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

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2019

DOHA INSURANCE GROUP Q.P.S.C.

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the year ended December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

The Shareholders,
Doha Insurance Group Q.P.S.C.
Doha, Qatar

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Doha Insurance Group Q.P.S.C. (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019, and its consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of these consolidated financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (continued)

Key Audit Matters	How our audit addressed the key audit matter
Valuation of Claims reported and unsettled, Unearned premiums ("UPR") and Claims incurred but not reported reserves ("IBNR")	
The Group's insurance contract liabilities represent a significant portion of the total liabilities. Due to the magnitude of the balances and the estimation uncertainty and subjectivity involved in the assessment of these liabilities we have considered the valuation of the insurance contract liabilities as a key audit matter. The estimation of insurance contract liabilities, in particular the outstanding claims reserve and the incurred but not reported reserve, involves a significant degree of judgement. These liabilities are based on the best-estimate of the ultimate cost of all claims incurred but not settled at a given date, whether reported or not. A range of methods may be used to determine these provisions. Underlying these methods are a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims. A summary of these liabilities is provided in Note 20 to the consolidated financial statements.	We performed specific audit procedures which were a combination of internal control reliance strategy and specific substantive procedures focusing on the significant areas. Such procedures, include, but not limited to; - Assessing the appropriateness and consistency of reserving methodologies used in the computation of reserves held by the Group, including sensitivity of such reserves to changes in key assumptions and judgements; - Assessing the development of Outstanding claims and IBNR by performing a review of retrospective historical performance of the estimates and judgements made by the Group; and - Used relevant experts to evaluate key assumptions and methodologies used by actuarial experts of management. - Evaluating and testing claim handling and case reserve processes. - Checking samples of claims case reserves through comparing the estimated amount of the case reserve to appropriate documentation such as reports from loss adjustments etc.

Other information

The Board of Directors is responsible for the other information. The other information comprises the Board of Directors' Report, which we obtained prior to the date of this auditor's report, but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Those Charged With Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure is inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were most of significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosures about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Legal and Other Regulatory Matters

We are also of the opinion that proper books of account were maintained by the Group. We have obtained all the information and explanations which we considered necessary for the purpose of our audit. To the best of our knowledge and belief and according to the information given to us, no contraventions of the applicable provisions of Qatar Central Bank rules, Qatar Commercial Companies Law and the Parent Company's Articles of Association were committed during the year which would materially affect the Group's activities or its financial position.

Doha – Qatar

For **Deloitte & Touche**
Qatar Branch

Midhat Salha
Partner
License No. 257
QFMA Auditor License No. 120156

SUBJECT TO QATAR CENTRAL BANK APPROVAL

DOHA INSURANCE GROUP Q.P.S.C.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2019

	Notes	2019	2018
		QR.	QR.
ASSETS			
Cash and bank balances	8	**388,530,233**	438,304,524
Financial investments	9	**504,433,572**	512,992,437
Reinsurance contract assets	20	**1,248,656,618**	501,416,627
Insurance and other receivables	10	**335,387,289**	269,464,373
Investments in associates	11	**16,177,201**	16,069,469
Investment properties	12	**321,946,153**	269,973,893
Property and equipment	13	**12,094,315**	20,428,524
Right-of-use assets	26	**12,849,325**	--
Total assets		**2,840,074,706**	2,028,649,847
EQUITY AND LIABILITIES			
Equity			
Share capital	14	**500,000,000**	500,000,000
Legal reserve	15	**370,164,949**	365,270,841
Fair value reserve	16	**(63,746,386)**	(65,860,607)
Foreign currency translation reserve		**(2,194,636)**	(1,236,479)
Retained earnings		**269,323,653**	265,919,490
Total equity		**1,073,547,580**	1,064,093,245
Liabilities			
Insurance contract liabilities	20	**1,513,391,387**	765,176,805
Borrowings	17	**52,022,222**	56,017,196
Provisions, insurance and other payables	21	**168,591,792**	128,001,703
Employees' end of service benefits	22	**16,555,846**	15,360,898
Lease liabilities	27	**15,965,879**	--
Total liabilities		**1,766,527,126**	964,556,602
Total equity and liabilities		**2,840,074,706**	2,028,649,847

Nawaf Bin Nasser Bin Khaled Al Thani
Chairman

Jassim Ali A. Al-Moftah
Chief Executive Officer

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

DOHA INSURANCE GROUP Q.P.S.C.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended December 31, 2019

	Notes	2019 QR.	2018 QR.
Gross premiums		**655,913,479**	623,927,920
Reinsurers' share of gross premiums		**(403,575,861)**	(367,621,787)
Net premiums written		**252,337,618**	256,306,133
Change in unearned premium reserve		**(12,348,269)**	(11,979,848)
Net premiums earned		**239,989,349**	244,326,285
Commission income		**29,614,280**	26,373,093
Total underwriting revenues		**269,603,629**	270,699,378
Gross claims paid		**(290,754,840)**	(184,794,271)
Reinsurers' share of claims paid		**143,771,415**	52,608,255
Change in outstanding claims reserve		**10,094,642**	(25,262,762)
Commission expenses		**(34,863,036)**	(39,703,432)
Other technical expenses		**(1,559,836)**	(4,382,020)
NET UNDERWRITING RESULTS	24	**96,291,974**	69,165,148
Investment income	5.1	**50,155,907**	47,167,154
Investment losses	5.2	--	(118,232)
Share of results of associates	11	**609,793**	(217,863)
Net impairment loss on investment securities	9	**(107,388)**	(14,755)
Net impairment recovery / (loss) on financial assets		**9,750**	(49,627)
Gain on sale of investment property and other income		--	33,491,373
Other income		**360,221**	--
INVESTMENT AND OTHER INCOME		**51,028,283**	80,258,050
General and administrative expenses	6	**(82,947,881)**	(81,148,226)
Finance cost		**(2,258,406)**	(942,016)
Depreciation of investment properties	12	**(3,369,129)**	(3,008,885)
Depreciation of property and equipment	13	**(2,596,446)**	(2,405,879)
Amortisation of right-of-use assets	26	**(2,758,951)**	--
TOTAL EXPENSES		**(93,930,813)**	(87,505,006)
PROFIT FOR THE YEAR BEFORE ALLOCATION TO DOHA TAKAFUL L.L.C.'s POLICYHOLDERS		**53,389,444**	61,918,193
Net surplus attributable to Doha Takaful L.L.C.'s policyholders	32	**(4,448,369)**	(1,658,913)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT		**48,941,075**	60,259,279
Basic and diluted earnings per share (2018 restated)	7	**0.10**	0.12

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

DOHA INSURANCE GROUP Q.P.S.C.
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the year ended December 31, 2019

	Notes	2019	2018
		QR.	QR.
Profit attributable to shareholders of the parent		**48,941,075**	60,259,279
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Net change in fair value of debt instruments at fair value through other comprehensive income		**3,362,332**	(1,247,313)
Share of other comprehensive income of associates	11	**(72,267)**	--
Exchange differences on translating foreign operations		**(958,157)**	(1,974,793)
Items that will not be reclassified to profit or loss in subsequent periods			
Net change in fair value of equity instruments designated at fair value through other comprehensive income		**(595,121)**	8,120,665
Other comprehensive income for the year		**1,736,787**	4,898,559
Total comprehensive income for the year		**50,677,862**	65,157,838

DOHA INSURANCE GROUP Q.P.S.C.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2019

	Share capital	Legal reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total
	QR.	QR.	QR.	QR.	QR.	QR.
Balance at 1 January 2018	500,000,000	359,244,913	(459,983)	738,314	178,713,005	1,038,236,249
Adjustment on initial application of IFRS 9 at January 1, 2018 (note 16)	--	--	(66,765,943)	--	66,471,582	(294,361)
Balance at 1 January 2018 (restated)	500,000,000	359,244,913	(67,225,926)	738,314	245,184,587	1,037,941,888
Profit attributable to shareholders	--	--	--	--	60,259,279	60,259,279
Other comprehensive income for the year	--	--	6,873,352	(1,974,793)	--	4,898,559
Total comprehensive income for the year	--	--	6,873,352	(1,974,793)	60,259,279	65,157,838
Transfer to legal reserve (Note 15)	--	6,025,928	--	--	(6,025,928)	--
Social and sports activities fund (Note 18)	--	--	--	--	(1,506,481)	(1,506,481)
Gain on sale of investments	--	--	(5,508,033)	--	5,508,033	--
Dividends paid	--	--	--	--	(37,500,000)	(37,500,000)
Balance at December 31, 2018	500,000,000	365,270,841	(65,860,607)	(1,236,479)	265,919,490	1,064,093,245
Profit attributable to shareholders	--	--	--	--	48,941,075	48,941,075
Other comprehensive income for the year	--	--	2,694,944	(958,157)	--	1,736,787
Total comprehensive income for the year	--	--	2,694,944	(958,157)	48,941,075	50,677,862
Transfer to legal reserve (Note 15)	--	4,894,108	--	--	(4,894,108)	--
Social and sports activities fund (Note 18)	--	--	--	--	(1,223,527)	(1,223,527)
Gain on sale of investments	--	--	(580,723)	--	580,723	--
Dividends paid	--	--	--	--	(40,000,000)	(40,000,000)
Balance at December 31, 2019	**500,000,000**	**370,164,949**	**(63,746,386)**	**(2,194,636)**	**269,323,653**	**1,073,547,580**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

DOHA INSURANCE GROUP Q.P.S.C.
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2019

	Notes	2019 QR.	2018 QR.
OPERATING ACTIVITIES			
Profit attributable to shareholders		**48,941,075**	60,259,279
Adjustments for:			
Net impairment loss on financial investments and cash in bank		**97,638**	163,830
Net change in fair value of investments at FVTPL		**(3,643,822)**	118,232
Depreciation of investment properties	12	**3,369,129**	3,008,885
Provision for employees' end of service benefits	22	**2,969,234**	2,511,735
Amortisation of right-of-use assets		**2,758,951**	--
Depreciation of property and equipment	13	**2,596,446**	2,405,879
Finance cost		**2,258,406**	942,016
Gain on disposal of property and equipment		**(28,239)**	--
Gain on disposal of investment property	12	**--**	(33,491,373)
Share in results of associates		**(609,793)**	217,863
Interest income		**(15,023,660)**	(14,213,070)
Dividend income		**(16,469,267)**	(20,230,586)
Net gain on sale of financial investments		**(3,176,136)**	(407,687)
Operating profit before changes in operating assets and liabilities		**24,039,962**	1,285,003
Increase in insurance and other receivables		**(65,922,915)**	(19,197,055)
Decrease in insurance reserves		**974,591**	37,858,315
Increase in provisions, insurance and other payables		**40,873,045**	4,752,938
Cash generated from operations		**(35,317)**	24,699,201
Employees' end of service benefits paid	22	**(1,774,286)**	(3,194,782)
Interest paid on lease liabilities		**(1,073,358)**	--
Net cash flows (used in) / generated from operating activities		**(2,882,961)**	21,504,419
INVESTING ACTIVITIES			
Purchase of financial investments		**(16,824,628)**	(75,757,878)
Proceeds from disposal of financial investments		**34,863,274**	41,713,924
Dividend received		**16,469,267**	20,230,586
Interest received		**15,023,660**	14,213,070
Movement in deposits		**34,449,809**	(121,497,973)
Additions to investment properties, net		**(47,875,772)**	(65,218,696)
Additions to property and equipment		**(1,599,407)**	(9,828,420)
Dividends received from associates		**466,176**	3,332,238
Proceeds from disposal of property and equipment		**183,059**	38,000,000
Net cash flows generated from / (used in) investing activities		**35,155,438**	(154,813,149)

DOHA INSURANCE GROUP Q.P.S.C.
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2019

	Notes	2019 QR.	2018 QR.
FINANCING ACTIVITIES			
Payment of contribution to Social and Sports Activities Fund		**(1,506,481)**	(1,053,920)
Repayment of principal of lease liability		**(2,148,282)**	--
Interest expense on borrowings		**(1,185,048)**	(942,016)
Borrowings withdrawn		--	24,076,946
Borrowings repaid		**(2,766,898)**	--
Dividends paid		**(40,000,000)**	(37,500,000)
Net cash flows used in financing activities		**(47,606,709)**	(15,418,990)
DECREASE IN CASH AND CASH EQUIVALENTS		**(15,334,232)**	(148,827,168)
Cash and cash equivalents at January 1	8	**96,742,904**	245,470,624
CASH AND CASH EQUIVALENTS AT DECEMBER 31 (Note 8)		**81,408,672**	96,742,904

1. 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 Doha.

The consolidated financial statements of the Group consolidates the assets, liabilities and operational performance of the Company and its subsidiaries (collectively referred as "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., which is 100% owned by the Company. The Company also prepares a separate set of financial statements of Doha Takaful L.L.C. as per the requirement of FAS - 12 General Presentation and Disclosure in the Financial Statements of Islamic Insurance Companies issued by the AAOIFI. The Doha Takaful L.L.C. financial statements are then converted into International Financial Reporting Standards (IFRSs) compliant financial statements and included in these financial statements.
v. On August 10, 2018, the Company invested 100% in the equity of Logistics Centre 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.
vi. On March 4, 2018, a representative office in Beirut-Lebanon under the name of "Mena Re Life " was established which aims to extend the Group's reinsurance reach in the International arena. It is part of the DIG's strategy of geographic expansion to open new markets and build on its strong credit and financial rating. It is worth mentioning that the Group has completed all the formal procedures of establishing the office in accordance with the laws of the Lebanese Republic.

These consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on February 12, 2020.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

2.1 New and amended IFRS Standards that are effective for the current year

In the current year, the Group, for the first time, has adopted IFRS 16 *Leases* (as issued by the IASB in January 2016). The standard replaces the existing guidance on leases, including IAS 17 'Leases", IFRIC 4 'Determining whether an Arrangement contains a Lease", SIC 15 "Operating Leases – Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Therefore, IFRS 16 does not have an impact for leases where the Group is the lessor. Details of these new requirements are described in Note 3. The impact of the adoption of IFRS 16 on the Group's financial statements is described below.

The date of initial application of IFRS 16 for the Group is January 1, 2019.

The Group has opted for the modified retrospective application permitted by IFRS 16 upon adoption of the new standard. The Group does not restate any comparative information.

Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to leases entered or modified before 1 January 2019. The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Group has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not change significantly the scope of contracts that meet the definition of a lease for the Group.

Impact on Lessee Accounting

Former operating leases

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance-sheet.

Applying IFRS 16, for all leases (except as noted below), the Group:

a) recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments;

b) recognises depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss; and

c) separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flows.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.1 New and amended IFRS Standards that are effective for the current year (continued)

Impact on Lessee Accounting (continued)

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts. For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within other expenses in the statement of profit or loss.

Former finance leases

The main difference between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of residual value guarantees provided by a lessee to a lessor. IFRS 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have a material effect on the Group's financial statements.

Impact on Lessor Accounting

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, IFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in the leased assets.

Under IFRS 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts. The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17). The Group does not have leases classified under finance leases.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.1 New and amended IFRS Standards that are effective for the current year (continued)

Financial impact of initial application of IFRS 16

The tables below show the amount of adjustment for each financial statement line item affected by the application of IFRS 16 for the year December 31, 2019

Impact on profit or loss

	December 31, 2019 QR.
Increase in depreciation and amortisation expense	2,758,951
Increase in finance costs	1,073,358
Decrease in other expenses	(2,396,318)
Increase / (decrease) in profit for the year	1,435,991

Impact on statement of cash flows

	December 31, 2019 QR.
Operating lease payments	2,396,318
Interest paid	(1,073,358)
Net cash flows from operating activities	1,322,960
Payment of principal portion of lease liabilities	(2,148,282)
Payment of principal portion of finance lease liabilities	--
Net cash flows from financing activities	(2,148,282)

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.1 New and amended IFRS Standards that are effective for the current year (continued)

Financial impact of initial application of IFRS 16 (continued)
Impact on assets, liabilities and equity as at January 1, 2019

	As previously reported QR.	Adjustments QR.	As restated QR.
Investment property	269,973,893	2,684,876	272,658,769
Right-of-use assets	--	10,260,797	10,260,797
Net impact on total assets	269,973,893	12,945,673	282,919,566
Lease liabilities	--	(12,945,673)	(12,945,673)
Net impact on total liabilities	--	(12,945,673)	(12,945,673)
Retained earnings			--
Net impact on total liabilities and equity			--

The associated right-of-use assets were measured on a modified retrospective basis. The Group has used a combined approach in recognizing its right-of-use assets. Certain right-of-use assets are measured as if the new rules had always been applied, whereas others were measured at the amount equal to the lease liability, further adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at the reporting period. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application

The recognized right of use of assets only relate to land and building.

Group as a lessee

a) The application of IFRS 16 to leases previously classified as operating leases under IAS 17 resulted in the recognition of right-of-use assets and leases liabilities. It resulted in a decrease in other expense and an increase in depreciation and amortisation expense and in interest expense.
b) The lease incentives liability previously recognised with respect to operating leases has been derecognised and the amount factored in the measurement of the right-of-use assets and lease liabilities. There has been no change in the amount recognised.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.1 New and amended IFRS Standards that are effective for the current year (continued)

Financial impact of initial application of IFRS 16 (continued)

Under IFRS 16, lessees must present

- Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability as part of operating activities (the Group has included these payments as part of payments to suppliers and employees);
- Cash paid for the interest portion of lease liability as either operating activities or financing activities, as permitted by IAS 7 (the Group has opted to include the interest paid as part of operating activities); and
- Cash payments for the principal portion for leases liability, as part of financing activities. Under IAS 17, all lease payments on operating leases were presented as part of cash flows from operating activities. Consequently, the net cash generated by operating activities has increased and net cash used in financing activities increased by the same amount.

The adoption of IFRS 16 did not have an impact on net cash flows.

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2019, have been adopted in these financial statements.

New and revised IFRSs	**Effective for annual periods beginning on or after**
Amendments to IFRS 9 *Prepayment Features with Negative Compensation and Modification of financial liabilities*	January 1, 2019
The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI.	
The amendment applies to annual periods beginning on or after January 1, 2019, with earlier application permitted. There are specific transition provisions depending on when the amendments are first applied, relative to the initial application of IFRS 9.	
Amendments to IAS 28 *Investment in Associates and Joint Ventures*: Relating to long-term interests in associates and joint ventures.	January 1, 2019
These amendments clarify that an entity applies IFRS 9 *Financial Instruments* to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	
Annual Improvements to IFRSs 2015-2017 *Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs*	January 1, 2019

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.2 New and amended IFRS applied with no material effect on the financial statements (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Annual Improvements to IFRSs 2015-2017 *Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs*	January 1, 2019
The *Annual Improvements* include amendments to four Standards.	
IAS 12 *Income Taxes*	January 1, 2019
The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.	
IAS 23 *Borrowing costs*	January 1, 2019
The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.	
IFRS 3 *Business Combinations*	January 1, 2019
The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including re-measuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be re-measured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.	
IFRS 11 *Joint Arrangements*	January 1, 2019
The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not re-measure its PHI in the joint operation.	
Amendments to IAS 19 *Employee Benefits Plan Amendment, Curtailment or Settlement*	January 1, 2019

The amendments to IAS 19 Employee Benefits clarify the accounting for defined benefit plan amendments, curtailments and settlements.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.2 New and amended IFRS applied with no material effect on the financial statements (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
IFRIC 23 *Uncertainty over Income Tax Treatments* The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers: • Whether tax treatments should be considered collectively; • Assumptions for taxation authorities' examinations; • The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and • The effect of changes in facts and circumstances.	January 1, 2019

The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

2.3 New and amended IFRSs in issue but not yet effective and not early adopted

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective.

New and revised IFRSs	Effective for annual periods beginning on or after
Definition of Material - Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'	January 1, 2020
Definition of a Business – Amendments to IFRS 3 *Business Combinations* The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. IASB also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have 'the ability to contribute to the creation of outputs' rather than 'the ability to create outputs'.	January 1, 2020

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.3 New and amended IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to *References to the Conceptual Framework in IFRS Standards* Amendments to References to the Conceptual Framework in IFRS Standards related IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.	January 1, 2020
IFRS 7 Financial Instruments: Disclosures and IFRS 9 — Financial Instruments Amendments regarding pre-replacement issues in the context of the IBOR reform	January 1, 2020
IFRS 17 *Insurance Contracts* IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 *Insurance Contracts* as at January 1, 2022.	January 1, 2022
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely. Adoption is still permitted.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the consolidated financial statements of the Group in the period of initial application.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standard Board (IASB), and applicable provisions of Qatar Commercial Companies Law No. 11 of 2015 and Qatar Central Bank's rules and regulations.

Basis of measurement

The consolidated financial statements are prepared under the historical cost convention, except for certain financial investments 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.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31, 2019. 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. The Group controls an investee 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.

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.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation (continued)

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.

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.

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 4.

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.

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).

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Premiums ceded to reinsurers

Reinsurance premiums comprise the total premiums payable for the reinsurance cover provided by contracts entered into during the period and are recognized on the date on which the policy incepts. Reinsurance premiums also include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods. Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date.

Commission earned and paid

Commissions received and paid are taken into profit or loss during the relevant period over the terms of underlying 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.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method and are treated as a change in an accounting estimate.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognised in the statement of profit or loss. Deferred commissions are also considered in the liability adequacy test for each reporting period.

Claims

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

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 immediately recognised in the profit or loss during the relevant period of impairment.

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

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.

Reinsurance 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

Interest income

Interest income is recognised in the consolidated income statement as it accrues and is calculated by using the effective interest rate method, except for short-term receivables when the effect of discounting is immaterial.

Dividend income

Dividend income is recognised when the right to receive the dividends is established or when received.

Rental income

Rental income from investment properties is recognised in the consolidated statement of income on a straight line basis over the term of operating lease and the advances and unearned portion of the rental income is recognised as a liability.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment

Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss during the relevant period in which they are incurred.

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

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

The estimated useful lives, residual values and depreciation methods are reviewed at each statement of financial position date, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss during the relevant period they are incurred.

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 20-40 years. Land held as 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.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that 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. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or a joint venture 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 other 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 a reclassification adjustment) when the associate is disposed of.

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 relating 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.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 profit or loss during the year 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 profit or loss during the period unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Foreign operations

The individual financial statements of the Group entities are presented in the currency of the primary economic environment in which they operate (functional currency). For the purpose of these consolidated financial statements, the results and financial position of each subsidiary are expressed in the functional currency of the Parent Company.

The assets and liabilities of foreign operations are translated to Qatari Riyal using exchange rates prevailing at the reporting date. Income and expenses are also translated to Qatari Riyal at the exchange rates prevailing at the reporting date, which do not significantly vary from the average exchange rates for the year. The exchange differences arising on the translation for consolidation are recognised in OCI.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences are recognized in other comprehensive income.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 profit or loss during that period when there is objective evidence of that the asset is impaired. Insurance receivables are derecognised when the derecognition criteria for financial assets have been met.

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.

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 income statement. Ceeded reinsurance arrangements do not relieve the Group from its obligations to policyholders

Reinsurance and other payables

Reinsurance and other payables are recognized when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequently, reinsurance and other payables are measured at amortised cost, as deemed appropriate.

Financial assets

Financial instruments - initial recognition and subsequent measurement

i. Initial recognition and measurement

Trade receivables and debt securities are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

ii. Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt security; FVOCI – equity security; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt security is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity security that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on a security-by-security basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, realising cash flows through the sale of the assets and holding it for liquidity purposes;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

ii. Classification and subsequent measurement (continued)

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features; prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses arising from changes in fair value including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains, losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt securities at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity securities at FVOCI	These assets are subsequently measured at fair value. Gains and losses are recognised in OCI and are never reclassified to profit or loss. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

The Group recognises loss allowances for expected credit losses (ECLs) on::

- financial assets measured at amortised cost;
- debt securities measured at FVOCI; and

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition

Loss allowances for financial instruments at amortised cost are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECL
The Group calculates ECLs based on scenarios to measure the expected cash shortfalls, discounted at an appropriate effective interest rate ("EIR"). Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)

Measurement of ECL (continued)

The Group utilises the general approach to calculate ECL against its due from banks and for its investment in debt securities which is depedent on the rating of the Bond as determined by an External credit rating agency and the simplified approach to calculate ECL against its other financial assets carried at amortised cost and which is dependent on the Group's historical default rates related these assets.

The key elements used to calculate ECL are as follows:

- The Probability of Default ("PD") which is an estimate of the likelihood of default over a given time horizon. The PDs used for due from banks and investment in debt instruments are derived from a market assessment and is reliant on the type of exposure (i.e. corporate, bank, sovereign) and the rating of the counterparty. For other assets carried at amortised cost, this is calculated based on the Group's historical rate of default. PDs are estimated with consideration of economic scenarios and forward-looking information.
- The Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and accrued interest from missed payments.
- The Loss Given Default ("LGD") is an estimate of the loss arising in the asset where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that are expected to be recovered from the counterparty taking into account the potential recovery from the realisation of any collateral. LDG is usually expressed as percentage of the EAD.

ECLs are discounted at the effective interest rate of the financial asset.

The Group allocates its assets subject to ELC calculations into one of these categories, determined as follows:

12 Month ECL	The 12 month ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an appropriate EIR.
Life time ECL	When an instrument has shown a significant increase in credit risk since origination, the Group records an allowance for the Life time ECL. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected losses are discounted by an appropriate EIR.
Impairment	For financial instruments considered credit-impaired, the Group recognizes the lifetime expected credit losses for these instruments. The method is similar to that for LTECL assets, with the PD set at 100%.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)

Forward looking information

In its ECL models, the Group relies on the following forward looking information as economic inputs:

- GDP Growth rates
- Oil Price Index

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI with a corresponding charge to profit or loss. The accumulated gain recognised in OCI is recycled to the profit or loss upon derecognition of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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, 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

Leases

Policy applicable from January 1, 2019

The Group as lessee

The Group assesses whether contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is presented as a separate line item in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Policy applicable from January 1, 2019 (continued)

The Group as lessee (continued)

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revise discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line in the statement of financial position.

The Group applies IAS36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property, plant and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses' in the statement of profit or loss.

As a practical expedient, IFRS16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Policy applicable from January 1, 2019 (continued)

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate consideration under the contract to each component.

Leases under IAS 17, applicable before January 1, 2019

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor
Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term

The Group as lessee
Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Leases under IAS 17, applicable before January 1, 2019 (continued)

The Group as lessee (continued)

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less in the consolidated statement of financial position. The cash equivalents are readily convertible to cash.

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 risk coverage after considering the unexpired period of underlying insurance contract and any unexpired risk. The change in the provision for unearned premium is taken to the profit or loss during that period in order that revenue is recognised over the period of risk.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Contribution to social and sports fund

Pursuant to the Qatar Law No. 13 of 2008 and the related clarifications issued in 2012, which is applicable to all Qatari listed shareholding companies with publicly traded shares, the Group has made an appropriation of 2.5% of its adjusted net profit to a state social fund.

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 value 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 profit or loss during that period 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.

Dividend distribution

Dividend distribution to the Parent Company's shareholders is recognised as a liability in the Parent Company's consolidated financial statements in the period in which the dividends are approved by the Parent Company's shareholders.

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.

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4. 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 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 judgments, as well as assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date.

Impairment of financial investments

The measurement of impairment losses under IFRS 9 across relevant financial assets requires judgement, in particular for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by the outcome of modelled ECL scenarios and the relevant inputs used.

The Group exercises its judgement in assessing whether there has been a significant increase in credit risk in relation to a specific counterparty based on qualitative factors.

The Group also exercises its judgement in determining the relevant scenarios, the related weight of each scenario and the relevant macro-economic factors while calculating the ECL.

Provision for outstanding claims

Considerable judgment by management is required in the estimation of amounts due to claimants 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 and by using certain actuarial assumptions.

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.

Unallocated loss adjustment expenses (ULAE)

The Group applies paid to paid methodology to determine ULAE reserve at the year end. ULAE represents expenses not attributable to any specific claim.

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) is not materially different had the Group calculated the reserve on an actual basis.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Impairment of reinsurance and policyholders' receivable

An estimate of the collectible amount of policyholders' 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.

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 credit ratings and solvency strength of its reinsurers. Any significant credit risk increase could result in impairment of reinsurance balances from reinsurers.

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.

Judgement in identifying whether a contract includes a lease

The Management has assessed whether or not the Group has contracted for the rights to substantially all of the identifiable assets and whether the contract contains a lease and therefore the Group does have the right to obtain substantially all of the economic benefits from the use of the identifiable assets. As a result the Group has concluded that the contract does contain a lease.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows have been included in the lease liability because it is reasonably certain that the leases will be extended.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Discounting of lease payments

The lease payments are discounted using the Group's incremental borrowing rate ("IBR").

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Assessment as to whether the right-of-use assets is impaired

In estimating the recoverable amount of the right-of-use asset, the management have made assumptions about the achievable market rates for similar properties with similar lease terms. Due to the associated uncertainty, it is possible that the estimates of the amount of lease payment that will be recovered.

Impairment of investment in associates

The Group regularly reviews its investments in associates for indicators of impairment. The Group evaluates the specific investee's profitability, liquidity, solvency and ability to generate operating cash flows from the date of acquisition and until the foreseeable future. The difference between the estimated recoverable amount and the carrying value of investment is recognised as an expense. The Group is satisfied that no impairment provision is necessary on its investments in associates

5. NET INVESTMENT INCOME

5.1. Investment income

	2019	2018
	QR.	QR.
Dividend income	**16,469,267**	20,230,586
Interest income	**15,023,660**	14,213,070
Rental income from investment properties	**11,843,022**	12,315,811
Unrealized fair value gain of the investments	**3,643,822**	--
Net gain on sale of financial investments	**3,176,136**	407,687
	50,155,907	47,167,154

5.2. Investment loss

	2019	2018
	QR.	QR.
Change in fair value of the investments	--	(118,232)
	--	(118,232)

6. GENERAL AND ADMINISTRATIVE EXPENSES

	2019	2018
	QR.	QR.
Salaries and other staff costs	**62,680,577**	61,013,797
Rent, maintenance and office expenses	**1,892,943**	4,059,011
Legal and consultation fees	**3,454,040**	3,481,443
Advertisement and business promotion	**1,482,976**	1,652,864
Business travel	**1,444,049**	1,274,203
Board of Directors' remuneration (Note 23)	**2,600,000**	900,000
Communication	**939,063**	738,222
Training expenses	**949,311**	621,050
Government fees	**847,211**	678,917
Contributions	**180,393**	174,084
Printing and stationery	**211,441**	300,969
Other allowances for the Board of Directors (Note 23)	--	500,000
Miscellaneous expenses	**6,265,877**	5,753,666
	82,947,881	81,148,226

7. BASIC AND DILUTED EARNINGS PER SHARE - RESTATED

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.

	2019	2018
Profit for the year attributable to the shareholders (QR.)	**48,941,075**	60,259,279
Weighted average number of shares outstanding during the period (2018 restated to reflect the stock split)	**500,000,000**	500,000,000
Basic and diluted earnings per share (QR.) (2018 restated)	**0.10**	0.12

There are no dilutive potential ordinary shares for the years ended 2019 and 2018.

On February 13, 2019, the Extraordinary General Meeting of the Company approved the par value of the ordinary share to be QR.1 instead of QR.10, as per the instructions of Qatar Financial Markets Authority, and amendment of the related Articles of Association. The share split is effective from July 1, 2019 and the total number of shares have been increased from 50,000,000 to 500,000,000 ordinary shares. Unless otherwise noted, impacted amounts and share information included in the consolidated financial statements and notes thereto have been retroactively adjusted for the stock split, as if such stock split occurred at the beginning of the earliest period presented

8. CASH AND CASH EQUIVALENTS

	2019 **QR.**	2018 QR.
Bank balances and short term deposits	**388,178,430**	438,165,003
Cash on hand	**441,501**	238,969
Allowance for impairment	**(89,698)**	(99,448)
Cash and bank balances	**388,530,233**	438,304,524

Short-term deposits consist of fixed deposits amounting to QR 307,211,259 (2018: QR 343,721,612) bearing interest at the rate of 0.75 % to 8.00% per annum (2018: 1.00% to 8.46% per annum).

Cash and bank balances	**388,530,233**	438,304,524
Short term deposits maturing more than 3 months	**(307,211,259)**	(341,661,068)
Add: Allowance for impairment	**89,698**	99,448
Gross cash and cash equivalents	**81,408,672**	96,742,904

9. FINANCIAL INVESTMENTS

	2019	2018
	QR.	QR.
Investments measured at FVTPL		
Quoted shares	**3,893,200**	4,308,000
Mutual funds	**62,240,850**	67,890,636
	66,134,050	72,198,636
Investments measured at FVOCI		
Quoted shares	**313,868,567**	328,982,690
Unquoted equities	**66,648,777**	70,149,691
Debt securities with fixed interest rate	**58,148,861**	41,920,715
Allowance for Impairment (ECL)	**(366,683)**	(259,295)
	438,299,522	440,793,801
Total	**504,433,572**	512,992,437

The debt securities carry interest at 3.25% to 6.88% (2018: 3% to 6%) per annum and have maturity periods of 5 to 10 years.

Alowance for impairment against debt investments:

	December 31, 2019			
	Stage 1: 12-month ECL	**Stage 2: Lifetime ECL not credit-impaired**	**Stage 3: Lifetime ECL credit-impaired**	**Total ECL**
	QR	**QR**	**QR**	**QR**
Balance at the beginning of the year	259,295	--	--	259,295
Changes due to financial assets recognised in opening balance that have:				
Net remeasurement of loss allowance	107,388	--	--	107,388
Balance at the end of the year	**366,683**	--	--	**366,683**

	December 31, 2018			
	Stage 1: 12-month ECL	Stage 2: Lifetime ECL not credit-impaired	Stage 3: Lifetime ECL credit-impaired	Total ECL
	QR	QR	QR	QR
Balance at the beginning of the year – on adoption of IFRS 9	244,540	--	--	244,540
Changes due to financial assets recognised in opening balance that have:				
Net remeasurement of loss allowance	14,755	--	--	14,755
Balance at the end of the year	259,295	--	--	259,295

9. FINANCIAL INVESTMENTS (CONTINUED)

The movement in the financial investments is shown below:

	FVOCI	**FVTPL**	**Total**
	QR.	**QR.**	**QR.**
At January 1, 2019	**440,793,801**	**72,198,636**	**512,992,437**
Purchases	**16,663,390**	**233,505**	**16,896,895**
Disposals	**(21,745,225)**	**(9,941,913)**	**(31,687,138)**
Fair value movements recorded in OCI / profit or loss	**2,694,944**	**3,643,822**	**6,338,766**
Impairment	**(107,388)**	--	**(107,388)**
At December 31, 2019	**438,299,522**	**66,134,050**	**504,433,572**

	FVOCI	FVTPL	Total
	QR.	QR.	QR.
At January 1, 2018	434,706,398	37,301,038	472,007,436
Purchases	27,078,503	48,679,375	75,757,878
Disposals	(27,605,157)	(13,781,777)	(41,386,934)
Fair value movements recorded in OCI	6,873,352	--	6,873,352
Impairment	(259,295)	--	(259,295)
At December 31, 2018	440,793,801	72,198,636	512,992,437

The domination of investment in respective currencies in Qatari Riyals is as follows,

December 31, 2019	**US$**	**QAR**	**Others**	**Total**
	QR.	**QR.**	**QR.**	**QR.**
Fair value through profit or loss (FVTPL)				
Quoted shares	--	**3,893,200**	--	**3,893,200**
Mutual funds	**38,959,153**	**22,322,638**	**959,059**	**62,240,850**
Fair value through other comprehensive income (FVOCI)				
Quoted shares	--	**309,897,892**	**3,970,675**	**313,868,567**
Unquoted shares	**37,399,097**	--	**29,249,680**	**66,648,777**
Debt securities	**57,782,178**	--	--	**57,782,178**
	134,140,428	**336,113,730**	**34,179,414**	**504,433,572**

9. FINANCIAL INVESTMENTS (CONTINUED)

December 31, 2018	US$	QAR	Others	Total
	QR.	QR.	QR.	QR.
Fair value through profit or loss (FVTPL)				
Quoted shares	--	4,308,000	--	4,308,000
Mutual funds	45,740,664	21,362,360	787,612	67,890,636
Fair value through other comprehensive income (FVOCI)				
Quoted shares	--	324,866,176	4,116,514	328,982,690
Unquoted shares	50,339,028		19,810,663	70,149,691
Debt securities	41,661,420	--	--	41,661,420
	137,741,112	350,536,536	24,714,789	512,992,437

10. INSURANCE AND OTHER RECEIVABLES

	2019	2018
	QR.	QR.
Premiums and insurance receivables	**282,918,495**	226,699,814
Due from employees	**3,716,536**	1,410,710
Prepayments and others	**32,025,938**	26,779,512
Deferred acquisition cost	**16,726,320**	14,574,337
	335,387,289	269,464,373

The Group's terms of business require amounts to be paid within the underwriting year and as such these receivables are measured at cost. Arrangements with the reinsurance companies normally require settlement on a quarterly basis.

Due from policyholders comprise a large number of customers mainly within Qatar. Due from policyholders is net of provision for impairment of QR 12,000,000 (2018: QR 12,000,000). Insurance and other receivables are stated net of any impairment 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 20.

	2019	2018
	QR.	QR.
Policyholders' receivable		
Premiums receivable	**133,718,892**	108,742,305
Provision for doubtful debts	**(10,496,921)**	(10,496,921)
Net policyholders' receivable	**123,221,971**	98,245,384
Insurance and reinsurers' receivable		
Reinsures receivable	**161,199,603**	129,957,509
Provision for doubtful debts	**(1,503,079)**	(1,503,079)
Net insurance and reinsurers' receivable	**159,696,524**	128,454,430
Premiums and insurance receivables	**282,918,495**	226,699,814

10. INSURANCE AND OTHER RECEIVABLES (CONTINUED)

Movements in the allowance for impairment of policyholders' receivables were as follows:

	2019	2018
	QR.	QR.
At January 1	**10,496,921**	10,496,921
Charge for the year	--	--
At December 31	**10,496,921**	10,496,921

Movements in the allowance for insurance and reinsurers' receivable were as follows:

	2019	2018
	QR.	QR.
At January 1,	**1,503,079**	1,503,079
Charge for the year	-	--
At December 31	**1,503,079**	1,503,079

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

			Past due but not impaired		
	Total	*Neither past due nor impaired*	*< 3-6 months*	*7-12 months*	*> 1 year*
	QR.	*QR.*	*QR.*	*QR.*	*QR.*
2019	**282,918,495**	**147,734,587**	**53,112,369**	**62,114,344**	**19,957,195**
2018	226,699,814	113,376,115	44,932,762	52,653,227	15,737,710

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 has the following investment in associates:

	Country of incorporation	*Percentage of ownership*		*Principal activity*
		2019	2018	
Yemeni Qatari Insurance Company	Republic of Yemen	**40%**	40%	Insurance
Qatar unified Insurance Bureau W.L.L.	State of Qatar	**25%**	25%	Insurance

11. INVESTMENTS IN ASSOCIATES (CONTINUED)

Movements in the investment in associates are as follows:

	2019	2018
	QR.	QR.
At January 1,	**16,069,469**	19,583,559
Acquisition during the year	**--**	--
	16,069,469	19,583,559
Equity share in net earnings	**609,793**	(217,863)
Cash dividends received	**(466,176)**	(3,332,238)
Fair market value reserve	**(72,267)**	(31,060)
Foreign currency translation difference	**36,382**	67,071
At December 31,	**16,177,201**	16,069,469

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

	2019	2018
	QR.	QR.
Share in the associates' statement of financial position:		
Total assets	**15,080,481**	15,113,355
Total liabilities	**(5,169,241)**	(5,309,847)
Net assets	**9,911,240**	9,803,508
Additional consideration paid in excess of share in net assets	**6,265,961**	6,265,961
	16,177,201	16,069,469

	2019	2018
	QR.	QR.
Share in the associates' revenue and results		
Revenues	**1,767,269**	1,663,849
Share of results	**609,793**	(217,863)

The carrying amounts of these investments are as follows:

	2019	2018
	QR.	QR.
Yemeni Qatari Insurance Company	**7,760,105**	7,552,746
Qatar Unified Insurance Bureau W.L.L.	**8,417,096**	8,516,723
	16,177,201	16,069,469

12. INVESTMENT PROPERTIES

	2019	2018
	QR.	QR.
Cost:		
At January 1	**283,351,143**	233,386,957
Transfer from property and equipment (refer note 13)	**7,182,349**	--
Right of use assets under IFRS 16 (refer to note 26)	**2,684,876**	--
Additions	**47,875,772**	65,218,696
Disposal	--	(12,715,335)
Translation reserve	**(2,281,648)**	(2,539,175)
	338,812,492	283,351,143
Accumulated depreciation:		
At January 1	**(13,377,250)**	(18,956,654)
Provided during the year (vi)	**(3,548,121)**	(3,008,885)
Disposal	--	8,547,469
Translation reserve	**59,032**	40,820
	(16,866,339)	(13,377,250)
Net carrying value	**321,946,153**	269,973,893

(i) Investment properties include an amount of QR 49, 714,618, which represents the net book value as of December 31, 2019 of a property in Germany acquired in 2017 by a subsidiary, Schwenke Zentrum S.a.r.l. As at the reporting date, the Management, using internal review, deemed that the fair value of the property amounted to QR 52,316,019.

(ii) Investment properties include an amount of QR 44,609,336, which represents the net book value as of December 31, 2019 of a property in Germany acquired in 2018 by a subsidiary, Logistics Centre S.a.r.l. As at the reporting date, Management, using internal review, deemed that the fair value of the property amounted to QR 63,763,604.

(iii) In addition to the investment properties mentioned in (i) and (ii) above, the Group has investment properties in the State of Qatar with carrying value of QR 227,937,199 (2018: QR 170,881,098) as of December 31, 2019. The fair value of the investment properties as at December 31, 2019 amounted to QR 253,797,862 (2018: QR 220,752,901) and has been arrived at on the basis of a valuation carried out by an independent valuer not related to the Group between 2019 and 2018. The independent valuer is a qualified consultant and has appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The basis used in determining the fair value of investment properties reflects actual market state and circumstances as of the reporting date. The fair value estimate usually 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.

(iv) The Group earned rental income amounting to QR 11,843,022 in 2019 (2018: QR 12,315,811) and this has been reflected in the consolidated statement of profit or loss. Direct operating expenses of these investment properties amounting to QR 3,383,292 (2018: QR 2,836,503) have been reflected as part of rent, maintenance and office expenses.

(v) In 2018, a property in Al Sadd, State of Qatar, with the carrying amount of QR 4,167,866, was sold in cash with the total amount of QR 38,000,000. The gain of QR 33,491,373 (net of commission of QR 340,761) is recorded as part of the other income in the 2018 statement of profit or loss.

(vi) This includes amortization amounting to QR. 178,992 pertains to right of use asset under IFRS 16.

13. PROPERTY AND EQUIPMENT

	Freehold land	Buildings	Furniture and fixtures	Computers	Vehicles	Office equipment	Total
	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Cost							
At January 1, 2019	2,350,000	23,509,096	4,534,946	10,223,644	1,940,999	2,363,010	44,921,695
Additions	--	9,000	100,016	822,964	472,000	195,427	1,599,407
Reclassification		--	(185,450)	185,599	(12,485)	12,278	(58)
Transfer to investment property (refer to note 12)	--	(7,182,349)	--	--	--	--	(7,182,349)
Disposals	--	--	--	--	(1,100,305)	--	(1,100,305)
At December 31, 2019	2,350,000	16,335,747	4,449,512	11,232,207	1,300,209	2,570,715	38,238,390
Accumulated depreciation							
At January 1, 2019	--	10,244,184	3,221,410	8,048,100	1,315,759	1,663,718	24,493,171
Depreciation for the year	--	815,867	414,412	684,992	346,595	334,580	2,596,446
Reclassification	--	(445)	(111,576)	174,933	--	(62,970)	(58)
Disposals	--		--	--	(945,484)	--	(945,484)
At December 31, 2019	--	11,059,606	3,524,246	8,908,025	716,870	1,935,328	26,144,075
Net carrying amounts							
At December 31, 2019	**2,350,000**	**5,276,141**	**925,266**	**2,324,182**	**583,339**	**635,387**	**12,094,315**

13. PROPERTY AND EQUIPMENT (CONTINUED)

	Freehold land	Buildings	Furniture and fixtures	Computers	Vehicles	Office equipment	Total
	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Cost							
At January 1, 2018	2,350,000	15,739,312	3,612,000	9,349,667	1,928,512	2,113,784	35,093,275
Additions	--	7,769,784	922,946	873,977	12,487	249,226	9,828,420
Disposals	--	--	--	--	--	--	--
At December 31, 2018	2,350,000	23,509,096	4,534,946	10,223,644	1,940,999	2,363,010	44,921,695
Accumulated depreciation							
At January 1, 2018	--	9,477,288	2,747,638	7,603,246	958,549	1,300,571	22,087,292
Depreciation for the year		766,896	473,772	444,854	357,210	363,147	2,405,879
Disposals	--	--	--	--	--	--	--
At December 31, 2018		10,244,184	3,221,410	8,048,100	1,315,759	1,663,718	24,493,171
Net carrying amounts							
At December 31, 2018	2,350,000	13,264,912	1,313,536	2,175,544	625,240	699,292	20,428,524

14. SHARE CAPITAL

	2019	2018
	QR.	QR.
Authorized, issued and fully paid up share capital 500,000,000 shares of QR 1 each effective July 1, 2019 (prior to that: 50,000,000 shares of QR 10 each)	**500,000,000**	500,000,000

15. LEGAL RESERVE

In accordance with Qatar Central Bank regulations, 10% of net profit is required to be transferred to legal reserve until the legal reserve equals 100% of the paid up capital. This reserve is not available for distribution, except in the circumstances specified in the above law and after taking necessary Qatar Central Bank approval.

The Board of Directors resolved to transfer 10% of the net profits for the year amounting to QR 4,894,108 (2018 10% of the net profits, amounting to QR 6,025,928) to legal reserve.

16. FAIR VALUE RESERVE

This reserve comprises the fair value changes recognised on financial assets.

	2019	2018
	QR.	QR.
Balance at beginning of the year	**(65,860,607)**	(459,983)
Changes due to adoption of IFRS 9:		
Transfer related to FVTPL	--	(713,049)
Transfer related to impairment recorded for AFS investments	--	(66,052,894)
Restated balance as at 1 January	**(65,860,607)**	(67,225,926)
Change in fair value on revaluation of debt investments measured at FVOCI	**3,362,332**	(1,247,313)
Change in fair value on revaluation of equity investments measured at FVOCI	**2,807,394**	20,000,855
Change in fair value on revaluation of fund investments measured at FVOCI	**(3,402,515)**	(11,880,190)
Share in other comprehensive income of investment associate	**(72,267)**	--
Net gain on sale of equity instruments transferred to retained earnings for investment measured at FVOCI	**(580,723)**	(5,508,033)
Balance at the end of the year	**(63,746,386)**	**(65,860,607)**

17. BORROWINGS

The total borrowings as at December 31, 2019 amounts to QR 52,022,222 with the following details:

(i) In 2017, a loan (carrying amount of QR 27,573,718 as of December 31, 2019) was taken to purchase an investment property in Germany, by a subsidiary, Schwenke Zentrum S.a.r.l. which bears interest of 2.65%. It is repayable over a period of 21 years starting from May 30, 2017. The non-current portion of the loan as at period end amounted to QR 26,413,254. The loan is secured by a mortgage on investment property amounting to QR 56,011,682 purchased in 2017 (net book value of QR 49,714,618 and QR 52,162,562 in 2019 and 2018, respectively).

(ii) Additional loan in 2018 (carrying amount of QR 24,448,504 as of December 31, 2019) was taken also to purchase an investment property in Germany, by a new subsidiary, Logistic Centre S.a.r.l with the rate of 1.73% annually payable in monthly installments until July 31, 2028. The non current portion of the loan is QR 22,813,756 The loan is secured by a mortgage on investment property amounting to QR 46,930,233 purchased in 2018 (net book value of QR. 44,609,336 and QR 46,930,233 in 2019 and 2018, respectively).

18. SOCIAL AND SPORTS ACTIVITIES FUND

During the year, the Group made an appropriation from retained earnings of QR. 1,223,527 (2018: QR 1,506,481) 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 December 31, 2019. The appropriation for the year ended December 31, 2018 has been remitted to the Public Revenues and Taxes Department during the year.

19. PROPOSED CASH DIVIDENDS

The Board of Directors held a meeting on February 12, 2020 and approved a cash dividend of 8% of the share capital amounting to QR 0.08 per share totalling to QR 40,000,000 for the year ended December 31, 2019 (2018: amounting to QR 0.8 per share totalling to QR 40,000,000).

20. INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS

	2019	2018
	QR.	QR.
Gross		
Insurance contract liabilities:		
Claims reported unsettled	**1,161,772,663**	428,407,189
Claims incurred but not reported	**53,198,708**	52,461,079
Unearned premiums	**289,682,364**	274,291,854
Deferred commissions	**8,737,652**	10,016,683
	1,513,391,387	765,176,805
Recoverable from reinsurers:		
Claims reported unsettled	**1,052,000,737**	308,491,684
Claims incurred but not reported	**31,189,181**	30,500,486
Unearned premiums	**165,466,700**	162,424,457
Total reinsurance contract assets	**1,248,656,618**	501,416,627
Net		
Claims reported unsettled	**109,771,926**	119,915,505
Claims incurred but not reported	**22,009,527**	21,960,593
Unearned premiums	**124,215,664**	111,867,396
Deferred commissions	**8,737,652**	10,016,683
	264,734,769	263,760,177

20. INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS (CONTINUED)

	2019			2018		
	Gross	**Reinsurers' share**	**Net**	Gross	Reinsurers' share	Net
	QR.	**QR.**	**QR.**	QR.	QR.	QR.
At January 1						
Claims	**428,407,189**	**(308,491,684)**	**119,915,505**	315,428,268	(220,775,523)	94,652,745
Claims incurred but not reported	**52,461,079**	**(30,500,486)**	**21,960,593**	56,149,936	(34,189,343)	21,960,593
	480,868,268	**(338,992,170)**	**141,876,098**	371,578,204	(254,964,866)	116,613,338
Insurance claims paid during the year	**(290,754,840)**	**143,771,415**	**(146,983,425)**	(184,794,271)	52,608,255	(132,186,016)
Incurred during the year	**1,024,857,943**	**(887,969,163)**	**136,888,780**	294,084,335	(136,635,559)	157,448,776
At December 31	**1,214,971,371**	**(1,083,189,918)**	**131,781,453**	480,868,268	(338,992,170)	141,876,098

Analysis of outstanding claims

	2019			2018		
	Gross	**Reinsurers' share**	**Net**	Gross	Reinsurers' share	Net
	QR.	**QR.**	**QR.**	QR.	QR.	QR.
Claims	**1,161,772,663**	**(1,052,000,737)**	**109,771,926**	428,407,189	(308,491,684)	119,915,505
Claims incurred but not reported	**53,198,708**	**(31,189,181)**	**22,009,527**	52,461,079	(30,500,486)	21,960,593
At December 31	**1,214,971,371**	**(1,083,189,918)**	**131,781,453**	480,868,268	(338,992,170)	141,876,098

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).

20. INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS (CONTINUED)

Analysis of unearned premium risk

	2019			2018		
	Insurance contract liabilities	**Reinsurance of liabilities**	**Net**	Insurance contract liabilities	Reinsurance of liabilities	Net
	QR.	**QR.**	**QR.**	QR.	QR.	QR.
At January 1	**274,291,854**	**(162,424,457)**	**111,867,397**	251,612,681	(151,725,135)	99,887,546
Premiums written during the year	**655,913,479**	**(403,575,861)**	**252,337,618**	623,927,920	(367,621,787)	256,306,133
Premiums earned during the year	**(640,522,970)**	**400,533,617**	**(239,989,353)**	(601,248,747)	356,922,465	(244,326,283)
At December 31	**289,682,364**	**(165,466,701)**	**124,215,662**	274,291,854	(162,424,457)	111,867,396

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 2019

	Accident years					
	Before 2015	**2016**	**2017**	**2018**	**2019**	**Total**
	QR.	**QR.**	**QR.**	**QR.**	**QR.**	**QR.**
Estimate of cumulative claims						
At end of the accident year	**112,026,228**	**63,106,794**	**100,763,507**	**182,178,177**	**895,095,198**	--
One year later	**89,259,101**	**34,978,068**	**53,062,350**	**208,109,302**	--	--
Two years later	**139,009,018**	**18,927,739**	**56,363,939**	--	--	--
Three years later	**85,755,773**	**49,496,179**	--	--	--	--
Four years later	**71,611,420**	--	--	--	--	--
Current estimate of cumulative claims	**71,611,420**	**49,496,179**	**56,363,939**	**208,109,302**	**895,095,198**	**1,280,676,038**
Cumulative payments to date	**6,201,430**	**2,571,762**	**8,762,036**	**46,328,729**	**55,039,418**	**118,903,375**
Total cumulative claims recognised in the statement of financial position as of December 31, 2019	**65,409,990**	**46,924,417**	**47,601,903**	**161,780,573**	**840,055,780**	**1,161,772,663**

20. INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS (CONTINUED)

Claims development 2018

	Accident years					
	Before 2014	2015	2016	2017	2018	Total
	QR.	QR.	QR.	QR.	QR.	QR.
Estimate of cumulative claims						
At end of the accident year	262,903,730	91,950,707	63,106,794	100,744,807	210,766,165	--
One year later	20,870,058	42,134,669	34,978,068	123,001,966	--	--
Two years later	47,467,251	61,534,878	64,781,967	--	--	--
Three years later	77,786,151	64,639,889	--	--	--	--
Four years later	71,611,420	--	--	--	--	--
Current estimate of cumulative claims	71,611,420	64,639,889	64,781,967	123,001,966	210,766,165	534,801,407
Cumulative payments to date	6,974,329	8,084,157	9,559,504	38,763,925	43,012,304	106,394,219
Total cumulative claims recognised in the statement of financial position as of December 31, 2018	64,637,091	56,555,732	55,222,463	84,238,041	167,753,862	428,407,189

21. PROVISIONS, INSURANCE AND OTHER PAYABLES

	2019	2018
	QR.	QR.
Due to insurance and reinsurance companies	**111,789,780**	65,833,001
Trade payable	**15,675,892**	24,509,688
Dividends payable	**8,395,645**	8,470,000
Staff related accruals	**11,064,434**	11,872,652
Net surplus attributable to Islamic Takaful policyholders	**11,665,870**	7,217,504
Provision for Social and Sports Activities Fund	**1,223,527**	1,506,482
Accrued expenses and other payable	**8,776,644**	8,592,376
	168,591,792	128,001,703

22. EMPLOYEES' END OF SERVICE BENEFITS

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

	2019	2018
	QR.	QR.
As at January 1,	**15,360,898**	16,043,945
Provided during the year	**2,969,234**	2,511,735
End of service benefits paid	**(1,774,286)**	(3,194,782)
As at December 31,	**16,555,846**	15,360,898

23. BOARD OF DIRECTORS' REMUNERATION

In 2018, the Group accrued an amount of QR 900,000 for Board of Directors remuneration. In addition, an amount of QR 2,600,000 as approved by the Qatar Central Bank has been accrued and paid in 2019 against 2018 performance. This amount has been reflected in the statement of profit or loss for the year. No amount has been accrued for Board of Directors remuneration against 2019 performance in these consolidated financial statements.

24. SEGMENT INFORMATION

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

	Motor		Marine and Aviation		Fire, General Accident, Group life and health		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	QR.	QR.	**QR.**	QR.	**QR.**	QR.	**QR.**	QR.
Gross premiums	**155,585,601**	135,329,314	**165,208,432**	145,738,807	**335,119,446**	342,859,799	**655,913,479**	623,927,920
Reinsurers' share of gross premiums	**(12,254,378)**	(7,944,339)	**(148,726,033)**	(131,379,492)	**(242,595,450)**	(228,297,956)	**(403,575,861)**	(367,621,787)
Net premiums written	**143,331,223**	127,384,975	**16,482,399**	14,359,315	**92,523,996**	114,561,843	**252,337,618**	256,306,133
Change in unearned premium reserve	**(12,081,560)**	(1,232,352)	**(731,263)**	(744,115)	**464,554**	(10,003,381)	**(12,348,269)**	(11,979,848)
Net premiums earned	**131,249,663**	126,152,623	**15,751,136**	13,615,200	**92,988,550**	104,558,462	**239,989,349**	244,326,285
Commissions received on ceded insurance	**2,279,764**	1,792,411	**6,334,555**	3,811,194	**20,999,961**	20,769,488	**29,614,280**	26,373,093
Total underwriting revenues	**133,529,427**	127,945,034	**22,085,691**	17,426,394	**113,988,511**	125,327,950	**269,603,629**	270,699,378
Gross claims paid	**(89,375,464)**	(85,447,771)	**(2,295,278)**	(5,569,414)	**(199,084,098)**	(93,777,086)	**(290,754,840)**	(184,794,271)
Reinsurers' share of claims paid	**2,906,323**	3,172,388	**1,735,682**	4,346,515	**139,129,410**	45,089,352	**143,771,415**	52,608,255
Change in outstanding claims reserve	**9,580,849**	6,738,158	**(4,837,620)**	905,261	**6,151,924**	(30,587,144)	**10,895,153**	(22,943,725)
Commissions paid	**(13,020,157)**	(11,326,370)	**(4,213,848)**	(1,408,675)	**(17,629,031)**	(26,968,387)	**(34,863,036)**	(39,703,432)
Other technical expenses	**(628,879)**	(1,023,811)	**(241,573)**	(537,657)	**(689,384)**	(2,820,552)	**(1,559,836)**	(4,382,020)
ULAE reserve movement	**--**	--	**--**	--	**--**	--	**(800,511)**	(2,319,037)
Net underwriting results	**42,992,099**	40,057,628	**12,233,054**	15,162,424	**41,867,332**	16,264,133	**96,291,974**	69,165,148
Investment and other income							**51,028,283**	80,258,050
Total expenses							**(93,930,813)**	(87,505,006)
Net surplus attributable to Takaful branch policyholders							**(4,448,369)**	(1,658,913)
Net profit							**48,941,075**	60,259,279

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

24. SEGMENT INFORMATION (CONTINUED)

	2019			2018		
	Qatar	**International**	**Total**	Qatar	International	Total
	QR.	**QR.**	**QR.**	QR.	QR.	QR.
Assets						
Total assets	**2,677,286,750**	**162,787,956**	**2,840,074,706**	1,879,702,700	148,947,147	2,028,649,847
Liabilities						
Insurance contract liabilities	**(1,494,322,110)**	**(19,069,277)**	**(1,513,391,387)**	(748,878,031)	(16,298,774)	(765,176,805)
Net surplus attributable to Islamic Takaful policyholders	**(11,665,870)**	--	**(11,665,870)**	(7,217,503)	--	(7,217,503)
Liabilities (other than insurance funds)	**(181,282,681)**	**(60,187,188)**	**(241,469,869)**	(130,017,756)	(62,144,538)	(192,162,294)
Net assets	**990,016,089**	**83,531,491**	**1,073,547,580**	993,589,410	70,503,835	1,064,093,245

The Group chief operating decision makers do not allocate the Group assets and liabilities to business segments, nor they allocate profit and loss items geographically.

25. 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

Transactions with related parties included in the consolidated statement of profit or loss are as follows:

	2019		2018	
	Premiums	**Claims**	Premiums	Claims
	QR.	**QR.**	QR.	QR.
Major shareholders	**21,226,141**	**7,047,003**	20,166,608	535,581

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

	2019		2018	
	Receivables	**Claims and payables**	Receivables	Claims and payables
	QR.	**QR.**	QR.	QR.
Major shareholders	**11,500,176**	**280,262**	5,545,864	1,414,272

Dividend received from associates is presented as part of Note 11.

Compensation of key management personnel

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

	2019	2018
	QR.	QR.
Board of Directors' remuneration (refer to noted 23)	**2,600,000**	900,000
Other allowances for Board of Directors	--	500,000
Short-term benefits of key management personnel	**7,480,000**	7,260,000
End of service and other benefits	**525,000**	785,166
	10,605,000	9,445,166

26. LEASES

Group as a Lessee

The Group leases several assets including land and buildings. The average lease term is 5 years.

	Right-of-use assets			
	Total	**Land** *Classified as investment properties*	**Buildings**	**Lease liabilities**
	QR.	**QR.**	**QR.**	**QR.**
January 1, 2019	12,945,673	2,684,876	10,260,797	12,945,673
Additions	5,168,487	--	5,168,487	5,168,487
Amortization expense	(2,758,951)	(178,992)	(2,579,959)	--
Interest expense	--	--	--	1,073,358
Payments	--	--	--	(3,221,639)
December 31, 2019	**15,355,209**	**2,505,884**	**12,849,325**	**15,965,879**

Amounts recognised in profit and loss

	December 31, 2019
	QR.
Depreciation expense on right-of-use assets	**2,758,951**
Interest expense on lease liabilities	**1,073,358**
Expense relating to short-term leases	**168,023**

The total cash outflow for leases amount to QR 3,221,640.

27. LEASE LIABILITIES

	December 31, 2019
	QR.
Balance as at (restated)	**12,945,673**
Additions	**5,168,487**
Accretion of interest	**1,073,358**
Payments	**(3,221,639)**
Balance as at	**15,965,879**

	December 31, 2019
	QR.
Maturity analysis	
Not later than 1 year	**2,416,655**
Later than 1 year and not later than 5 years	**13,549,224**
	15,965,879

The Group does not face a significant liquidity risk with regard to its liabilities. Lease liabilities are monitored within the Group's treasury function.

28. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

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

Fair value hierarchy

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.

As at year end the Group held the following financial instruments measured at fair value.

	December 31, 2019	Level 1	Level 2	Level 3
	QR.	QR.	QR.	QR.
Assets measured at fair value				
Financial investments	504,433,572	437,784,796	66,648,776	--

	December 31, 2018	Level 1	Level 2	Level 3
	QR.	QR.	QR.	QR.
Assets measured at fair value				
Financial investments	512,992,437	374,952,160	138,040,327	--

During the year ended December 31, 2019 and 2018, 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. The above do not include the investments held at cost.

29. RISK MANAGEMENT

The Group, in the normal course of business derives its revenue mainly from underwriting and managing its insurance business and managing its liquid assets in 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.

Regulatory framework

The Qatar Central Bank Executive Insurance Instructions provide the regulatory framework for the insurance industry in Qatar. All insurance companies operating in Qatar are required to follow these rules and regulations.

The following are the key regulations governing the operation of the Group:

- Internal systems and controls;
- Risk management;
- Accounting, auditing and actuarial reporting; and
- Prudential requirement.

The Group's Board of directors is responsible for monitoring compliance with the above regulations and has delegated authorities and responsibilities from the board of directors to ensure compliance.

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.

29. RISK MANAGEMENT (CONTINUED)

Insurance risk (continued)

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

The majority of insurance business ceded is placed on a reinsurance program covering the Group to benefit from high commission income derived from economy of scale in a portfolio which is well balanced and to spread the risk in which the Group is exposed.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

The Group principally issues the following types of general insurance contracts: Marine & Aviation, Fire, Property & Casualty, Motor, and General Accidents. Risks under non-life insurance policies usually cover twelve-month duration.

For general insurance contracts the most significant risks arise from climate changes, natural disasters and terrorist activities which are only covered in fire line of business.

Insurance contracts at times also cover risk for single incidents that expose the Group to multiple insurance risks. The Group has adequately reinsured for insurance risk that may involve significant litigation.

These risks vary in relation to the type of risk insured, location of the risk insured and by industry.

These risks do not vary significantly in relation to the location of the risk insured by the Group, type of risk insured and by industry.

The below risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography. Further, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Group. The Group further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group.

The Group has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (i.e. fire line of business). The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes to a pre-determined maximum amount based on the Group's risk appetite as decided by management. In addition, the Group also have an excess of loss agreements which cover both of the catastrophic and risk excess of loss.

29. RISK MANAGEMENT (CONTINUED)

Insurance risk (continued)

Property and Casualty (Fire & General Accidents)
Property and casualty 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 and relevant regulatory certification.

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.

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 & Aviation
Marine & Aviation 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. The Group has facultative arrangement to cede significant aviation related risks.

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

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.

29. RISK MANAGEMENT (CONTINUED)

Concentration of risks

The Group's insurance risk relates to policies directly written in the State of Qatar Only. The segmental concentration of insurance contract liabilities is shown below:

Concentration of insurance contract liabilities by type of contract:	**2019** Gross liabilities	Reinsurers' share of liabilities	Net liabilities	**2018** Gross liabilities	Reinsurers' share of liabilities	Net liabilities
	QR.	**QR.**	**QR.**	QR.	QR.	QR.
Marine and Aviation	**791,514,798**	**(11,879,349)**	**124,652,783**	64,655,388	(59,385,905)	5,269,483
Motor	**136,532,132**	**(780,478,368)**	**11,036,430**	127,004,696	(5,861,538)	121,143,158
Fire and General Accidents	**583,224,909**	**(456,298,901)**	**126,926,008**	571,197,687	(436,169,184)	135,028,503
ULAE	**2,119,548**	**--**	**2,119,548**	2,319,034	--	2,319,034
Total	**1,513,391,387**	**(1,248,656,618)**	**264,734,769**	765,176,805	(501,416,627)	263,760,178

Key assumptions

The principal assumption underlying the estimates is the Group's past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example once-off occurrence, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Other key assumptions include variation in interest rates, delays in settlement and changes in foreign currency rates.

Sensitivities

The general insurance claims provision is sensitive to the above key assumptions. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process. 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. Considering the level of reinsurance, a 5% change in the average claims ratio will have no material impact on the consolidated statement of income.

29. RISK MANAGEMENT (CONTINUED)

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.

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, United Arab Emirate Dinar (AED) and Euro (EUR), there are no significant foreign currency financial assets due in foreign currencies included under reinsurance balances receivable.

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 its certain 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.

The following table demonstrates the sensitivity of the consolidated statement of profit or loss 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 basis points	Effect on profit / loss for the year
		QR.
2019	**+25**	981,071
	-50	1,962,143
2018	+25	1,059,819
	-50	(2,119,638)

29. RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

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 the State of Qatar. Five companies account for 20% of the accounts receivable as of December 31, 2019 (2018: 36%). Five reinsurance companies account for 59% of the reinsurance receivables as of December 31, 2019 (2018: 45%).

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.

The table below provides information regarding the credit risk exposure of the Group by classifying assets according to the credit ratings of the counterparties. AAA is the highest possible rating. Assets that fall outstide the range of AAA to BBB are classified as speculative grade.

29. RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

Credit risk

	AAA	**AA**	**BBB**	**BB**	**Unrated**	**2019**
	QR.	**QR.**	**QR.**	**QR.**	**QR.**	**QR.**
December 31, 2019						
Bank balances	--	**311,433,980**	--	**53,810,372**	**23,285,881**	**388,530,233**
Debt securities	--	**26,612,962**	**12,859,327**	**18,309,885**	--	**57,782,174**
Reinsurance contract assets	--	**1,248,656,618**	--	--	--	**1,248,656,618**
Policyholders' accounts receivable	--	**65,664,030**	--	--	**68,054,862**	**133,718,892**
Insurance and reinsurers' accounts receivable	--	**51,916,132**	**3,053,681**	--	**106,229,790**	**161,199,603**

	AAA	AA	BBB	BB	Unrated	2018
	QR.	QR.	QR.	QR.	QR.	QR.
December 31, 2018						
Bank balances	--	335,504,717	1,092,509	89,600,349	12,106,950	438,304,524
Debt securities	--	23,639,082	7,583,441	10,698,192	--	41,920,715
Reinsurance contract assets	--	501,416,627	--	--	--	501,416,627
Policyholders' accounts receivable	--	49,622,414	30,861	--	59,089,030	108,742,305
Insurance and reinsurers' accounts receivable	26,742	79,781,423	19,724,543	2,060,974	28,363,827	129,957,509

29. RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

Credit risk (continued)

Cash and cash equivalents

The Group held cash and cash equivalents of QR 388,530,233 at December 31, 2019 (2018: 438,304,524). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated *AAA to Baa2*, based on Moody'sratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to that used for debt securities.

The Group recognised an impairment allowance as at December 31, 2019 in the amount of QR 89,698.

29. RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

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 year end based on contractual payment dates and current market interest rates.

2019	**Less than 6 months**	**6 to 12 months**	**1 to 5 years**	**More than 5 years**	No term*	Total
	QR.	**QR.**	**QR.**		QR.	QR.
Insurance contract liabilities	**298,420,015**	--	--	--	1,214,971,372	1,513,391,387
Borrowings	**1,301,683**	**1,287,506**	**12,485,667**	**36,947,366**		52,022,222
Provisions, insurance and other payables	**168,591,792**	--	--	--	--	168,591,792
Total	**468,313,490**	**1,287,506**	**12,485,667**	**36,947,366**	1,214,971,372	1,734,005,401

2018	Less than 6 months	6 to 12 months	1 to 5 years	More than 5 years	No term	Total
	QR.	QR.	QR.		QR.	QR.
Insurance contract liabilities	284,308,538	--	--	--	480,868,267	765,176,805
Borrowings	1,348,993	1,159,818	10,170,915	43,337,470	--	56,017,196
Provisions, insurance and other payables	128,001,703	--	--	--	--	128,001,703
Total	413,659,234	1,159,818	10,170,915	43,337,470	480,868,267	949,195,704

* *These liabilities does not have fixed settlement date and can be due at any point in normal course of business.*

29. RISK MANAGEMENT (CONTINUED)

Financial risk (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:

		2019		2018	
	Changes in variables	**Impact on profit**	**Impact on other comprehensive income**	Impact on profit	Impact on other comprehensive income
		QR.	**QR.**	QR.	QR.
Fair value through profit and loss	+10%	**389,320**	--	430,800	--
Fair value through other comprehensive income	+10%	--	**31,386,857**	--	32,898,269
Fair value through profit and loss	+10%	**(389,320)**	--	(430,800)	--
Fair value through other comprehensive income	+10%	--	**(31,386,857)**	--	(32,898,269)

29. RISK MANAGEMENT (CONTINUED)

Capital management

The Group has established the following capital management objectives, policies and approach to managing the risks that affect its capital position.

The capital management objectives are:

- To maintain the required level of financial stability of the Group thereby providing a degree of security to policyholders
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets
- To align the profile of assets and liabilities taking account of risks inherent in the business
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and shareholders
- To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value.
- To allocate capital towards the regional expansion where the ultimate goal is to spread the risk and maximize the shareholders returns through obtaining the best return on capital.

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

In reporting financial strength, capital and solvency is measured using the rules prescribed by the Qatar Central Bank Executive Insurance Instructions. These regulatory capital tests are based upon required levels of solvency capital and a series of prudent assumptions in respect of the type of business written.

Capital management policies
The Group's capital management policy for its insurance and non-insurance business is to hold sufficient capital to cover the statutory requirements based on the Qatar Central Bank, including any additional amounts required by the regulator as well as keeping a capital buffer above the minimum regulatory requirements, where the Group operates to maintain a high economic capital for the unforeseen risks.

Capital management approach
The Group seeks to optimize the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and secure the policyholders fund.

The Group's approach to managing capital involves managing assets, liabilities and risks in a co-ordinated way, assessing shortfalls between reported and required capital levels (by each regulated entity) on a regular basis and taking appropriate actions to influence the capital position of the Group in the light of changes in economic conditions. An important aspect of the Group's overall capital management process is the setting of target risk adjusted rates of return which are aligned to performance objectives and ensure that the Group is focused on the creation of value for shareholders. The process is ultimately subject to approval by the board.

30. FINANCIAL ASSETS AND LIABILITIES

Accounting classifications and fair values
The table below sets out the carrying amounts and fair values of the Group's financial assets and financial liabilities:

	FVTPL	*Mandatorily measured as at FVTPL*	*FVOCI – debt instruments*	*FVOCI – equity instruments*	*Amortised cost*	*Total carrying amount*	*Fair value*
	QR.	**QR.**	**QR.**	**QR.**	**QR.**	**QR.**	**QR.**
December 31, 2019							
Cash and bank balances	--	--	--	--	388,530,233	388,530,233	--
Financial investments	62,240,850	3,893,200	57,782,178	380,517,344	--	504,433,572	504,433,572
Reinsurance contract assets	--	--	--	--	1,248,656,618	1,248,656,618	--
Insurance and other receivables	--	--	--	--	335,387,289	335,387,289	--
	62,240,850	**3,893,200**	**57,782,178**	**380,517,344**	**1,972,574,140**	**2,477,007,712**	
Insurance contract liabilities	--	--	--	--	1,513,391,387	1,513,391,387	--
Borrowings	--	--	--	--	52,022,222	52,022,222	--
	--	--	--	--	**1,565,413,609**	**1,565,413,609**	

	FVTPL	*Mandatorily measured as at FVTPL*	*FVOCI – debt instruments*	*FVOCI – equity instruments*	*Amortised cost*	*Total carrying amount*	*Fair value*
	QR.	QR.	QR.	QR.	QR.	QR.	QR.
December 31, 2018							
Cash and bank balances	--	--	--	--	438,304,524	438,304,524	--
Financial investments	67,890,636	4,308,000	41,661,420	399,132,381	--	512,992,436	512,992,436
Reinsurance contract assets	--	--	--	--	501,416,627	501,416,627	--
Insurance and other receivables	--	--	--	--	269,464,373	269,464,373	--
	67,890,636	4,308,000	41,661,420	399,132,381	1,209,185,524	1,722,177,960	
Insurance contract liabilities	--	--	--	--	765,176,805	765,176,805	--
Borrowings	--	--	--	--	56,017,196	56,017,196	--
	--	--	--	--	821,194,001	821,194,001	

31. COMMITMENTS AND CONTINGENCIES

Guarantees

At December 31, 2019, 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 10,143,296 (2018: QR 6,477,670)

Legal claims

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

32. OTHER INFORMATION: DOHA TAKAFUL L.L.C. (A ISLAMIC TAKAFUL)

The Statement of Financial position and Statement of profit or loss of the Doha Takaful L.L.C. are presented below:

(i) Statement of financial position for the year

	2019	2018
	QR.	QR.
Policyholders' assets		
Cash on hand	**6,279**	8,906
Bank balances (Islamic banks)	**72,609,288**	50,811,152
Reinsurance contract assets	**8,545,202**	6,417,088
Due from policyholders, insurance and reinsurance companies	**16,215,466**	14,937,462
Prepayments and other assets	**3,060,700**	431,236
Total participants' assets	**100,436,936**	72,605,844
SHAREHOLDER'S ASSETS		
Bank balances	**93,581,641**	64,139,415
Fixed asset, net	**193,318**	228,246
Other Assets	**1,074,520**	1,132,453
Due from policyholder	**25,717,224**	11,695,392
Financial investment	**5,038,325**	--
Total shareholder's assets	**125,605,028**	77,195,506
TOTAL ASSETS	**226,041,964**	149,801,350
PARTICIPANTS' FUNDS AND LIABILITIES		
Participants' fund		
Participants' account	**11,665,870**	7,217,501
Participants' liabilities		
Insurance contract liabilities	**49,709,698**	44,078,323
Provisions, insurance and other payables	**13,344,143**	9,614,628
Due to shareholders	**25,717,225**	11,695,392
Total participants' liabilities	**88,771,066**	65,388,343
Total participants' funds and liabilities	**100,436,936**	72,605,844

32. OTHER INFORMATION: DOHA TAKAFUL L.L.C. (A ISLAMIC TAKAFUL) (CONTINUED)

(i) Statement of financial position for the year (continued)

	2019	2018
	QR.	QR.
Shareholder's equity		
Capital	**110,000,000**	70,000,00
Legal reserve	**1,307,062**	635,044
Retained Earnings	**11,763,558**	5,715,394
Fair value reserve	**10,871**	--
Total shareholder's equity	**123,081,491**	76,350,438
Shareholders' Liabilities		
Accrued Expenses	**2,523,537**	845,068
Total shareholder's' liabilities	**2,523,537**	845,068
Total shareholder's equity and liabilities	**125,605,028**	77,195,506
TOTAL PARTICIPANTS' FUND AND LIABILITIES AND SHAREHOLDER'S EQUITY	**226,041,964**	149,801,350

(ii) Statement of profit or loss for the year

	2019	2018
	QR.	QR.
PARTICIPANTS' REVENUE AND EXPENSES		
REVENUE		
Net takaful revenue	**4,136,647**	1,454,820
Other income	**1,455,738**	1,096,976
General and administrative expenses	**(1,144,016)**	(892,883)
NET SURPLUS FOR THE YEAR TRANSFERRED TO PARTICIPANTS' FUND	**4,448,369**	1,658,913

SHAREHOLDERS' REVENUE AND EXPENSES

	2019	2018
	QR.	QR.
REVENUE		
Wakala fees	**13,002,816**	10,927,508
Mudarabah Fees	**1,019,016**	767,884
Other income	**4,081,826**	1,345,375
	18,103,658	13,040,766
EXPENSES		
General and administrative expenses	**(11,383,476)**	(6,690,333)
NET INCOME TO SHAREHOLDERS	**6,720,182**	6,350,433

33. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current year presentation. However, such reclassifications did not have any effect on the consolidated net profit or the total consolidated equity for the comparative period.