

**Qatar General Insurance and
Reinsurance Company S.A.Q.**

**INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

30 JUNE 2012

Qatar General Insurance and Reinsurance Company S.A.Q.

Interim condensed consolidated financial information

As at and for six month period ended 30 June 2012

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF QATAR GENERAL INSURANCE & REINSURANCE COMPANY S.A.Q.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Qatar General Insurance and Reinsurance Company S.A.Q. (the “Company”) and its subsidiaries, (together referred to as the “Group”), as at 30 June 2012, comprising of the interim consolidated statement of financial position as at 30 June 2012 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended and the related explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 – *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Other Matters

The interim condensed consolidated financial statements of the Group as at 30 June 2011 were reviewed and the consolidated financial statements as at 31 December 2011 were audited by another auditor, whose reports dated 24 July 2011 and 1 February 2012, respectively, expressed unmodified review and audit opinions on those consolidated financial statements.

Ziad Nader
of Ernst & Young
Auditor's Registration No. 258

Date: 24 July 2012
Doha

Qatar General Insurance and Reinsurance Company S.A.Q.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	<i>Notes</i>	30 June 2012 QR '000 (Reviewed)	31 December 2011 QR '000 (Audited)
ASSETS			
Cash and cash equivalents	3	72,670	149,790
Statutory deposits		6,000	6,000
Insurance and other receivables	4	337,063	281,364
Due from related parties	5 (a)	168,144	136,346
Reinsurance contract assets	6	410,638	369,544
Investments – held for trading	7	136,764	157,493
Investments – available-for-sale	7	867,715	891,320
Investment properties	8	1,963,846	1,857,446
Equity accounted investees		241,421	215,606
Takaful participants' assets	9	169,899	114,113
Property and equipment		101,825	103,946
TOTAL ASSETS		4,475,985	4,282,968
LIABILITIES AND EQUITIES			
LIABILITIES			
Accounts payable		195,395	157,412
Insurance contract liabilities	6	612,056	532,930
Loans and borrowings	10	776,896	631,111
Other liabilities		179,886	247,477
Employees' end of service benefits		20,753	20,073
Due to related parties	5 (b)	25,310	31,716
Takaful fund and participants' liabilities	9	169,899	114,113
Total liabilities		1,980,195	1,734,832
EQUITY			
Share capital		501,271	447,563
Legal reserve		117,843	100,811
Fair value reserve		526,899	578,446
Revaluation reserve		77,355	77,355
Foreign currency translation reserve		(23,297)	(16,537)
Cash flow hedge reserve		(53,466)	(49,752)
Retained earnings		1,348,169	1,409,516
Equity attributable to owners of the Parent		2,494,774	2,547,402
Non-controlling interest		1,016	734
Total equity		2,495,790	2,548,136
TOTAL LIABILITIES AND EQUITY		4,475,985	4,282,968

.....
Sheikh Nasser Bin Ali Bin Saud Al Thani
Chairman and Managing Director

.....
Member of the Board

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

Qatar General Insurance and Reinsurance Company S.A.Q.

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the Six Months Ended 30 June 2012

	Notes	Six Months Period Ended	
		30 June 2012 QR '000 (Reviewed)	30 June 2011 QR '000 (Reviewed)
Gross premiums		297,233	262,656
Premiums ceded to reinsurers		(176,679)	(144,575)
Net premiums		120,554	118,081
Movement in unearned premiums	6	(22,603)	(12,307)
Net earned premiums		97,951	105,774
Net commission income		16,358	12,161
Other income – technical		145	189
Total underwriting revenues		114,454	118,124
Gross claims paid		(99,099)	(128,353)
Claims ceded to reinsurers		45,281	55,498
Movement in outstanding claims and IBNR	6	(15,429)	14,582
Net claims incurred		(69,247)	(58,273)
NET UNDERWRITING REVENUES	11	45,207	59,851
Investment income	11	65,774	87,765
Other income		17,391	7,157
TOTAL INCOME		128,372	154,773
Finance costs		(7,280)	(22,022)
General and administrative expenses	11	(53,234)	(56,521)
NET PROFIT FOR THE PERIOD	11	67,858	76,230
Net profit attributable to:			
Equity holders of the Company		67,576	76,225
Non-controlling interests		282	5
		67,858	76,230
Basic and diluted earnings per share	12	1.35	1.52

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

Qatar General Insurance and Reinsurance Company S.A.Q.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Six Months Ended 30 June 2012

	<i>Six Months Period Ended</i>	
	30 June 2012 QR '000 (Reviewed)	30 June 2011 QR '000 (Reviewed)
Net profit for the period	67,858	76,230
Other comprehensive income		
Foreign currency translation difference – foreign operations	(6,760)	7,408
Net changes in fair value of available-for-sale financial assets	(58,347)	(19,762)
Net changes in fair value of available-for-sale financial assets reclassified to profit or loss	6,800	(21,490)
Effective portion of changes in fair value of cash flow hedges	(3,714)	-
Other comprehensive income for the period	(62,021)	(33,844)
Total comprehensive income for the period	5,837	42,386
Comprehensive income attributable to:		
Owners of the Parent	5,555	42,381
Non-controlling interests	282	5
Total comprehensive income for the period	5,837	42,386

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

Qatar General Insurance and Reinsurance Company S.A.Q.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended 30 June 2012

	<i>Share Capital QR '000</i>	<i>Legal reserve QR '000</i>	<i>Fair value reserve QR '000</i>	<i>Revaluation reserve QR '000</i>	<i>Foreign currency translation reserve QR '000</i>	<i>Cash flow hedge reserve QR '000</i>	<i>Retained earnings QR '000</i>	<i>Total QR '000</i>	<i>Non- controlling interests QR '000</i>	<i>Total equity QR '000</i>
Balance at 1 January 2012 (Audited)	447,563	100,811	578,446	77,355	(16,537)	(49,752)	1,409,516	2,547,402	734	2,548,136
Profit attributable to shareholders	-	-	-	-	-	-	67,858	67,858	-	67,858
Other comprehensive income for the period	-	-	(51,547)	-	(6,760)	(3,714)	-	(62,021)	-	(62,021)
Total comprehensive income for the period	-	-	(51,547)	-	(6,760)	(3,714)	67,858	5,837	-	5,837
Issue of bonus shares-2011 (Note 13)	53,708	-	-	-	-	-	(53,708)	-	-	-
Dividends paid for 2011 (Note 13)	-	-	-	-	-	-	(58,183)	(58,183)	-	(58,183)
Transfer to legal reserve	-	17,032	-	-	-	-	(17,032)	-	-	-
Net movement in non-controlling interests	-	-	-	-	-	-	(282)	(282)	282	-
Balance at 30 June 2012 (Reviewed)	501,271	117,843	526,899	77,355	(23,297)	(53,466)	1,348,169	2,494,774	1,016	2,495,790

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

Qatar General Insurance and Reinsurance Company S.A.Q.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended 30 June 2011

	<i>Share Capital QR '000</i>	<i>Legal reserve QR '000</i>	<i>Fair value reserve QR '000</i>	<i>Revaluation surplus QR '000</i>	<i>Foreign currency translation reserve QR '000</i>	<i>Retained earnings QR '000</i>	<i>Total QR '000</i>	<i>Non- controlling interests QR '000</i>	<i>Total equity QR '000</i>
Balance at 1 January 2011 (Audited)	319,688	88,867	581,469	77,355	(13,065)	1,431,465	2,485,779	414	2,486,193
Profit attributable to shareholders	-	-	-	-	-	76,225	76,225	-	76,225
Other comprehensive income for the period	-	-	(41,252)	-	7,408	-	(33,844)	-	(33,844)
Total comprehensive income for the period	-	-	(41,252)	-	7,408	76,225	42,381	-	42,381
Issue of bonus shares-2010 (Note 13)	127,875	-	-	-	-	(127,875)	-	-	-
Dividends paid for 2010 (Note 13)	-	-	-	-	-	(47,953)	(47,953)	-	(47,953)
Transfer to legal reserve	-	11,944	-	-	-	(11,944)	-	-	-
Net movement in non-controlling interests	-	-	-	-	-	-	-	85	85
Balance at 30 June 2011 (Reviewed)	447,563	100,811	540,217	77,355	(5,657)	1,319,918	2,480,207	499	2,480,706

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

Qatar General Insurance and Reinsurance Company S.A.Q.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the Six Months Ended 30 June 2012

	<i>Six Months Period Ended</i>	
	<i>30 June 2012 QR '000 (Reviewed)</i>	<i>30 June 2011 QR '000 (Reviewed)</i>
<i>Notes</i>		
OPERATING ACTIVITIES		
Net profit for the period	67,858	76,230
Adjustments for:		
Depreciation and amortisation	2,607	1,543
Finance costs	7,280	22,022
Gain on sale of financial investments	(6,836)	(24,467)
Revaluation loss (gain) on held-for-trading securities	14,301	(11,493)
Share of profit of equity-accounted investees	(25,453)	(2,507)
Operating income before changes in operating assets and liabilities:	59,757	61,328
Due from related parties	(29,124)	(8,351)
Insurance and other receivables	(55,699)	(4,131)
Reinsurance contract assets	(41,094)	13,146
Insurance contract liabilities	79,128	(15,421)
Accounts payable	37,981	16,035
Other liabilities	(70,625)	(10,682)
Due to related parties	(6,406)	(4,404)
Net cash (used) from operating activities	(26,082)	47,520
INVESTING ACTIVITIES		
Acquisition of property and equipment	(486)	(637)
Purchase of financial investments	(51,273)	(70,847)
Investment in equity-accounted investees	(12,296)	(7,814)
Proceed from sale of financial investments	36,595	34,036
Acquisition of investment properties	(106,400)	(94,969)
Dividends from equity-accounted investees	2,500	4,334
Net cash used in investing activities	(131,360)	(135,897)
FINANCING ACTIVITIES		
Dividends paid	(58,183)	(47,953)
Finance costs paid	(7,280)	(22,022)
Movement in loans and borrowings	145,785	154,159
Net movement in non-controlling interest	-	80
Net cash used in financing activities	80,322	84,264
NET DECREASE IN CASH AND CASH EQUIVALENTS	(77,120)	(4,113)
Cash and cash equivalents at the beginning of the period	149,790	54,402
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3	72,670
		50,289

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

Qatar General Insurance and Reinsurance Company S.A.Q.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Six Month Period Ended 30 June 2012

1 CORPORATE INFORMATION

Qatar General Insurance and Reinsurance Company S.A.Q. (“the Company”) is a public shareholding company incorporated by Emiri Decree No. 52 of 1978 under commercial registry number 7200 and governed by the provisions of the Qatar Commercial Companies Law 2 of 2002. The Company and its subsidiaries (together referred to as “the Group”) are engaged in the business of general insurance including Islamic takaful insurance, reinsurance, real estate and investment management. The shares of the Group are listed in Qatar Exchange.

The Company has seven local branches in Qatar and one overseas branch in United Arab Emirates (in Dubai). The consolidated financial statements incorporate the financial information of the Company and its subsidiaries and the Group’s interest in the associates. The subsidiaries are:

Name of the subsidiary	Ownership	Country of incorporation	Principal activities
Qatar General Holding Company S.P.C.	100%	State of Qatar	Primarily engaged in managing investment portfolio of the Group
General Takaful Company S.P.C.	100%	State of Qatar	Primarily engaged in Islamic insurance
General Real Estate Company S.P.C.	100%	State of Qatar	Primarily engaged in real estate business
World Trade Center S.P.C.	100%	State of Qatar	Official authorised licensee of World Trade Center Association.
Mazoon Real Estate Company W.L.L.	50%	State of Qatar	Owning and development of property and real estate business
Arab Danish Dairy W.L.L.	60%	State of Qatar	Manufacturing and processing of dairy products

These interim condensed consolidated financial statements of the Group for the six months period ended 30 June 2012 were authorized for issue by the Board of Directors on 24 July 2012.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2012 have been prepared in accordance with IAS 34 “Interim Financial Reporting” (“IAS 34”) and have been presented in Qatar Riyals which is the Company’s functional and presentation currency and all values are rounded to the nearest thousands (QR’ 000) except where otherwise indicated.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group’s annual financial statements as at 31 December 2011. In addition, results for the six months ended 30 June 2012 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2012.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2011.

Group financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2011.

Qatar General Insurance and Reinsurance Company S.A.Q.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Six Month Period Ended 30 June 2012

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.2 Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011, except for the adoption of new standards and interpretations as of 1 January 2012, as noted below:

During the period, the Group has adopted the following standards effective for the annual period beginning on or after 1 January 2012.

IFRS 7 Financial Instruments (Disclosures)

The amendment requires additional quantitative and qualitative disclosures relating to transfers of financial assets, when:

- Financial assets are derecognised in their entirety, but the entity has a continuing involvement in them (e.g., options or guarantees on the transferred assets)
- Financial assets are not derecognised in their entirety

The amended disclosures are more extensive and onerous than previous disclosures. This amendment did not have any impact on the Group.

The following amendments to standards became effective in 2012, but did not have any impact on the accounting policies, financial position or performance of the Group.

Standard/ Interpretation

Content

IAS 12	Income Taxes – Tax recovery of underlying assets (Amendment)
IFRS 1	First-time adoption – Severe hyperinflation and removal of fixed dates for first time adopters (Amendment)

The Group is currently considering the implications of the new IFRSs which are effective for future accounting periods and has not early adopted any of the new Standards as listed below:

Standard/ Interpretation

Content

Effective date

IFRS 9	Financial Instruments: Classification & Measurement (Part 1)	1 January 2015
IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
IAS 1	Presentation of Items of Other Comprehensive Income (Amendment)	1 January 2013
IAS 19	Employee Benefits (Revised)	1 January 2013

Qatar General Insurance and Reinsurance Company S.A.Q.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Month Period Ended 30 June 2012

3 CASH AND CASH EQUIVALENTS

	<i>30 June 2012 QR '000 (Reviewed)</i>	<i>31 December 2011 QR '000 (Audited)</i>
Cash on hand	178	205
Cash at bank	72,492	149,585
	72,670	149,790

4 INSURANCE AND OTHER RECEIVABLES

	<i>30 June 2012 QR '000 (Reviewed)</i>	<i>31 December 2011 QR '000 (Audited)</i>
Due from policyholders	178,993	147,417
Due from insurance /reinsurance companies	103,807	85,584
Impairment allowance for doubtful receivables	(42,601)	(42,601)
Insurance contract receivables	240,199	190,400
Staff loans	1,122	1,110
Advance paid to construction contractor	11,292	20,664
Prepayments and others	88,452	73,192
Impairment allowance for doubtful receivables	(4,002)	(4,002)
	337,063	281,364

5 RELATED PARTY DISCLOSURES

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

	<i>30 June 2012 QR '000 (Reviewed)</i>	<i>31 December 2011 QR '000 (Audited)</i>
a) Due from related parties:		
Trust Bank Algeria	109,688	80,123
Trust Algeria Investment Company	27,043	26,770
Trust Insurance Company – Amman	22,366	20,945
Gulf Petroleum Limited W.L.L.	3,699	3,670
Trust Algeria Assurances and Reassurances	3,641	3,641
Al Sari Trading Company	580	580
Nest Investments	430	220
Trust Insurance Company – Bahrain	427	127
Trust Syria Insurance Company S.A.S.C.	270	270
	168,144	136,346

Qatar General Insurance and Reinsurance Company S.A.Q.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Six Month Period Ended 30 June 2012

5 RELATED PARTY DISCLOSURES (continued)

	<i>30 June 2012 QR '000 (Reviewed)</i>	<i>31 December 2011 QR '000 (Audited)</i>
b) Due to related parties:		
Trust Insurance Company	25,113	31,716
International Financial Securities Q.S.C.	197	-
	25,310	31,716

c) Compensation of key management personnel

The remuneration of key management personnel during the period are as follows:

	<i>Six Months Period Ended</i>	
	<i>30 June 2012 QR '000 (Reviewed)</i>	<i>30 June 2011 QR '000 (Reviewed)</i>
Salaries and other short-term benefits	9,460	10,532
End of service benefits	59	182
	9,519	10,714

6 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS

	<i>30 June 2012 QR '000 (Reviewed)</i>	<i>31 December 2011 QR '000 (Audited)</i>
Gross insurance contract liabilities		
Claims reported but outstanding	337,939	325,286
Claims incurred but not reported	49,209	44,379
Unearned premiums	224,908	163,265
	612,056	532,930
Reinsurers' share of insurance contract liabilities		
Claims reported but outstanding	269,392	267,338
Claims incurred but not reported	22,704	22,704
Unearned premiums	118,542	79,502
	410,638	369,544
Net insurance contract liabilities		
Claims reported but outstanding	68,547	57,948
Claims incurred but not reported	26,505	21,675
Unearned premiums	106,366	83,763
	201,418	163,386

Qatar General Insurance and Reinsurance Company S.A.Q.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Six Month Period Ended 30 June 2012

6 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS
(continued)

Movements in claims provision during the period/year are as follows:

	30 June 2012 <i>(Reviewed)</i>			31 December 2011 <i>(Audited)</i>		
	<i>Insurance contract liabilities</i> <i>QR '000</i>	<i>Reinsurance of insurance contract liabilities</i> <i>QR '000</i>	<i>Net</i> <i>QR '000</i>	<i>Insurance contract liabilities</i> <i>QR '000</i>	<i>Reinsurance of insurance contract liabilities</i> <i>QR '000</i>	<i>Net</i> <i>QR '000</i>
At 1 January	369,665	(290,042)	79,623	389,524	(289,860)	99,664
Movements during the period / year	17,483	(2,054)	15,429	(19,859)	(182)	(20,041)
At 30 June / 31 December	387,148	(292,096)	95,052	369,665	(290,042)	79,623

Movement in provision for unearned premiums during the period/year are as follows:

	30 June 2012 <i>(Reviewed)</i>			31 December 2011 <i>(Audited)</i>		
	<i>Insurance contract liabilities</i> <i>QR '000</i>	<i>Reinsurance of insurance contract liabilities</i> <i>QR '000</i>	<i>Net</i> <i>QR '000</i>	<i>Insurance contract liabilities</i> <i>QR '000</i>	<i>Reinsurance of insurance contract liabilities</i> <i>QR '000</i>	<i>Net</i> <i>QR '000</i>
At 1 January	163,265	(79,502)	83,763	208,910	(112,482)	96,428
Premiums written during the period	297,231	(176,680)	120,551	471,325	(285,156)	186,169
Premiums earned during the period / year	(235,588)	137,640	(97,948)	(516,970)	318,136	(198,834)
Net movements	61,643	(39,040)	22,603	(45,645)	32,980	(12,665)
At 30 June / 31 December	224,908	(118,542)	106,366	163,265	(79,502)	83,763

Qatar General Insurance and Reinsurance Company S.A.Q.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Six Month Period Ended 30 June 2012

7 INVESTMENT IN SECURITIES

The carrying amounts of investments were as follows:

	<i>30 June 2012 QR '000 (Reviewed)</i>	<i>31 December 2011 QR '000 (Audited)</i>
Held for trading investments		
Quoted shares	136,764	148,268
Bonds – debt instruments	-	9,225
	136,764	157,493
Available-for-sale investments		
Local portfolio – quoted	688,429	740,286
Local portfolio – unquoted	2,920	2,920
Foreign shares	25,056	30,302
Managed funds	31,616	33,047
Bonds – debt instruments	119,694	84,765
	867,715	891,320
	1,004,479	1,048,813

8 INVESTMENT PROPERTIES

	<i>30 June 2012 QR '000 (Reviewed)</i>	<i>31 December 2011 QR '000 (Audited)</i>
Investment properties	1,405,669	1,405,669
Investment properties under construction	558,177	451,777
	1,963,846	1,857,446

The movement in investment properties is as follows:

	<i>30 June 2012 QR '000 (Reviewed)</i>	<i>31 December 2011 QR '000 (Audited)</i>
Balance at 1 January	1,857,446	1,667,832
Change in fair value	-	30,376
Addition to investment property under construction	106,400	305,229
Reclassification made during the period / year	-	(3,303)
Transfer of investment property to property and equipment	-	(84,352)
Disposal	-	(58,336)
	1,963,846	1,857,446

The policy of the management is to revalue the investment properties at each financial period end. The management of the Group believes that the fair values of the investment properties as at 31 December 2011 approximates to the fair values as of 30 June 2012.

Qatar General Insurance and Reinsurance Company S.A.Q.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Month Period Ended 30 June 2012

9 TAKAFUL PARTICIPANTS' FUND ACCOUNTS

Statement of financial position – policyholders

	<i>30 June 2012 QR '000 (Reviewed)</i>	<i>31 December 2011 QR '000 (Audited)</i>
ASSETS		
Cash and bank balances	92,100	55,022
Due from a related party	1,284	1,584
Insurance contract receivables	32,241	23,248
Reinsurance contract assets	16,660	8,107
Other receivables	2,822	1,247
Furniture and equipment	1,287	728
Available-for-sale investments	23,505	24,177
	169,899	114,113
LIABILITIES		
Accounts payable	15,548	14,789
Insurance contract liabilities	113,719	66,817
Other payables	38,424	18,045
Fair value reserve	(1,218)	(96)
	166,473	99,555
Surplus for the period / year	3,426	14,558
	169,899	114,113

Qatar General Insurance and Reinsurance Company S.A.Q.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Six Month Period Ended 30 June 2012

9 TAKAFUL PARTICIPANTS' FUND ACCOUNTS (continued)

Statement of policyholders' revenues and expenses

	<i>Six Months Period Ended</i>	
	<i>30 June 2012 QR '000 (Reviewed)</i>	<i>30 June 2011 QR '000 (Reviewed)</i>
Gross contributions	78,630	75,918
Reinsurance cessions	(11,816)	(15,183)
Wakala fee	(15,726)	(14,485)
Retained premium	51,088	46,250
Unearned premium adjustment	(26,024)	(3,634)
Net commission income	(231)	1,502
Other income – technical	97	206
Net contributions	24,930	44,324
Claims paid	(28,129)	(47,414)
Claims recovered	3,918	7,263
Outstanding claims adjustment	(12,325)	(4,046)
Net claims	(36,536)	(44,197)
Insurance revenue	(11,606)	127
Other income	474	552
(Deficit) surplus for the period	(11,132)	679

10 LOANS AND BORROWINGS

	<i>30 June 2012 QR '000 (Reviewed)</i>	<i>31 December 2011 QR '000 (Audited)</i>
Loans and borrowings – long term	781,611	636,140
Unamortised transaction cost associated with raising finance (i)	(4,715)	(5,029)
	776,896	631,111

Notes

- (i) The transaction costs represents cost incurred for arranging the loan facility and are amortised over the term of the loans.

Qatar General Insurance and Reinsurance Company S.A.Q.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Month Period Ended 30 June 2012

11 OPERATING SEGMENTS

	<i>Insurance</i>				<i>Total insurance</i> QR '000	<i>Investments</i> QR '000	<i>Real estate</i> QR '000	<i>Others</i> QR '000	<i>30 June 2012 (Reviewed)</i> QR '000
	<i>General accident</i> QR '000	<i>Fire</i> QR '000	<i>War and machine</i> QR '000	<i>Engineering and others</i> QR '000					
Gross premiums	103,278	13,967	15,134	164,854	297,233	-	-	-	297,233
Premiums ceded to reinsurers	(6,863)	(12,230)	(13,044)	(144,542)	(176,679)	-	-	-	(176,679)
Net premiums	96,415	1,737	2,090	20,312	120,554	-	-	-	120,554
Movement in unearned premiums	(20,894)	(795)	4	(918)	(22,603)	-	-	-	(22,603)
Net earned premiums	75,521	942	2,094	19,394	97,951	-	-	-	97,951
Net commission income	(1,127)	3,554	2,164	11,767	16,358	-	-	-	16,358
Other income – technical	217	(12)	13	(73)	145	-	-	-	145
Net claims incurred	(61,517)	(834)	(1,024)	(5,872)	(69,247)	-	-	-	(69,247)
Net underwriting revenues	13,094	3,650	3,247	25,216	45,207	-	-	-	45,207
Finance costs	-	-	-	-	(2,343)	(4,937)	-	-	(7,280)
Share of profit of equity-accounted investees	-	-	-	-	381	25,072	-	-	25,453
Income from other investments	-	-	-	-	16,586	17,480	6,255	-	40,321
Other income	-	-	-	-	17,065	326	-	-	17,391
Depreciation	-	-	-	-	(1,779)	-	(828)	-	(2,607)
General and administrative expenses	-	-	-	-	-	-	-	(50,627)	(50,627)
Total	13,094	3,650	3,247	25,216	75,117	37,941	5,427	(50,627)	67,858

Qatar General Insurance and Reinsurance Company S.A.Q.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Month Period Ended 30 June 2012

11 OPERATING SEGMENTS (continued)

	<i>Insurance</i>				<i>Total insurance</i> QR '000	<i>Investments</i> QR '000	<i>Real estate</i> QR '000	<i>Others</i> QR '000	<i>30 June 2011 (Reviewed)</i> QR '000
	<i>General accident</i> QR '000	<i>Fire</i> QR '000	<i>War and machine</i> QR '000	<i>Engineering and others</i> QR '000					
Gross premiums	98,317	10,410	8,811	145,118	262,656	-	-	-	262,656
Premiums ceded to reinsurers	(5,445)	(9,345)	(6,632)	(123,153)	(144,575)	-	-	-	(144,575)
Net premiums	92,872	1,065	2,179	21,965	118,081	-	-	-	118,081
Movement in unearned premiums	(21,596)	(435)	432	9,292	(12,307)	-	-	-	(12,307)
Net earned premiums	71,276	630	2,611	31,257	105,774	-	-	-	105,774
Net commission income	(335)	2,346	1,570	8,580	12,161	-	-	-	12,161
Other income – technical	168	2	15	4	189	-	-	-	189
Net claims incurred	(48,566)	1,611	(477)	(10,841)	(58,273)	-	-	-	(58,273)
Net underwriting revenue	22,543	4,589	3,719	29,000	59,851	-	-	-	59,851
Finance costs	-	-	-	-	(1,146)	(13,595)	(7,281)	-	(22,022)
Share of profit of equity-accounted investees	-	-	-	-	-	2,507	-	-	2,507
Income from other investments	-	-	-	-	-	78,101	7,157	-	85,258
Other income	-	-	-	-	-	-	-	7,157	7,157
Depreciation	-	-	-	-	(1,431)	(112)	-	-	(1,543)
General and administrative expenses	-	-	-	-	-	-	-	(54,978)	(54,978)
Net profit for the period	22,543	4,589	3,719	29,000	57,274	66,901	(124)	(47,821)	76,230

Qatar General Insurance and Reinsurance Company S.A.Q.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Month Period Ended 30 June 2012

11 OPERATING SEGMENTS (continued)

30 June 2012					
<i>(Reviewed)</i>					
	<i>Conventional insurance QR '000</i>	<i>Islamic insurance QR '000</i>	<i>Investments QR '000</i>	<i>Real estate QR '000</i>	<i>Total QR '000</i>
Assets					
Total assets	1,371,044	215,640	833,594	2,055,707	4,475,985
Liabilities					
Insurance funds	(612,058)	(113,719)	-	-	(725,777)
Liabilities (other than insurance funds)	(735,288)	(63,702)	(11,972)	(443,456)	(1,254,418)
Net assets	23,698	38,219	821,622	1,612,251	2,495,790
31 December 2011					
<i>(Audited)</i>					
	<i>Conventional insurance QR '000</i>	<i>Islamic insurance QR '000</i>	<i>Investments QR '000</i>	<i>Real estate QR '000</i>	<i>Total QR '000</i>
Assets					
Total assets	1,345,572	143,482	832,964	1,960,950	4,282,968
Liabilities					
Insurance funds	(532,930)	(66,817)	-	-	(599,747)
Liabilities (other than insurance funds)	(712,766)	(47,300)	(11,842)	(363,177)	(1,135,085)
Net assets	99,876	29,365	821,122	1,597,773	2,548,136

Qatar General Insurance and Reinsurance Company S.A.Q.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Six Month Period Ended 30 June 2012

12 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the period by weighted average number of ordinary shares outstanding as at the statement of financial position date. The basic and diluted earnings per share are the same as there are no dilutive effects on earnings.

	<i>Six Months Period Ended</i>	
	<i>30 June 2012 QR '000 (Reviewed)</i>	<i>30 June 2011 QR '000 (Reviewed) (Restated)</i>
Profit for the period	67,576	76,225
Weighted average number of shares (in '000s)	50,127	50,127
Earnings per QR 10 per share (in Qatar Riyal)	1.35	1.52

13 DIVIDEND PAID

A final dividend, amounting to QR 58,183,000 for the year 2011 (2010: QR 47,953,200) along with a bonus share of 12% of the share capital for the year ended 31 December 2011, totalling to 53,707,500 shares (2010: 25%) has been approved at the Annual General Meeting on 13 March 2012. The same has been paid and distributed by the Group during the period.

14 CONTINGENT LIABILITIES AND CONTRACT COMMITMENTS

Contingent liabilities:

	<i>30 June 2012 QR '000 (Reviewed)</i>	<i>31 December 2011 QR '000 (Audited)</i>
Letters of guarantee	3,113	2,654

Contract commitments:

The Group had entered into a construction contract for the construction of World Trade Centre Tower in State of Qatar. The total contract commitment is QR 520 million, of which QR 407 million (31 December 2011: QR 313.36 million) has been paid as at the reporting date. The outstanding commitment as at the reporting date amounted to QR 113 million (31 December 2011: QR 206.64 million).