

The interim condensed consolidated financial statements of the Group for the six month period ended June 30, 2018 were authorised for issue by the Board of Directors on July 31, 2018.

#### 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial statements for the six month period ended June 30, 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting and in conformity with Qatar Commercial Companies Law.

The interim condensed consolidated financial statements are prepared in Qatari Riyal (“QR”) which is the Group’s functional and presentation currency.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual consolidated financial statements as at December 31, 2017. In addition, results for the six month period ended June 30, 2018 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2018.

## DOHA INSURANCE GROUP Q.P.S.C

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2018

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## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *Judgments, estimates and risk management*

The preparation of the interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual consolidated financial statements for the year ended 31 December 2017, except as mentioned below.

The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2017, and the notes attached thereto, except for certain new and revised standards and interpretations, that became effective in the current period as set out below:

### **(i) New and amended standards adopted by the Group**

A number of new and amended standards became applicable for the current reporting period and the Group had to change its accounting policies and made modified retrospective adjustments as a result of adopting the following standard:

- IFRS 9, *Financial Instruments*; and
- IFRS 15 *Revenue from Contracts with Customers*

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The insurance contracts are continued to be governed by IFRS 4, thus the adoption of IFRS 15 did not have any material impact on the Group's accounting policies and did not require any adjustments.

The impact of the adoption of IFRS 9 standard on the accounting policies, amounts reported and disclosures in the Group's interim condensed consolidated financial statements are disclosed below.

### **(ii) Revised Standards:**

Effective for annual periods beginning on or after 1 January 2018

- |                                       |  |
|---------------------------------------|--|
| • IFRS 2 (Revised)                    | <i>Amendments regarding classification and measurement of share based payment transactions</i> |
| • IFRS 7 (Revised)                    | <i>Amendments relating to disclosures about the initial application of IFRS 9</i>              |
| • IAS 40 (Revised)                    | <i>Investment Property – Amendments to paragraph 57</i>  |
| • Annual Improvements 2014-2016 Cycle | <i>Amendments to IFRS 1 and IAS 28</i>   |
| • IFRIC 22                            | <i>Foreign Currency Transactions and Advance Consideration</i>                                 |

**DOHA INSURANCE GROUP Q.P.S.C**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six month period ended June 30, 2018

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**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**(iii) New and revised standards and interpretations but not yet effective:**

Effective for annual periods beginning on or after 1 January 2019

- IFRS 16 *Leases*
- IFRIC 23 *Uncertainty over Income Tax Treatments*

Effective for annual periods beginning on or after 1 January 2021

- IFRS 17 *Insurance contracts*

*IFRS 16 Leases*

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the interim condensed consolidated statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The standard will affect primarily the accounting for the Group's operating leases. The management anticipates there will not be material impact from the application of IFRS 16 on amounts reported and disclosures made in the Group's interim condensed consolidated financial statements.

*IFRS 17 Insurance Contracts*

IFRS 17 provides guidance on accounting for insurance contracts. For general insurance contracts, IFRS 17 introduces new accounting principles and estimates such as mandatory discounting of loss reserves that are expected to be paid in more than one year, risk adjustment and related confidence level equivalent disclosure. IFRS 17 is expected to have material impact on the long-term policies (more than 12 months) written by the Group as well as revenue recognition under insurance contracts. The Group is in the process of performing an impact analysis for its insurance products as well as documentation of changes to Group's accounting policies. It is not practical to disclose the impact of applying the IFRS 17 on these financial statements due to technical complexity. The Group has no plans to early adopt IFRS 17 prior to its mandatory application date.

**Changes in accounting policies**

The Group has adopted IFRS 9 *Financial Instruments* beginning January 1, 2018. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement*.

IFRS 9 introduces new requirements for (1) classification and measurements of financial assets and liabilities, (2) impairment of financial assets, and (3) other related accounting applications. Details of these new requirements as well as their impact on the Group's interim condensed consolidated financial statements are described below.

**DOHA INSURANCE GROUP Q.P.S.C**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six month period ended June 30, 2018

**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Changes in accounting policies (continued)**

*IFRS 9 Financial instruments – Impact of adoption*

The Group has elected not to restate comparative figures but any adjustments to the carrying amounts of financial assets and liabilities at transition date were recognized in the opening balances of retained earnings and fair value reserve.

The table below shows information relating to financial assets that have been adjusted as a result of the transition to IFRS 9:

	Opening retained earnings	Fair value reserve	Share in fair value reserve of associates	FV reserve related to FVTOCI investments
	QR.	QR.	QR.	QR.
Balance as at January 1, 2018	178,713,005	(459,983)	--	--
Reclassification of Fair value reserve	--	459,983	(108,664)	(351,319)
Previously recognized impairment of available-for-sale financial assets to be reversed to opening retained earnings	63,509,135	--	--	(63,509,135)
<b>Balance as at January 1, 2018, as adjusted</b>	<b>242,222,140</b>	<b>--</b>	<b>(108,664)</b>	<b>(63,860,454)</b>

While the Group has not fully assessed the full impact of IFRS 9 on the interim condensed financial statements as it is still in the process of determining the effect of the following requirements:

- 1) Expected credit loss model for debt instruments classified as FVTOCI and insurance contract receivables; and
- 2) measuring the unquoted equity investments classified as FVTOCI, currently measured at cost, at fair value.

The table below shows the original categories under IAS 39 and the new ones under IFRS 9 for each class of the Group's impacted financial assets and liabilities as at January 1, 2018:

Financial assets, liabilities and other assets	Original measurement category under IAS 39	New measurement category under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
			QR	QR
Equity securities - quoted	AFS	FVTOCI	329,437,552	329,437,552
Managed investment fund and unquoted shares	AFS	FVTOCI	104,214,796	104,214,796
Debt securities – quoted	AFS	FVTOCI	34,686,737	34,686,737
Held for Trading – Equity securities	FVTPL	FVTPL	3,668,351	3,668,351
Bank balances and Deposits	Amortised cost	Amortised cost - ECL	465,318,031	465,318,031
Insurance contract receivables	Loans and receivables	Amortised cost - ECL	206,210,259	206,210,259
Payable to insurers	Amortised cost	Amortised cost	69,538,430	104,214,796
Trade payables	Amortised cost	Amortised cost	21,780,103	34,686,737

**DOHA INSURANCE GROUP Q.P.S.C**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six month period ended June 30, 2018

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**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Changes in accounting policies (continued)**

*IFRS 9 Financial instruments – Accounting policies applied from January 1, 2018*

*Classification and Measurement*

The Group reviewed and assessed the Group's existing financial assets as at January 1, 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Group's financial assets as regards their classification and measurement:

- a. the Group's debt instruments that were classified as available-for-sale financial assets under IAS 39 have been classified as financial assets at FVTOCI as they are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and they have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The change in fair value on these redeemable notes continues to be accumulated in the investment revaluation reserve until they are derecognised or reclassified;
- b. the Group's investments in equity held-for-trading that were measured at FVTPL under IAS 39 continue to be measured as such under IFRS 9;
- c. the Group's investments in equity quoted securities (neither held for trading nor a contingent consideration arising from a business combination) that were previously classified as available-for-sale financial assets and were measured at fair value at each reporting date under IAS 39 have been designated as at FVTOCI. The change in fair value on these equity instruments continues to be accumulated in the investment revaluation reserve; and
- d. the Group's investment in equity unquoted securities that were previously classified as available-for-sale financial assets and were measured at cost at each reporting date as per IAS 39 have been designated as FVTOCI. The Group however is still in the process of obtaining reliable fair values for certain of these securities.

None of the other reclassifications of financial assets have had any impact on the Group's financial position, profit or loss, other comprehensive income or total comprehensive income for both years.

The application of IFRS 9 has had no impact on the classification and measurement of the Group's financial liabilities.

*Equity instruments*

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in interim condensed consolidated statement of profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses) in the interim condensed consolidated statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from the changes in fair value.

## DOHA INSURANCE GROUP Q.P.S.C

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2018

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## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *Impairment*

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model applies to debt instruments classified as FVTOCI, insurance and other receivables, bank deposits, loan guarantees and commitments.

The Group is still in the process of determining the impact of implementing IFRS 9 on its accounting policy on expected credit loss model in assessing the impairment of certain financial assets, loan guarantees and commitments.

### *Significant increase in credit risk*

When determining the risk of default the Group considers both quantitative and qualitative information and analysis based on the Group's historical experience and expert credit assessment and including forward-looking information.

### *Credit risk grades*

Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default considering nature of the exposure and the type of borrower.

### *Generating the term structure of Probability of Default (PD)*

The Group employs statistical models to analyse the data collected and generate estimates of PD of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Group.

## **Changes in judgement, estimate and risk management**

### *Classification of investment securities*

On acquisition of an investment security, the Group decides whether it should be classified as fair value through profit or loss or fair value through other comprehensive income or financial assets to be measured at amortized cost.

The Group follows the guidance of IFRS 9 on classifying its investments in securities.

### *Business models and Solely Payments of Principal and Interest ("SPPI") as significant judgments*

Determining the appropriate business models and assessing the SPPI requirements for financial assets may require significant accounting judgement and have a significant impact on the condensed consolidated interim financial statements. Details of the Group's classification of financial assets and liabilities are given table above.

### *Measurement of the expected credit loss allowance*

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and applicable FVTOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).



**DOHA INSURANCE GROUP Q.P.S.C****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

For the six month period ended June 30, 2018

**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)****Changes in judgement, estimate and risk management (continued)***Measurement of the expected credit loss allowance (continued)*

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

The Group's financial risk management objectives and policies are consistent with those disclosed in the Group's annual consolidated financial statements as at and for the year ended 31 December 2017, except for the below:

*Credit risk measurement*

The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

**3. CASH AND CASH EQUIVALENTS**

	<b>June 30, 2018</b>	December 31, 2017
	<b>QR</b>	QR
	<b>(Reviewed)</b>	(Audited)
Bank balances and short term deposits	<b>427,250,186</b>	465,318,031
Cash on hand	<b>363,998</b>	315,688
Cash and bank balances	<b>427,614,184</b>	465,633,719
Less: Short term deposits maturing more than 3 months	<b>205,163,095</b>	220,163,095
Cash and cash equivalents	<b>222,451,089</b>	245,470,624

Short-term deposits consist of fixed deposits bearing interest at the rate of 1.00% to 3.75% per annum (December 31, 2017: 1.00% to 3.75% per annum) with original maturity period of one to three months.

**DOHA INSURANCE GROUP Q.P.S.C**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

For the six month period ended June 30, 2018

**4. FINANCIAL INVESTMENTS**

The carrying amounts of financial investments were as follows:

	<u>June 30, 2018</u>	<u>December 31, 2017</u>
	QR (Reviewed)	QR (Audited)
Investments held at fair value through profit or loss	7,466,106	3,668,351
Investments held at fair value through other comprehensive income (2017: Available-for-sale investments)		
- Quoted shares	325,103,253	329,437,552
- Unquoted funds and shares	129,114,756	104,214,796
- Debt securities with fixed interest rate	39,643,964	34,686,737
	<u>501,328,079</u>	<u>472,007,436</u>

**5. INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS**

	<u>June 30, 2018</u>	<u>December 31, 2017</u>
	QR (Reviewed)	QR (Audited)
<b>Gross</b>		
<b>Insurance contract liabilities:</b>		
Claims reported unsettled	343,468,877	315,428,268
Claims incurred but not reported	65,456,734	56,149,936
Unearned premiums	295,096,114	251,612,681
Deferred commissions	10,071,606	9,400,979
	<u>714,093,331</u>	<u>632,591,864</u>
<b>Recoverable from reinsurers:</b>		
Claims reported unsettled	238,527,161	220,775,523
Claims incurred but not reported	43,496,142	34,189,343
Unearned premiums	162,143,790	151,725,135
	<u>444,167,093</u>	<u>406,690,001</u>
<b>Net</b>		
Claims reported unsettled	104,941,716	94,652,745
Claims incurred but not reported	21,960,592	21,960,593
Unearned premiums	132,952,324	99,887,546
Deferred commissions	10,071,606	9,400,979
	<u>269,926,238</u>	<u>225,901,863</u>





**DOHA INSURANCE GROUP Q.P.S.C****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**For the six month period ended June 30, 2018

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**6. SHARE CAPITAL**

	<u>June 30, 2018</u>	<u>December 31,</u> <u>2017</u>
	QR (Reviewed)	QR (Audited)
Authorized, issued and fully paid up share capital 50,000,000 shares of QR 10 each	<u>500,000,000</u>	<u>500,000,000</u>

**7. LEGAL RESERVE**

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.

The Group did not make any transfer from the profit of the period as the required amount will be transferred by year end.

**8. INVESTMENT PROPERTIES**

Investment properties as of June 30, 2018 include an amount of QR 53,303,835 (December 31, 2017: QR 56,011,617), which represents a property in Germany acquired during last period by Schwenke Zentrum S.a.r.l, a subsidiary. The Company has recognized rental income of QR 2,528,417 (June 30, 2017: QR 745,055) relating to the said property.

**9. DIVIDENDS**

The Board of Directors proposed in its meeting held on February 5, 2018 to distribute a cash dividend of 7.5% of the share capital amounting to QR 0.75 per share totalling to QR 37,500,000 for the year ended December 31, 2017 which were duly approved by the General Assembly of the Company's Shareholders on March 8, 2018 (2017: QR 0.60 per share totalling to QR 30,000,000).

**10. BANK LOAN**

Bank loan as of June 30, 2018 amounts to QR 30,207,315 and bears interest at the rate of 2.65% per annum. The loan was primarily taken to purchase an investment property in Germany, by a subsidiary. It is repayable over a period of 256 months. The non-current portion of the loan as at period end amounted to QR 28,946,774. The loan is secured by a mortgage on the investment property amounting to QR 53,303,835.

**DOHA INSURANCE GROUP Q.P.S.C****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

For the six month period ended June 30, 2018

**11. GENERAL AND ADMINISTRATIVE EXPENSES**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
	QR	QR
	(Reviewed)	(Reviewed)
Salaries, wages and other benefits	27,019,459	25,856,204
Rent, maintenance and office expenses	1,981,661	2,234,158
Legal and consultation fees	1,538,144	985,371
Advertisement and business promotion	948,658	451,575
Government fees	310,720	328,932
Business travel	527,915	430,492
Printing and stationery	325,121	109,370
Miscellaneous expenses	3,133,023	1,971,169
	<u>35,784,701</u>	<u>32,367,271</u>

**12. EARNINGS PER SHARE**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
	QR	QR
	(Reviewed)	(Reviewed)
Profit attributable to the shareholders	<u>34,932,015</u>	<u>33,955,976</u>
Weighted average number of shares outstanding during the period	<u>50,000,000</u>	<u>50,000,000</u>
Basic and diluted earnings per share	<u>0.70</u>	<u>0.68</u>

**13. SEGMENT INFORMATION**

For management purposes, the Group is organised into three business segments, marine and aviation, motor, and fire and general accident. 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 material transactions between segments.

The Group operates primarily in the State of Qatar and the rest of operations outside Qatar are to support the core insurance and investment operations of the Company in the State of Qatar.

**DOHA INSURANCE GROUP Q.P.S.C**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

For the six month period ended June 30, 2018

**13. SEGMENT INFORMATION (CONTINUED)**

	Motor		Marine and Aviation		Fire and General Accident		Investment (Corporate)		Total	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	QR (Reviewed)	QR (Reviewed)	QR (Reviewed)	QR (Reviewed)	QR (Reviewed)	QR (Reviewed)	QR (Reviewed)	QR (Reviewed)	QR (Reviewed)	QR (Reviewed)
Gross premiums	71,735,771	75,410,048	49,156,503	44,955,311	197,523,235	164,516,997	--	--	318,415,509	284,882,356
Reinsurers' share of gross premiums	(6,115,363)	(7,505,707)	(38,415,115)	(37,596,397)	(125,455,322)	(116,243,793)	--	--	(169,985,800)	(161,345,897)
<b>Net premiums</b>	<b>65,620,408</b>	<b>67,904,341</b>	<b>10,741,388</b>	<b>7,358,914</b>	<b>72,067,913</b>	<b>48,273,204</b>	<b>--</b>	<b>--</b>	<b>148,429,709</b>	<b>123,536,459</b>
Change in unexpired risk reserve	(2,629,856)	(10,367,756)	(4,584,005)	(2,286,053)	(25,850,917)	(11,033,759)	--	--	(33,064,778)	(23,687,568)
<b>Underwriting revenue</b>	<b>62,990,552</b>	<b>57,536,585</b>	<b>6,157,383</b>	<b>5,072,861</b>	<b>46,216,996</b>	<b>37,239,445</b>	<b>--</b>	<b>--</b>	<b>115,364,931</b>	<b>99,848,891</b>
Claims paid	(39,969,463)	(32,948,112)	(3,130,284)	(364,965)	(31,799,424)	(19,204,545)	--	--	(74,899,171)	(52,517,622)
Reinsurers' share of claims	747,959	372,753	2,225,108	372,987	16,320,147	14,114,127	--	--	19,293,214	14,859,867
Change in outstanding claims reserve	517,180	(8,389,406)	548,301	86,734	(11,354,451)	(14,547,760)	--	--	(10,288,970)	(22,850,432)
Commissions received	1,344,138	2,362,858	1,772,514	2,113,160	15,705,788	11,390,065	--	--	18,822,440	15,866,083
Commissions paid	(5,612,261)	(5,085,673)	(747,891)	(209,160)	(19,001,013)	(11,306,720)	--	--	(25,361,165)	(16,601,553)
Other technical expenses	(467,016)	(504,108)	(220,412)	(244,710)	(1,069,802)	(347,627)	--	--	(1,757,230)	(1,096,445)
<b>Net underwriting results</b>	<b>19,551,089</b>	<b>13,344,897</b>	<b>6,604,719</b>	<b>6,826,907</b>	<b>15,018,241</b>	<b>17,336,985</b>	<b>--</b>	<b>--</b>	<b>41,174,049</b>	<b>37,508,789</b>
Investment and other income										
Total expenses									31,230,122	28,455,668
Net deficit attributable to Takaful operation's policyholders									(38,691,370)	(34,307,872)
<b>Profit for the period</b>									<b>1,219,214</b>	<b>2,299,391</b>
									<b>34,932,015</b>	<b>33,955,976</b>

**DOHA INSURANCE GROUP Q.P.S.C**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
For the six month period ended June 30, 2018

**13. SEGMENT INFORMATION (CONTINUED)**

The Group operates in the State of Qatar, UAE, Luxembourg and Jordan. The associate companies operate in the State of Qatar and the Republic of Yemen.

	30 June 2018 (Reviewed)		31 December 2017 (Audited)			
	Qatar QR	International QR	Total QR	Qatar QR	International QR	Total QR
<b>Asset</b>						
Total assets	1,790,721,359	112,985,419	1,903,706,778	1,693,577,916	148,040,404	1,841,618,320
<b>Liabilities</b>						
Insurance contract liabilities	(714,093,331)	--	(714,093,331)	(632,591,864)	--	(632,591,864)
Net surplus attributable to Islamic Takaful policyholders	(4,339,377)	--	(4,339,377)	(5,558,591)	--	(5,558,591)
Other liabilities	(125,243,845)	(31,817,885)	(157,061,730)	(119,372,361)	(45,859,255)	(165,231,616)
<b>Net assets</b>	<u>947,044,806</u>	<u>81,167,534</u>	<u>1,028,212,340</u>	<u>936,055,100</u>	<u>102,181,149</u>	<u>1,038,236,249</u>



**DOHA INSURANCE GROUP Q.P.S.C****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

For the six month period ended June 30, 2018

**14. RELATED PARTY DISCLOSURES****Related party transactions**

Related parties represent major shareholders, directors 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.

**Related party transactions**

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

	<u>30 June 2018 (Reviewed)</u>		<u>31 December 2017 (Audited)</u>	
	Premiums QR	Claims QR	Premiums QR	Claims QR
Major shareholders	<u>16,289,570</u>	<u>3,069,497</u>	<u>17,713,350</u>	<u>5,776,087</u>

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

	<u>30 June 2018 (Reviewed)</u>		<u>31 December 2017 (Audited)</u>	
	Receivables QR	Claims and payables QR	Receivables QR	Claims and payables QR
Major shareholders	9,560,917	631,572	5,333,679	1,321,255
Associates	--	563,151	--	799,232
	<u>9,560,917</u>	<u>1,194,723</u>	<u>5,333,679</u>	<u>2,120,487</u>

**Compensation of key management personnel**

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

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
	QR (Reviewed)	QR (Reviewed)
Short-term benefits	2,170,000	1,680,000
End of service and other benefits	6,362,500	8,585,000
	<u>8,532,500</u>	<u>10,265,000</u>

**DOHA INSURANCE GROUP Q.P.S.C****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

For the six month period ended June 30, 2018

**15. CONTINGENCIES AND COMMITMENTS****Guarantees**

At June 30, 2018, 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 9,221,365 (December 31, 2017: QR. 6,731,462).

**Legal claims**

The Group is subject to litigations in the normal course of its business. The Group does not believe that the outcome of these court cases will have a material impact on the Group's income or financial position.

**16. OTHER INFORMATION: ISLAMIC TAKAFUL OPERATIONS OF THE GROUP**

The interim statement of financial position and interim statement of income of the Doha Takaful L.L.C. are presented below:

**(i) Interim statement of financial position as at period / year end**

	<b>June 30, 2018</b>	<b>December 31, 2017</b>
	<b>QR</b>	<b>QR</b>
<b>PARTICIPANTS' OPERATIONS ASSETS</b>		
Cash on hand	9,760	8,563
Bank balances (Islamic banks)	116,192,680	39,233,280
Reinsurance contract assets	8,386,994	4,904,663
Due from policyholders	8,622,919	11,265,285
Due from insurance and reinsurance companies	4,964,385	5,250,374
Prepayments and other assets	80,000	20,416
Properties and equipment	94,312	111,710
<b>TOTAL ASSETS</b>	<b>138,351,050</b>	<b>60,794,291</b>
<b>PARTICIPANTS' FUNDS AND LIABILITIES</b>		
<b>Participants' fund</b>		
Participants' account	4,339,377	10,558,591
<b>Liabilities</b>		
Insurance contract liabilities	48,080,315	42,885,728
Provisions, insurance and other payables	11,298,440	7,349,972
	<b>59,378,755</b>	<b>50,235,700</b>
<b>Total participants' fund and liabilities</b>	<b>63,718,132</b>	<b>60,794,291</b>
<b>SHAREHOLDERS'S EQUITY</b>	<b>74,632,918</b>	<b>--</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>138,351,050</b>	<b>60,794,291</b>

**DOHA INSURANCE GROUP Q.P.S.C**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

For the six month period ended June 30, 2018

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**16. OTHER INFORMATION: ISLAMIC TAKAFUL OPERATIONS OF THE GROUP  
(CONTINUED)**

**(ii) Interim statement of income for the period**

	<b>Six month period ended June 30,</b>	
	<b>2018</b>	<b>2017</b>
	<b>QR</b>	<b>QR</b>
<b>PARTICIPANTS' REVENUES AND EXPENSES</b>		
<b>REVENUE</b>		
Net takaful loss	<b>(1,361,755)</b>	<b>(2,404,713)</b>
Other income	<b>475,140</b>	<b>476,074</b>
	<b><u>(886,615)</u></b>	<b><u>(1,928,639)</u></b>
<b>EXPENSES</b>		
General and administrative expenses	<b><u>(332,599)</u></b>	<b><u>(370,752)</u></b>
<b>NET DEFICIT FOR THE PERIOD TRANSFERRED TO PARTICIPANTS' FUND</b>	<b><u>(1,219,214)</u></b>	<b><u>(2,299,391)</u></b>