Doha Insurance Company Q.S.C.

FINANCIAL STATEMENTS

31 December 2014

Building a better working world

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

Report on the Financial Statements

We have audited the accompanying financial statements of Doha Insurance Company Q.S.C. (the 'Company'), which comprise the statement of financial position as at 31 December 2014 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2014 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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

Other Matter

The financial statements as of 31 December 2013 were audited by another auditor, whose report dated 22 January 2014, expressed an unmodified audit opinion on those financial statements.

Report on Legal and Other Regulatory Matters

Furthermore, in our opinion proper books of account have been kept by the Company and the financial statements comply with the Qatar Commercial Companies' Law No. 5 of 2002 and the Company's Articles of Association. We have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above mentioned law or the Articles of Association and the applicable provisions of Qatar Central Bank regulations and Law No. 13 of 2012 having occurred during the year which might have had a material effect on the business of the Company or on its financial position.

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

Date: 25 January 2015
Doha

ERNST & YOUNG
Doha
محاسبون قانونيون
الدوحة
ارنست ويونغ

STATEMENT OF INCOME

For the year ended 31 December 2014

	Notes	***2014 QR***	*2013 QR*
Gross premiums		**533,715,317**	516,669,468
Reinsurers' share of gross premiums		**(403,053,662)**	(410,411,989)
Net premiums	4	**130,661,655**	106,257,479
Change in unexpired risk reserve		**(8,733,891)**	68,620
Earned insurance premiums	4	**121,927,764**	106,326,099
Commissions received		**30,710,591**	28,630,594
Change in deferred commissions		**2,344,282**	1,014,345
Total underwriting revenues	4	**154,982,637**	135,971,038
Claims paid	4	**(150,595,014)**	(95,042,646)
Reinsurers' share of claims paid	4	**95,424,998**	39,877,136
Change in outstanding claims reserve	4	**(6,718,047)**	(2,999,030)
Commissions paid	4	**(7,269,268)**	(5,544,122)
Other technical expenses		**(911,023)**	-
NET UNDERWRITING RESULTS	4	**84,914,283**	72,262,376
Dividend income		**17,793,207**	20,662,479
Interest income		**5,567,484**	2,541,238
Rental income from investment properties	11	**5,666,816**	5,443,593
Net gain on sale of financial investments		**30,828,229**	26,860,918
Impairment of financial investments		**(3,000,000)**	(6,613,803)
Share of results of associates	10	**4,362,788**	876,829
Other income		**258,198**	132,393
INVESTMENT AND OTHER INCOME		**61,476,722**	49,903,647
Salaries and other staff costs		**(41,672,543)**	(34,891,630)
General and administrative expenses	5	**(22,734,988)**	(15,557,014)
Depreciation of investment properties	11	**(1,376,487)**	(1,376,487)
Depreciation of property and equipment	12	**(1,662,116)**	(1,633,075)
TOTAL EXPENSES		**(67,446,134)**	(53,458,206)
PROFIT FOR THE YEAR BEFORE ALLOCATION TO TAKAFUL BRANCH POLICYHOLDERS		**78,944,871**	68,707,817
Net surplus attributable to Takaful branch policyholders	27	**(1,672,368)**	(1,661,741)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		**77,272,503**	67,046,076
Basic and diluted earnings per share	6	**1.96**	2.33

The attached notes 1 to 27 form part of the these financial statements

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2014

	Note	2014 QR	2013 QR
Profit attributable to shareholders		**77,272,503**	67,046,076
Other comprehensive income			
Recognised gains on available-for-sale financial investments		**(30,264,643)**	(26,431,715)
Transfer to statement of income on impairment of available-for-sale financial investments		**3,000,000**	6,613,803
Net movement in fair value of available-for-sale financial investments		**93,106,742**	44,883,103
Exchange differences on translating foreign operations	10	**(1,230)**	(28,699)
Other comprehensive income for the year		**65,840,869**	25,036,492
Total comprehensive income for the year		**143,113,372**	92,082,568

The attached notes 1 to 27 form part of the these financial statements

STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Notes	*2014* *QR*	*2013* *QR*
ASSETS			
Cash and cash equivalents	7	**467,475,244**	187,153,577
Financial investments	8	**597,950,822**	357,860,552
Reinsurance contract assets	18	**366,119,080**	570,433,700
Insurance and other receivables	9	**144,990,662**	98,948,567
Investments in associates	10	**8,297,288**	5,935,730
Investment properties	11	**23,816,399**	25,192,886
Property and equipment	12	**7,720,035**	73,858,660
Asset held-for-sale	13	**65,474,510**	-
TOTAL ASSETS		**1,681,844,040**	1,319,383,672
EQUITY AND LIABILITIES			
Equity			
Share capital	14	**500,000,000**	257,400,000
Legal reserve	15	**318,385,903**	109,139,129
Fair value reserve		**126,492,841**	60,650,742
Foreign currency translation reserve		**(81,972)**	(80,742)
Proposed cash dividends	17	**50,000,000**	51,480,000
Retained earnings		**79,832,900**	69,946,711
Total equity		**1,074,629,672**	548,535,840
Liabilities			
Insurance contract liabilities	18	**494,335,487**	685,542,451
Provisions, insurance and other payables	19	**100,826,713**	75,442,571
Employees' end of service benefits	20	**12,052,168**	9,862,810
Total liabilities		**607,214,368**	770,847,832
TOTAL EQUITY AND LIABILITIES		**1,681,844,040**	1,319,383,672

Nawaf Bin Nasser Bin Khaled Al Thani
Chairman

Bassam Hussein
Chief Executive Officer

The attached notes 1 to 27 form part of the these financial statements

Doha Insurance Company Q.S.C.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Share capital QR	*Legal reserve QR*	*Fair value reserve QR*	*Foreign currency translation reserve QR*	*Proposed cash dividends QR*	*Proposed bonus shares QR*	*Retained earnings QR*	*Total QR*
Balance at 1 January 2014	257,400,000	109,139,129	60,650,742	(80,742)	51,480,000	-	69,946,711	548,535,840
Profit attributable to shareholders	-	-	-	-	-	-	77,272,503	77,272,503
Other comprehensive income (loss) for the year	-	-	65,842,099	(1,230)	-	-	-	65,840,869
Total comprehensive income (loss) for the year	-	-	65,842,099	(1,230)	-	-	77,272,503	143,113,372
Increase in share capital (Notes 14 and 15)	242,600,000	193,792,273	-	-	-	-	-	436,392,273
Transfer to legal reserve (Note 15)	-	15,454,501	-	-	-	-	(15,454,501)	-
Social and Sports Fund contribution (Note 16)	-	-	-	-	-	-	(1,931,813)	(1,931,813)
Cash dividends paid (Note 17)	-	-	-	-	(51,480,000)	-	-	(51,480,000)
Proposed cash dividends (Note 17)	-	-	-	-	50,000,000	-	(50,000,000)	-
Balance at 31 December 2014	**500,000,000**	**318,385,903**	**126,492,841**	**(81,972)**	**50,000,000**	**-**	**79,832,900**	**1,074,629,672**
Balance at 1 January 2013	234,000,000	102,434,522	35,585,551	(52,043)	23,400,000	23,400,000	62,761,396	481,529,426
Profit attributable to shareholders	-	-	-	-	-	-	67,046,076	67,046,076
Other comprehensive income (loss) for the year	-	-	25,065,191	(28,699)	-	-	-	25,036,492
Total comprehensive income (loss) for the year	-	-	25,065,191	(28,699)	-	-	67,046,076	92,082,568
Transfer to legal reserve	-	6,704,607	-	-	-	-	(6,704,607)	-
Social and Sports Fund contribution (Note 16)	-	-	-	-	-	-	(1,676,154)	(1,676,154)
Cash dividends paid (Note 17)	-	-	-	-	(23,400,000)	-	-	(23,400,000)
Bonus shares issued (Note 17)	23,400,000	-	-	-	-	(23,400,000)	-	-
Proposed cash dividends (Note 17)	-	-	-	-	51,480,000	-	(51,480,000)	-
Balance at 31 December 2013	257,400,000	109,139,129	60,650,742	(80,742)	51,480,000	-	69,946,711	548,535,840

The attached notes 1 to 27 form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Notes	**2014** **QR**	2013 QR
OPERATING ACTIVITIES			
Profit attributable to shareholders		**77,272,503**	67,046,076
Adjustments for:			
Depreciation of property and equipment	12	**1,662,116**	1,633,075
Depreciation of investment properties	11	**1,376,487**	1,376,487
Provision for employees' end of service benefits	20	**2,456,741**	1,459,684
Impairment of financial investments		**3,000,000**	6,613,803
Impairment of insurance and other receivables	9	**3,500,000**	1,600,000
Unrealised loss on investments held at fair value through profit or loss		**2,474,012**	-
Share of results of associates	10	**(4,362,788)**	(876,829)
Reinsurers' share of unearned premium	18	**4,987,715**	(19,681,876)
Movement in unearned premium	18	**3,746,176**	19,613,256
Net gain on sale of financial investments		**(30,828,229)**	(26,860,918)
Gain on disposal of property and equipment		**(45,500)**	-
Dividend income		**(17,793,207)**	(20,662,479)
Interest income		**(5,567,484)**	(2,541,238)
Operating profit before changes in operating assets and liabilities		**41,878,542**	28,719,041
Increase in insurance and other receivables		**(49,542,095)**	(153,453)
Decrease in insurance reserves		**4,373,765**	1,984,685
Increase in provisions, insurance and other payables		**23,452,329**	9,972,340
Cash generated from operations		**20,162,541**	40,522,613
Employees' end of service benefits paid	20	**(267,383)**	(1,271,955)
Net cash generated from operating activities		**19,895,158**	39,250,658
INVESTING ACTIVITIES			
Purchase of financial investments		**(353,684,276)**	(112,372,269)
Proceeds from disposal of financial investments		**203,790,322**	92,688,905
Dividend received		**17,793,207**	20,662,479
Interest received		**5,567,484**	2,541,238
Purchase of property and equipment	12	**(1,120,001)**	(2,222,938)
Proceeds from return of investment in an associate		**3,000,000**	-
Proceeds from disposal of property and equipment		**167,500**	80,448
Net cash (used in) generated from investing activities		**(124,485,764)**	1,377,863
FINANCING ACTIVITIES			
Payment of contribution to Social and Sports Fund		**-**	(1,507,150)
Proceeds from rights issue		**436,392,273**	-
Dividends paid	17	**(51,480,000)**	(23,400,000)
Net cash generated from (used in) financing activities		**384,912,273**	(24,907,150)
INCREASE IN CASH AND CASH EQUIVALENTS		**280,321,667**	15,721,371
Cash and cash equivalents at 1 January		**187,153,577**	171,432,206
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	7	**467,475,244**	187,153,577

The attached notes 1 to 27 form part of these financial statements.

1 ACTIVITIES

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

During the year 2006, the Company established an Islamic Takaful branch under the brand name Doha Takaful (the "Branch") to carry out insurance and reinsurance activities in accordance with Islamic Sharia principles on a non-usury basis in all areas of insurance. The financial information of the Branch are disclosed in Note 27 to the financial statements.

The financial statements of the Company for the year ended 31 December 2014 include the results of the Company and the Branch.

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 25 January 2015.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

Statement of compliance
These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and applicable provisions of the Qatar Commercial Companies Law No. 5 of 2002, Qatar Central Bank regulations and Law No. 13 of 2012.

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

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

2.2 Use of estimates and judgements

The preparation of the 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 financial statements are included in Note 3.

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

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

2.3 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following amendments and interpretations which became effective during the year, but were not relevant to the Company's operations:

- Investment Entities - Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements
- Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32 Financial Instruments: Presentation
- Recoverable Amount Disclosures for Non-Financial Assets - Amendments to IAS 36 Impairment of Assets
- Novation of Derivatives and Continuation of Hedge Accounting - Amendments to IAS 39 Financial Instruments: Recognition and Measurement
- IFRIC 21 Levies
- Improvements to IFRSs - 2010-2012 Cycle: Amendments to IFRS 13 - Short-term receivables and payables
- Improvements to IFRSs - 2011-2013 Cycle: Amendments to IFRS 1 - Meaning of 'effective IFRSs'

2.4 Standards issued but not yet effective

The following standards, amendments and interpretations have been issued but are mandatory for accounting periods beginning on or after 1 January 2014 or later periods and are not expected to be relevant to the Company:

IFRS 9 *Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but no impact on the classification and measurement of the Company's financial liabilities.

IFRS 14 *Regulatory Deferral Accounts*

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Company is an existing IFRS preparer, this standard would not apply.

Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. It is not expected that this amendment would be relevant to the Company, since the Company has no defined benefit plans with contributions from employees or third parties.

Annual improvements *2010-2012 Cycle*

These improvements are effective from 1 July 2014 did not have a material impact on the Company. They include:

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

2.4 Standards issued but not yet effective (continued)

IFRS 2 ***Share-based Payment***
This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

IFRS 3 ***Business Combinations***
The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

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

IAS 16 ***Property, Plant and Equipment*** **and IAS 38** ***Intangible Assets***
The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

IAS 24 ***Related Party Disclosures***
The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual improvements 2011-2013 Cycle
These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Company. They include:

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

IFRS 13 ***Fair Value Measurement***
The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

IAS 40 ***Investment Property***
The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination.

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

2.4 Standards issued but not yet effective (continued)

IFRS 15 *Revenue from Contracts with Customers*
IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

***Investment Entities* (Amendments to IFRS 10, IFRS 12 and IAS 27)**
These amendments are effective for annual periods beginning on or after 1 January 2014 provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. It is not expected that this amendment would be relevant to the Company, since it does not have any subsidiary.

2.5 Summary of significant accounting policies

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

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

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

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

Gross outstanding claims comprise the gross estimated cost of claims incurred but not settled at the end of the reporting period, whether reported or not. Provisions for reported claims not paid as at the end of the reporting period are made on the basis of individual case estimates. In assition, a provision based on the Company'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 Company 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.

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

2.5 Summary of significant accounting policies (continued)

Liabilities adequacy test
At the end of the reporting period, the Company 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 statement of income.

Reinsurance
The Company 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 Company 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 Company will receive from the reinsurer. The impairment loss is recorded in the statement of income.

Ceded reinsurance arrangements do not relieve the Company from its immediate obligatios 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.

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

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

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

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

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

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

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

2.5 Summary of significant accounting policies (continued)

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

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

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

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

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

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

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

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

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

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

Investments in associates
An associate is an entity over which the Company 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 Company'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 Company'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.

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

2.5 Summary of significant accounting policies (continued)

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

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

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

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

Impairment of non-financial assets
The Company 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 Company 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 statement of comprehensive income in those expense categories consistent with the function of the impaired asset, except for assets previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company 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 statement of comprehensive income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

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

2.5 Summary of significant accounting policies (continued)

Financial instruments – initial recognition and subsequent measurement

Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

Cash and cash equivalents

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

Financial investments

Available-for-sale financial investments

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

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

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

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

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

2.5 Summary of significant accounting policies (continued)

Financial instruments – initial recognition and subsequent measurement

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

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

Reinsurance contract assets
The Company 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.

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

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

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

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

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

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

2.5 Summary of significant accounting policies (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

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

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

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

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

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

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

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

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

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

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

2.5 Summary of significant accounting policies (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

Financial liabilities (continued)

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

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

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

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

Employees' end of service benefits
Under the law No. 14 of 2004, the Company 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 Company is also required to make contributions to a Government fund scheme for Qatari employees calculated as a percentage of the Qatari employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

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

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

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

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

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

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

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

Fair value measurement of financial instruments
When the fair values of financial assets and liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 24 for further disclosures.

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

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

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

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

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

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

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

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

Impairment of property and equipment
At each reporting date, the Company 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 Company estimates the recoverable amount of the cash generating unit to which the asset belongs. The recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate rate.

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

4 NET UNDERWRITING RESULTS

	Motor		Marine and Aviation		Fire and General Accident		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	QR	QR	**QR**	QR	**QR**	QR	**QR**	QR
Gross premiums	**97,387,916**	88,222,538	**143,881,073**	141,693,280	**292,446,328**	286,753,650	**533,715,317**	516,669,468
Reinsurers' share of gross premiums	**(10,979,884)**	(16,871,708)	**(133,340,912)**	(133,158,301)	**(258,732,866)**	(260,381,980)	**(403,053,662)**	(410,411,989)
Net perrmiums	**86,408,032**	71,350,830	**10,540,161**	8,534,979	**33,713,462**	26,371,670	**130,661,655**	106,257,479
Change in unexpired risk reserve	**(11,876,923)**	916,782	**2,189,791**	(413,323)	**953,241**	(434,839)	**(8,733,891)**	68,620
Earned insurance premius	**74,531,109**	72,267,612	**12,729,952**	8,121,656	**34,666,703**	25,936,831	**121,927,764**	106,326,099
Commissions received	**631,878**	1,354,247	**7,969,901**	6,697,469	**22,108,812**	20,578,878	**30,710,591**	28,630,594
Change in deferred commissions	**472,748**	(516,259)	**484,570**	294,861	**1,386,964**	1,235,743	**2,344,282**	1,014,345
Total underwriting revenues	**75,635,735**	73,105,600	**21,184,423**	15,113,986	**58,162,479**	47,751,452	**154,982,637**	135,971,038
Claims paid	**(47,058,532)**	(50,099,314)	**(4,646,826)**	(4,147,126)	**(98,889,656)**	(40,796,206)	**(150,595,014)**	(95,042,646)
Reinsurers' share of claims paid	**1,926,308**	1,463,709	**4,051,655**	4,142,547	**89,447,035**	34,270,880	**95,424,998**	39,877,136
Change in outstanding claims reserve	**(7,963,122)**	2,985,163	**(387,798)**	(452,457)	**1,632,873**	(5,531,736)	**(6,718,047)**	(2,999,030)
Commissions paid	**(859,210)**	(880,916)	**(497,886)**	(359,980)	**(5,912,172)**	(4,303,226)	**(7,269,268)**	(5,544,122)
Other technical expenses	**(343,751)**	-	**(1,217)**	-	**(566,055)**	-	**(911,023)**	-
	21,337,428	26,574,242	**19,702,351**	14,296,970	**43,874,504**	31,391,164	**84,914,283**	72,262,376

5 GENERAL AND ADMINISTRATIVE EXPENSES

	2014 ***QR***	*2013* *QR*
Board of Directors' remuneration	**4,000,000**	4,500,000
Advertisement and business promotion	**2,528,847**	2,647,650
Provision for doubtful debts (Note 9)	**3,500,000**	1,600,000
Legal and consultation fees	**1,984,135**	737,627
Rent, maintenance and office expenses	**1,777,797**	2,302,248
Directors sitting fees	**1,500,000**	300,000
Foreign exchange loss (gain)	**1,290,591**	(1,293,049)
Training expenses	**1,100,382**	1,387,676
Contributions	**942,030**	372,500
Communication	**802,707**	734,164
Government fees	**667,636**	550,929
Business travel	**602,532**	758,002
Printing and stationery	**319,754**	490,537
Miscellaneous fees	**1,718,577**	468,730
	22,734,988	15,557,014

6 EARNINGS PER SHARE

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

	2014 ***QR***	*2013* *QR*
Profit attributable to the shareholders	**77,272,503**	67,046,076
Weighted average number of shares outstanding during the year	**39,472,550**	28,828,129
Basic earnings per share	**1.96**	2.33

The Company has restated the calculations of the comparative earnings per share as a result of the effect of the rights issue. The stock rights issue was approved in the Extraordinary Annual General Meeting that was held on 17 February 2014.

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

	2014 ***QR***	*2013* *QR* *(Restated)*
Weighted average number of shares at 1 January	**25,740,000**	25,740,000
Effects of rights issue	**13,732,550**	3,088,129
Weighted average number of shares at 31 December	**39,472,550**	28,828,129

During the period, the Company increased its share capital by rights issue. Therefore, the basic and diluted earnings per share of QR 2.60 previously reported as at 31 December 2013 have been restated to effect this transaction.

There were no potentially dilutive shares outstanding at any time during the year. Therefore, the diluted earnings per share are equal to the basic earnings per share.

7 CASH AND CASH EQUILAVENTS

	2014 QR	2013 QR
Bank balances and short term deposits	**467,299,889**	186,884,514
Cash on hand	**175,355**	269,063
	467,475,244	187,153,577

Short term deposits consist of fixed deposits amounting to QR 388,199,246 (2013: QR 130,068,000) bearing interest at the rate of 0.65% to 1.6% per annum (2013: 0.6% to 1.6% per annum) and maturing within a period of one to three months.

8 FINANCIAL INVESTMENTS

	2014 QR	2013 QR
Investments held at fair value through profit or loss		
Quoted shares	**15,869,580**	-
Available-for-sale investments		
Quoted shares	**479,545,678**	263,292,884
Unquoted shares	**70,975,374**	69,843,845
Debt securities with fixed interest rate	**31,560,190**	24,723,823
	597,950,822	357,860,552

The debt securities carry interest at 3% to 6% per annum and has a maturity period of 5 to 10 years. None of these assets had been past due or impaired at the end of the reporting period.

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

	2014 QR	2013 QR
Recognised gains on available-for-sale financial investments	**(30,264,643)**	(26,431,715)
Transfer to statement of income on impairment of available-for-sale financial investments	**3,000,000**	6,613,803
Net movement in fair value of available-for-sale financial investments	**93,106,742**	44,883,103
	65,842,099	25,065,191

9 INSURANCE AND OTHER RECEIVABLES

	2014 QR	2013 QR
Due from policyholders	**64,066,051**	65,757,667
Reinsurers – amounts due in respect of claims paid	**44,431,739**	29,175,813
Advances for the purchase of land plots	**32,104,314**	-
Due from employees	**1,571,524**	1,743,708
Prepayments and others	**2,817,034**	2,271,379
	144,990,662	98,948,567

9 INSURANCE AND OTHER RECEIVABLES (continued)

Due from policyholders comprise a large number of customers mainly within Qatar. Five major customers accounted for 41% of receivables balance as of 31 December 2014 (2013: 37%). Due from policyholders is net of provision for impairment of QR 6,600,000 (2013: QR 3,100,000). Insurance and other receivables are stated net of any required provision and are short term in nature. The reinsurer's shares of claims not paid by the Company at the end of the reporting period are disclosed in Note18.

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

	2014	*2013*
	QR	*QR*
At 1 January	**3,100,000**	1,500,000
Charge for the year (Note 5)	**3,500,000**	1,600,000
At 31 December	**6,600,000**	3,100,000

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

			Past due but not impaired		
	Total	*Neither past due nor impaired*	*<3 months*	*7 – 12 months*	*< 1 year*
	QR	*QR*	*QR*	*QR*	*QR*
2014	**108,497,790**	**62,332,341**	**33,795,017**	**10,069,652**	**2,300,780**
2013	94,933,480	44,212,716	23,463,921	18,812,447	8,444,396

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

10 INVESTMENTS IN ASSOCIATES

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

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

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

Movements in the investment in associates are as follows:

	2014	*2013*
	QR	*QR*
At 1 January	**5,935,730**	5,087,600
Reclassification from financial investments	**1,000,000**	-
	6,935,730	5,087,600
Equity share in net earnings	**4,362,788**	876,829
Cash dividends received	**(3,000,000)**	-
Foreign currency translation difference	**(1,230)**	(28,699)
At 31 December	**8,297,288**	5,935,730

10 INVESTMENTS IN ASSOCIATES (continued)

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

	2014 *QR*	*2013* *QR*
Share in the associates' statement of financial position:		
Total assets	**17,286,805**	9,123,831
Total liabilities	**(5,989,517)**	(3,188,101)
Cash dividends received	**(3,000,000)**	-
Net assets	**8,297,288**	5,935,730

	2014 *QR*	*2013* *QR*
Share in the associates' revenue and results		
Revenues	**7,668,623**	2,192,073
Share of results	**4,362,788**	876,829

The carrying amounts of the investments are as follows:

	2014 *QR*	*2013* *QR*
Yemeni Qatari Insurance Company	**7,176,389**	5,935,730
Qatar Unified Insurance Bureau W.L.L.	**1,120,899**	-
	8,297,288	5,935,730

11 INVESTMENT PROPERTIES

	2014 *QR*	*2013* *QR*
Cost:		
At 1 January	**37,778,044**	37,778,044
Additions	**-**	-
	37,778,044	37,778,044
Accumulated depreciation:		
At 1 January	**12,585,158**	11,208,671
Provided during the year	**1,376,487**	1,376,487
	13,961,645	12,585,158
Net carrying value	**23,816,399**	25,192,886

(i) The fair value of the investment properties as at 31 December 2014 amounting to QR 147,610,238 (2013: QR 129,950,820) which has been arrived at on the basis of a valuation carried out on 30 December 2014 (2013: 31 December 2013) by an independent valuer not related to the Company. The independent valuer is a qualified consultant and has appropriate qualifications and recent experience in the valuation of properties in the relevant locations.

(ii) The Company earned rental income amounting to QR 5,666,816 in 2014 (2013: QR 5,443,593) and this has been reflected in the statement of income. Direct operating expenses of these investment properties amounting to QR 249,684 (2013: QR 264,744) have been reflected as part of rent, maintenance and office expenses.

12 PROPERTY AND EQUIPMENT

	Freehold land QR	*Land QR*	*Buildings QR*	*Furniture and fixtures QR*	*Computers QR*	*Vehicles QR*	*Office equipment QR*	*Total QR*
Cost:								
At 1 January 2014	2,350,000	65,474,510	9,913,384	2,245,216	7,051,626	1,283,460	748,116	89,066,312
Additions	-	-	224,993	167,238	375,195	-	352,575	1,120,001
Disposals	-	-	-	-	-	(305,000)	(15,743)	(320,743)
Reclassification (Note 13)	-	(65,474,510)	-	-	-	-	-	(65,474,510)
At 31 December	2,350,000	-	10,138,377	2,412,454	7,426,821	978,460	1,084,948	24,391,060
Accumulated depreciation:								
At 1 January 2014	-	-	8,111,056	2,026,233	3,650,611	868,202	551,550	15,207,652
Depreciation for the year	-	-	259,686	89,480	1,002,724	188,141	122,085	1,662,116
Disposals	-	-	-	-	-	(183,000)	(15,743)	(198,743)
At 31 December	-	-	8,370,742	2,115,713	4,653,335	873,343	657,892	16,671,025
Net carrying amounts:								
At 31 December 2014	**2,350,000**	**-**	**1,767,635**	**296,741**	**2,773,486**	**105,117**	**427,056**	**7,720,035**

12 PROPERTY AND EQUIPMENT (continued)

	Freehold land QR	*Land QR*	*Buildings QR*	*Furniture and fixtures QR*	*Computers QR*	*Vehicles QR*	*Office equipment QR*	*Total QR*
Cost:								
At 1 January 2013	2,350,000	65,474,510	8,614,503	2,226,219	6,340,227	1,283,460	664,650	86,953,569
Additions	-	-	1,298,881	25,125	812,627	-	86,305	2,222,938
Disposals	-	-	-	(6,128)	(101,228)	-	(2,839)	(110,195)
At 31 December	2,350,000	65,474,510	9,913,384	2,245,216	7,051,626	1,283,460	748,116	89,066,312
Accumulated depreciation:								
At 1 January 2013	-	-	7,901,178	1,937,051	2,661,721	634,310	470,064	13,604,324
Depreciation for the year	-	-	209,878	92,960	1,013,430	233,892	82,915	1,633,075
Disposals	-	-	-	(3,778)	(24,540)	-	(1,429)	(29,747)
At 31 December	-	-	8,111,056	2,026,233	3,650,611	868,202	551,550	15,207,652
Net carrying amounts:								
At 31 December 2013	2,350,000	65,474,510	1,802,328	218,983	3,401,015	415,258	196,566	73,858,660

13 ASSET HELD-FOR-SALE

During the year, the Board resolved to sell the land in Marina Lusail. There is an ongoing negotiation with a prospective buyer and the sale is expected to be completed within one year from the statement of financial position date. At 31 December 2014, the land has been classified as an asset held-for-sale in accordance with IFRS 5, *Non-current assets held for sale and discontinued operations.*

14 SHARE CAPITAL

Authorized, issued and fully paid up share capital of 50,000,000 shares of QR 10 each (2013: 25,740,000 shares of QR 10 each).

	2014	*2013*
	QR	*QR*
	500,000,000	257,400,000

The Board of Directors in its meeting held on 22 October 2013 decided to recommend to the Extraordinary General Assembly meeting of the Company, to increase the share capital from QR 257,400,000 to QR 500,000,000 through a right issue of additional shares.

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

15 LEGAL RESERVE

As required by Qatar Commercial Companies Law No. 5 of 2002, the excess of the nominal amount of the shares issued during the year amounting to QR 193,792,273 has been credited to the legal reserve. The legal reserve is not available for distribution except in circumstances specified in the said law.

During 2014, as a result of the rights issue, the Company's legal reserve exceeds 50% of the share capital. However, in accordance with Qatar Central Bank's Law No. 13 of 2012 as amended, a minimum of 10% of the net profit for the year is required to be transferred to legal reserve until the legal reserve equals 100% of the paid up capital.

Further, the Board of Directors resolved to transfer 20% of the net profits for the year amounting to QR 15,454,501 (2013: 10% of the net profits amounting to QR 6,704,607) to legal reserve.

16 SOCIAL AND SPORTS FUND CONTRIBUTION

During the year, the Company made an appropriation from retained earnings of QR 1,931,813 (2013: QR 1,676,154) to the Social and Sports Activities Fund of Qatar. This amount represents 2.5% of the net profit attributable to shareholders for the year ended 31 December 2014. The appropriation for the year ended 31 December 2013 has been remitted to the Public Revenues and Taxes Department during the year.

17 PROPOSED CASH DIVIDENDS

The Board of Directors decided in its meeting held on 25 January 2015 to propose to the forthcoming General Assembly to approve a cash dividend of 10% of the share capital amounting to QR 1 per share totaling to QR 50,000,000 for the year ended 31 December 2014 (2013: 20% of the share capital amounting to QR 2 per share totaling to QR 51,480,000).

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

18 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS

	2014 *QR*	*2013* *QR*
Gross		
Insurance contract liabilities:		
Claims reported unsettled	**267,817,133**	462,866,401
Claims incurred but not reported	**13,066,165**	10,625,755
Unearned premiums	**207,129,014**	203,382,838
Deferred commissions	**6,323,175**	8,667,457
Total insurance contract liabilities	**494,335,487**	685,542,451
Recoverable from reinsurers:		
Claims reported unsettled	**209,807,828**	409,134,733
Unearned premiums	**156,311,252**	161,298,967
Total insurance contract assets	**366,119,080**	570,433,700
Net		
Claims reported unsettled	**58,009,305**	53,731,668
Claims incurred but not reported	**13,066,165**	10,625,755
Unearned premiums	**50,817,762**	42,083,871
Deferred commissions	**6,323,175**	8,667,457
	128,216,407	115,108,751

Note:

During the year, management decided to change the basis of calculation for unearned premiums from 40% of the net premiums for all insurance classes other than marine cargo insurance to daily pro rata basis. As a result, change in unexpired risk reserve was decreased by QR 1,361,260.

18 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS (continued)

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

	2014			*2013*		
	Gross QR	***Reinsurers' share QR***	***Net QR***	*Gross QR*	*Reinsurers' share QR*	*Net QR*
At 1 January						
Claims	**462,866,401**	**(409,134,733)**	**53,731,668**	617,419,321	(566,681,426)	50,737,895
Claims incurred but not reported	**10,625,755**	**-**	**10,625,755**	10,620,498	-	10,620,498
	473,492,156	**(409,134,733)**	**64,357,423**	628,039,819	(566,681,426)	61,358,393
Insurance claims paid during the year	**(150,595,014)**	**95,424,998**	**(55,170,016)**	(95,042,646)	39,877,136	(55,165,510)
Incurred during the year	**(42,013,844)**	**103,901,907**	**61,888,063**	(59,505,017)	117,669,557	58,164,540
At 31 December	**280,883,298**	**(209,807,828)**	**71,075,470**	473,492,156	(409,134,733)	64,357,423

Analysis of outstanding claims

	2014			*2013*		
	Gross QR	***Reinsurers' share QR***	***Net QR***	*Gross QR*	*Reinsurers' share QR*	*Net QR*
Claims	**267,817,133**	**(209,807,828)**	**58,009,305**	462,866,401	(409,134,733)	53,731,668
Claims incurred but not reported	**13,066,165**	**-**	**13,066,165**	10,625,755	-	10,625,755
At 31 December	**280,883,298**	**(209,807,828)**	**71,075,470**	473,492,156	(409,134,733)	64,357,423

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 Company are included in insurance and other receivables (Note 9).

18 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS (continued)

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 2014

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

18 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS (continued)

Claims development 2013

	Accident years					
	Before 2010	*2010*	*2011*	*2012*	*2013*	*Total*
	QR	*QR*	*QR*	*QR*	*QR*	*QR*
Estimate of cumulative claims						
At end of the accident year	286,207,971	980,596,008	72,724,615	548,127,220	112,490,061	
One year later	285,853,372	993,499,454	79,828,021	393,590,644	-	
Two years later	287,854,980	994,157,250	81,917,908	-	-	
Three years later	290,562,890	994,448,606	-	-	-	
Four years later	320,348,664	-	-	-	-	
Current estimate of cumulative claims	320,348,664	994,448,606	81,917,908	393,590,644	112,490,061	1,902,795,883
Cumulative payments to date	(303,957,112)	(976,497,382)	(67,098,343)	(76,324,362)	(16,052,283)	(1,439,929,482)
Total cumulative claims recognised in the statement of financial position as of 31 December 2013	16,391,552	17,951,224	14,819,565	317,266,282	96,437,778	462,866,401

19 PROVISIONS, INSURANCE AND OTHER PAYABLES

	2014	*2013*
	QR	*QR*
Due to insurance and reinsurance companies	**52,278,421**	39,451,416
Trade payables	**16,845,159**	12,125,979
Dividends payables	**8,334,813**	5,856,706
Staff related accruals	**8,307,594**	6,287,582
Board of Directors' remuneration payable	**5,500,000**	5,000,000
Net surplus attributable to Islamic Takaful policyholders	**5,208,716**	3,536,348
Provision for Social and Sports Fund contribution	**1,931,813**	1,676,154
Accrued expenses	**2,420,197**	1,508,386
	100,826,713	75,442,571

20 EMPLOYEES' END OF SERVICE BENEFITS

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

	2014	*2013*
	QR	*QR*
As at 1 January	**9,862,810**	9,675,081
Provided during the year	**2,456,741**	1,459,684
End of service benefits paid	**(267,383)**	(1,271,955)
	12,052,168	9,862,810

21 BOARD OF DIRECTORS' REMUNERATION

The Board of Directors proposed an amount of QR 4,000,000 as remuneration to the board members for the year 2014 (2013: QR 4,500,000). The above mentioned remuneration is included under general and administrative expenses in the statement of income.

22 SEGMENT INFORMATION

For management purposes, the Company is organized into three business segments, marine and aviation, motor and fire, and general. These segments are the basis on which the Company reports its primary segment information. Other operations of the Company comprise investment and cash management for the Company's own account. There are no transactions between segments.

The data with respect to segment information is disclosed in the Note 4 to the financial statements.

The Company operates in the State of Qatar only. The associate companies operate in the State of Qatar and the Republic of Yemen.

	2014			*2013*		
	Conventional insurace QR	*Takaful insurance QR*	*Total QR*	*Conventional insurance QR*	*Takaful insurance QR*	*Total QR*
Gross premium	**483,058,323**	**50,656,994**	**533,715,317**	471,220,653	45,448,815	516,669,468
Reinsurer's share of gross premiums	**(377,820,196)**	**(25,233,466)**	**(403,053,662)**	(381,075,723)	(29,336,266)	(410,411,989)
Net premiums	**105,238,127**	**25,423,528**	**130,661,655**	90,144,930	16,112,549	106,257,479
Change in unexpired risk reserve	**(4,216,939)**	**(4,516,952)**	**(8,733,891)**	(203,887)	272,507	68,620
Earned insurance premiums	**101,021,188**	**20,906,576**	**121,927,764**	89,941,043	16,385,056	106,326,099
Commissions received	**29,348,907**	**1,361,684**	**30,710,591**	27,764,514	866,080	28,630,594
Change in deferred commissions	**2,642,798**	**(298,516)**	**2,344,282**	1,034,962	(20,617)	1,014,345
Wakalah fee	**5,429,410**	**(5,429,410)**	**-**	3,265,613	(3,265,613)	-
Total underwriting revenues	**138,442,303**	**16,540,334**	**154,982,637**	122,006,132	13,964,906	135,971,038
Claims paid	**(137,212,313)**	**(13,382,701)**	**(150,595,014)**	(84,663,413)	(10,379,233)	(95,042,646)
Reinsurers' share of claims	**91,947,392**	**3,477,606**	**95,424,998**	39,828,529	48,607	39,877,136
Change in outstanding claims reserve	**(2,412,554)**	**(4,305,493)**	**(6,718,047)**	(1,897,641)	(1,101,389)	(2,999,030)
Commission paid	**(6,649,034)**	**(620,234)**	**(7,269,268)**	(4,978,300)	(565,822)	(5,544,122)
Other technical expenses	**(874,686)**	**(36,337)**	**(911,023)**	-	-	-
Total insurance expense	**(55,201,195)**	**(14,867,159)**	**(70,068,354)**	(51,710,825)	(11,997,837)	(63,708,662)
Net underwriting results	**83,241,108**	**1,673,175**	**84,914,283**	70,295,307	1,967,069	72,262,376
Investment and other income	**61,154,410**	**322,312**	**61,476,722**	49,601,710	301,937	49,903,647
Total expenses	**(67,123,015)**	**(323,119)**	**(67,446,134)**	(52,850,941)	(607,265)	(53,458,206)
Profit for the year	**77,272,503**	**1,672,368**	**78,944,871**	67,046,076	1,661,741	68,707,817

22 SEGMENT INFORMATION (continued)

	2014			2013		
	Conventional insurace QR	***Takaful insurance QR***	***Total QR***	*Conventional insurance QR*	*Takaful insurance QR*	*Total QR*
Assets						
Total assets	**1,627,331,288**	**54,512,752**	**1,681,844,040**	1,273,554,995	45,828,677	1,319,383,672
Liabilities						
Insurance contract liabilties	**(459,118,917)**	**(35,216,570)**	**(494,335,487)**	(654,506,538)	(31,035,913)	(685,542,451)
Net surplus attributable to Islamic Takaful policyholders	**-**	**(5,208,716)**	**(5,208,716)**	-	(3,536,348)	(3,536,348)
Liabilties (other than insurance funds)	**(98,582,699)**	**(9,087,466)**	**(107,670,165)**	(75,512,617)	(6,256,416)	(81,769,033)
Net assets	**1,069,629,672**	**5,000,000**	**1,074,629,672**	543,535,840	5,000,000	548,535,840

23 RELATED PARTY TRANSACTIONS

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

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

	2014		*2013*	
	Premiums QR	***Claims QR***	*Premiums QR*	*Claims QR*
Major shareholders	**6,821,640**	**732,621**	6,735,791	724,455

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

	2014		*2013*	
	Receivables QR	***Claims and payables QR***	*Receivables QR*	*Claims and payables QR*
Major shareholders	**1,741,466**	**991,323**	5,042,480	229,353

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

	2014 QR	*2013 QR*
Board of Directors' remuneration	**4,000,000**	4,500,000
Directors' sitting fees	**1,500,000**	300,000
Short-term benefits	**3,888,888**	3,588,000
End of service and other benefits	**4,128,000**	3,840,000
	13,516,888	12,228,000

24 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

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

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

24 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy
As at 31 December 2014, the Company held the following financial instruments measured at fair value. The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1	:	quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2	:	other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3	:	techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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

	31 December 2013 QR	*Level 1 QR*	*Level 2 QR*	*Level 3 QR*
Assets measured at fair value				
Financial investments	327,979,940	263,292,884	64,687,056	-

During the reporting year ending 31 December 2014, 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.

25 RISK MANAGEMENT

The Company, in the normal course of business derives its revenue mainly from assuming and managing insurance and investments. The Company'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 Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors approves the Company's risk management policies and meets regularly. These policies define the Company'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 Company's risk management policies are established to identify and analyse the risks faced by the Company, 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 Company's activities.

25 RISK MANAGEMENT (continued)

Insurance risk
The principal risk the Company 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 Company is to ensure that sufficient reserves are available to cover these liabilities.

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

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

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

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

These contracts are underwritten by reference to the replacement value of the properties and contents insured. The cost of rebuilding properties and obtaining replacement contents and the time taken to restart operation which leads to business interruptions are the main factors that influence the level of claims. The Company has reinsurance cover for such damage to limit total losses by treaty (including Quota share) amounting to QR 150,083,755 (2013: QR 288,444,217) during the year.

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

For motor contracts, the main risks are claims for death and bodily injury and the replacement or repair of vehicles. In recent years, the Company has mainly underwritten comprehensive policies for owners/drivers over 21 years of age. Substantially all of the motor contracts relate to private individuals. The Company has reinsurance cover to limit losses for any individual claim amounting to QR 4,572,975 (2013: QR 3,542,399) during the year.

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

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

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

The underwriting strategy for the marine class of business is to ensure that the policies are well diversified in terms of vessels and shipping routes covered. The Company has entered into reinsurance agreements to limit total losses by treaty (including quota share) amounting to QR 11,036,252 (2013: QR 9,556,197) during the year.

25 RISK MANAGEMENT (continued)

Reinsurance risk
In common with other insurance companies, in order to minimize the financial exposure arising from large claims, the Company 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 Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk.

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

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

Sensitivity of changes in assumption
The Company 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 Company to multiple insurance risks. The Company has adequately reinsured for insurance risks that may involve significant litigation. A 5% change in the average claims ratio will have no material impact on the statement of income.

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

The Company does not enter into derivative transactions.

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

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

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

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

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

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

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

25 RISK MANAGEMENT (continued)

Financial risk (continued)

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

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

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

There is no impact on the Company’s equity.

	Increase/ decrease in basis points	*Effect on profit for the year*
2014	**+25**	**970,498**
	-50	**1,940,996**
2013	+25	325,170
	-50	650,340

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 Company, the maximum credit risk exposure to the Company 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 Company’s exposure to credit risk is limited to the carrying amount of financial assets recognised at the statement of financial position date. Premium receivables comprise a large number of customers mainly within State of Qatar. Five companies account for 41% of the accounts receivable as of 31 December 2014 (2013: 37%). Five reinsurance companies account for 57% of the reinsurance receivables as of 31 December 2014 (2013: 57%).

The Company 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 Company's policy is to deal only with creditworthy counterparties. The Company'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.

25 RISK MANAGEMENT (continued)

Financial risk (continued)

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

	2014 QR	*2013 QR*
Bank balances	**467,299,889**	186,884,514
Reinsurance contract assets	**366,119,080**	570,433,700
Insurance and other receivables	**144,990,662**	98,948,567
	978,409,631	856,266,781

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet obligation as they fall due. The Company'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 Company's operations.

The Company limits its liquidity risk by ensuring bank facilities are available. The Company'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 Company's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

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

2013	*Less than 6 months QR*	*6 to 12 months QR*	*1 to 5 years QR*	*No term QR*	*Total QR*
Insurance contract liabilities	212,050,295	-	-	473,492,156	685,542,451
Provisions, insurance and other payables	75,442,571	-	-	-	75,442,571
Total	287,492,866	-	-	473,492,156	760,985,022

25 RISK MANAGEMENT (continued)

Equity price risks

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

The Company 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:

		2014		*2013*	
	Changes in variables	***Impact on profit QR***	***Impact on other comprehensive income QR***	*Impact on profit QR*	*Impact on other comprehensive income QR*
Available-for-sale investments	+10%	**1,586,958**	**58,208,124**	-	35,786,055
Available-for-sale investments	-10%	**(1,586,958)**	**(58,208,124)**	-	35,786,055

Capital management

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

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

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

26 COMMITMENTS AND CONTINGENCIES

Guarantees

At 31 December, the Company had contingent liabilities in respect of tender guarantees and other guarantees from which it is anticipated that no material liabilities will arise, amounting to QR 2,904,885 (2013: QR 1,442,535).

Legal claims

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

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

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

(i) Statement of financial position for the year

	2014 *QR*	*2013* *QR*
PARTICIPANTS' OPERATIONS ASSETS		
Cash on hand	**5,193**	5,000
Bank balances (Islamic banks)	**28,784,825**	23,454,784
Reinsurance contract assets	**7,865,023**	12,805,327
Due from policyholders	**8,236,333**	5,270,702
Due from insurance and reinsurance companies	**9,324,041**	3,291,790
Prepayments and other assets	**30,081**	852,030
Property and equipment	**267,256**	149,044
TOTAL ASSETS	**54,512,752**	45,828,677
PARTICIPANTS' FUNDS AND LIABILITIES		
Participants' fund		
Participants' account	**10,208,716**	8,536,348
Liabilities		
Insurance contract liabilities	**35,216,570**	34,512,881
Provisions, insurance and other payables	**9,087,466**	2,779,448
Total liabilities	**44,304,036**	37,292,329
TOTAL PARTICIPANTS' FUND AND LIABILITIES	**54,512,752**	45,828,677

(ii) Statement of income for the year

	2014 *QR*	*2013* *QR*
PARTICIPANTS' REVENUES AND EXPENSES		
REVENUE		
Net Takaful revenue	**1,673,175**	1,967,069
Other income	**322,312**	301,937
	1,995,487	2,269,006
EXPENSES		
General and administrative expenses	**(323,119)**	(543,257)
Depreciation expense	**-**	(64,008)
TOTAL TAKAFUL EXPENSES	**(323,119)**	(607,265)
NET SURPLUS FOR THE YEAR TRANSFERRED TO PARTICIPANTS' FUND	**1,672,368**	1,661,741