

**Qatar General Insurance
& Reinsurance Company QPSC**

**INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

30 JUNE 2017

INDEPENDENT AUDITOR'S REVIEW REPORT

**TO THE BOARD OF DIRECTORS,
QATAR GENERAL INSURANCE & REINSURANCE COMPANY- Q.P.S.C.
DOHA – QATAR**

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of **Qatar General Insurance & Reinsurance Company - Q.P.S.C.** (the “**Company**”) and its subsidiaries (together referred to as “the Group”), comprising the interim consolidated statement of financial position as of June 30, 2017 and the related interim consolidated statements of profit or loss and comprehensive income for the three month and six month period ended June 30, 2017 and the interim consolidated statement of changes in equity and the interim consolidated statement of 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 Accounting Standard (IAS 34) – “Interim Financial Reporting”. 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 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 and consequently 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 – “Interim Financial Reporting”.

Other Matters

The consolidated financial statements of the group for the year ended December 31, 2016 and the interim condensed consolidated financial statements for the three month and six month period ended June 30, 2016 were audited and were reviewed by other auditors whose reports dated March 19, 2017 and July 31, 2016 expressed an unqualified audit opinion and an unmodified review conclusion on those consolidated financial statements and interim condensed consolidated financial statements respectively.

Rödl & Partner

Middle East

Certified Public Accountants


Hikmat Mukhaimer, FCCA (UK)

License No. 297

QFMA Registration Auditor's No. 120151



Doha – Qatar

July 19, 2017

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Qatar General Insurance & Reinsurance Company QPSC


INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

		30 June 2017	31 December 2016
	Notes	QR '000 (Unaudited)	QR '000 (Audited)
Assets			
Property and equipment		121,813	104,013
Investment properties	3	6,164,072	6,064,376
Investment in associates		370,646	345,225
Financial assets:			
Available-for-sale financial assets		919,162	1,016,777
Financial assets at fair value through profit or loss		133,579	164,129
Receivables from related parties	12 (b)	127	252
Insurance receivables		258,421	234,089
Reinsurance assets	8	793,889	779,723
Takaful participants' assets	4 (a)	313,317	296,495
Other assets		294,542	243,009
Cash and bank balances	5	147,202	303,287
Total assets		9,516,770	9,551,375
Equity and liabilities			
Equity			
Issued share capital	6	875,067	875,067
Retained earnings		4,329,795	4,421,367
Legal reserve		558,904	558,904
Revaluation reserves		421,968	512,599
Equity attributable to equity holders of the Parent		6,185,734	6,367,937
Non-controlling interests		41,019	41,122
Total equity		6,226,753	6,409,059
Liabilities			
Insurance contract liabilities	8	1,068,839	1,038,757
Financial liabilities:			
Loans and borrowings		1,486,397	1,270,651
Derivative financial instruments		15,824	19,820
Payables to related parties	12 (b)	18,403	81,992
Insurance payables		252,033	231,279
Employees' end-of-service benefits		39,657	37,744
Takaful participants' liabilities	4 (a)	313,317	296,495
Other liabilities		95,547	165,578
Total liabilities		3,290,017	3,142,316
Total equity and liabilities		9,516,770	9,551,375

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 Nasser Bin Ali Bin Saud Al Thani
 Chairman and Managing Director

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 Jamal Kamel Abu Nahl
 Chief Executive Officer

The attached notes 1 to 15 form an integral part of these interim condensed consolidated financial statements.

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Qatar General Insurance & Reinsurance Company QPSC
INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the Six Months Ended 30 June 2017

	Notes	Three months ended		Six months ended	
		30 June 2017	30 June 2016	30 June 2017	30 June 2016
		QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)
Gross written premiums	8 (b)	133,884	162,571	300,158	344,436
Change in unearned premiums provision		19,530	(4,818)	22,512	(47,209)
Gross earned premiums	8 (b)	153,414	157,753	322,670	297,227
Premiums ceded to reinsurers	8 (b)	(106,711)	(97,364)	(230,993)	(189,848)
Net earned premiums		46,703	60,389	91,677	107,379
Fees and commission income		4,441	942	11,225	8,049
Investment income		51,196	50,791	129,499	135,818
Net realised (losses) gains		(863)	703	(443)	480
Fair value losses		(17,856)	(3,488)	(26,771)	(10,867)
Income from construction activities		5,885	8,108	29,406	13,582
Other operating revenue		1,046	3,154	1,854	6,199
Other revenue		43,849	60,210	144,770	153,261
Total revenue		90,552	120,599	236,447	260,640
Gross claims paid		(47,871)	(133,677)	(163,518)	(174,161)
Claims ceded to reinsurers		21,773	103,467	111,699	118,631
Gross change in insurance contract liabilities	8 (a)	(90,302)	67,908	(52,594)	50,308
Change in insurance contract liabilities ceded to reinsurers	8 (a)	79,717	(67,761)	38,208	(54,051)
Net claims		(36,683)	(30,063)	(66,205)	(59,273)
Finance costs		(12,693)	(12,324)	(25,511)	(23,266)
Cost of construction activities		(7,899)	(6,952)	(28,393)	(12,051)
Other operating and administrative expenses		(39,519)	(40,874)	(83,166)	(82,581)
Other expenses		(60,111)	(60,150)	(137,070)	(117,898)
Total expenses		(96,794)	(90,213)	(203,275)	(177,171)
(Loss) profit before share of profits of associates		(6,242)	30,386	33,172	83,469
Share of profits of associates		2,815	1,606	6,413	2,266
(Loss) profit for the period		(3,427)	31,992	39,585	85,735
(Loss) profit attributable to:					
Equity holders of the Parent		(3,362)	31,951	39,688	85,649
Non-controlling interests		(65)	41	(103)	86
		(3,427)	31,992	39,585	85,735
Earnings per share					
Basic and diluted (loss) profit for the period attributable to ordinary equity holders of the Parent (in Qatari Riyals per share)	10	(0.04)	0.37	0.45	0.98

The attached notes 1 to 15 form an integral part of these interim condensed consolidated financial statements.

Qatar General Insurance & Reinsurance Company QPSC

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Six Months Ended 30 June 2017

	Three months ended		Six months ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	QR '000	QR '000	QR '000	QR '000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss) profit for the period	(3,427)	31,992	39,585	85,735
Other comprehensive loss				
Exchange differences on translating foreign operations	14,330	(3,405)	19,081	(7,344)
Net gain (loss) on cash flow hedge	1,409	(1,006)	3,996	(4,590)
Net loss on available-for-sale financial assets	(88,716)	(27,625)	(113,708)	(54,114)
Other comprehensive loss for the period	(72,977)	(32,036)	(90,631)	(66,048)
Total comprehensive (loss) income for the period	(76,404)	(44)	(51,046)	19,687
Total comprehensive (loss) income attributable to:				
Equity holders of the Parent	(76,339)	(85)	(50,943)	19,601
Non-controlling interests	(65)	41	(103)	86
	(76,404)	(44)	(51,046)	19,687

The attached notes 1 to 15 form an integral part of these interim condensed consolidated financial statements.

Qatar General Insurance & Reinsurance Company QPSC

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended 30 June 2017

Equity attributable to equity holders of the Parent										
Note	Issued share capital	Retained earnings	Legal reserve	Revaluation reserves			Foreign currency translation reserve	Total ordinary shareholders' equity	Non- controlling interests	Total equity
				Available- for-sale financial assets	Revaluation surplus	Cash flow hedge				
At 1 January 2017 (audited)	875,067	4,421,367	558,904	597,183	77,355	(19,820)	(142,119)	6,367,937	41,122	6,409,059
Profit (loss) for the period	-	39,688	-	-	-	-	-	39,688	(103)	39,585
Other comprehensive (loss) income	-	-	-	(113,708)	-	3,996	19,081	(90,631)	-	(90,631)
Total comprehensive income (loss)	-	39,688	-	(113,708)	-	3,996	19,081	(50,943)	(103)	(51,046)
Shareholders dividends	7	(131,260)	-	-	-	-	-	(131,260)	-	(131,260)
At 30 June 2017 (unaudited)	875,067	4,329,795	558,904	483,475	77,355	(15,824)	(123,038)	6,185,734	41,019	6,226,753

The attached notes 1 to 15 form an integral part of these interim condensed consolidated financial statements.

Qatar General Insurance & Reinsurance Company QPSC

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the Six Months Ended 30 June 2017

Equity attributable to equity holders of the Parent										
Notes	Issued share capital	Retained earnings	Legal reserve	Revaluation reserves				Total ordinary shareholders' equity	Non- controlling interests	Total equity
				Available- for-sale financial assets	Revaluation surplus	Cash flow hedge	Foreign currency translation reserve			
At 1 January 2016 (audited)	795,515	4,431,958	533,079	617,951	77,355	(28,515)	(137,098)	6,290,245	2,209	6,292,454
Profit for the period	-	85,649	-	-	-	-	-	85,649	86	85,735
Other comprehensive loss	-	-	-	(54,114)	-	(4,590)	(7,344)	(66,048)	-	(66,048)
Total comprehensive income (loss)	-	85,649	-	(54,114)	-	(4,590)	(7,344)	19,601	86	19,687
Bonus shares issued	6 79,552	(79,552)	-	-	-	-	-	-	-	-
Shareholders dividends	7 -	(119,327)	-	-	-	-	-	(119,327)	-	(119,327)
At 30 June 2016 (unaudited)	<u>875,067</u>	<u>4,318,728</u>	<u>533,079</u>	<u>563,837</u>	<u>77,355</u>	<u>(33,105)</u>	<u>(144,442)</u>	<u>6,190,519</u>	<u>2,295</u>	<u>6,192,814</u>

The attached notes 1 to 15 form an integral part of these interim condensed consolidated financial statements.

Qatar General Insurance & Reinsurance Company QPSC
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the Six Months Ended 30 June 2017

	30 June 2017	30 June 2016
Notes	QR '000 (Unaudited)	QR '000 (Unaudited)
Operating activities		
Profit for the period	39,585	85,735
<i>Adjustment for:</i>		
Net change in operating assets	11 (75,708)	(3,829)
Net change in operating liabilities	11 (112,866)	(12,029)
<i>Non-cash items included in profit for the period:</i>		
Fair value losses	26,771	10,867
Impairment recoveries on receivables	(870)	(2,749)
Impairment losses on available-for-sale financial assets	2,464	3,054
Share of profits of associates	(6,413)	(2,266)
Depreciation of property and equipment	5,137	3,878
Amortization of intangible asset	838	838
Gain from sale of property and equipment	(46)	(216)
Gain from sale of available-for-sale financial assets	(1,793)	(3,533)
Gain from sale of financial assets at fair value through profit or loss	(229)	-
Net movement in outstanding claims provision	14,386	3,743
Net movement in unearned premiums provision	1,530	26,733
Provision for employees' end of service benefits	2,467	2,689
Cash (used in) generated from operations	(104,747)	112,915
Employees' end of service benefits paid	(554)	(1,681)
Net cash flows (used in) from operating activities	(105,301)	111,234
Investing activities		
Additions to property and equipment	(22,938)	(6,452)
Proceeds from sale of property and equipment	47	640
Additions to investment properties	3 (99,696)	(25,615)
Dividends received from associates	-	8,201
Purchase of additional shares in associates	-	(34,229)
Purchase of available-for-sale financial assets	(90,950)	(36,241)
Proceeds from sale of available-for-sale financial assets	74,259	41,999
Proceeds from sale of financial assets at fair value through profit or loss	4,008	-
Net cash flows used in investing activities	(135,270)	(51,697)
Financing activities		
Net movement in term loans	245,960	93,747
Finance costs paid on term loans	(33,917)	(29,987)
Dividends paid to equity holders of the Parent	(131,260)	(119,327)
Net cash flows from (used in) financing activities	80,783	(55,567)
Net (decrease) increase in cash and cash equivalents	(159,788)	3,970
Cash and cash equivalents at the beginning of the period	300,576	229,250
Cash and cash equivalents at the end of the period	5 140,788	233,220
Operational cash flows from interest and dividends		
Interest paid	34,076	30,143
Interest received	8,637	8,134
Dividends received	29,174	35,749

The attached notes 1 to 15 form an integral part of these interim condensed consolidated financial statements.

Qatar General Insurance & Reinsurance Company QPSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2017

1 CORPORATE INFORMATION

Qatar General Insurance & Reinsurance Company QPSC (the “Company” or the “Parent 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 No. 11 of 2015 and the applicable provisions of Qatar Central Bank Law No. 13 of 2012. The Company and its subsidiaries (together referred to as the “Group”) are engaged in the business of general insurance and reinsurance including Islamic Takaful insurance, real estate, investment, and contracting. The shares of the Company are listed on the Qatar Exchange.

The Company has seven local branches in Qatar and one overseas branch in United Arab Emirates (in Dubai). The interim condensed consolidated financial statements incorporate the financial statements 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 W.L.L.	100%	State of Qatar	Investments management of the Group.
General Takaful Company W.L.L.	100%	State of Qatar	Islamic insurance.
General Real Estate Company W.L.L.	100%	State of Qatar	Real estate investment and management.
World Trade Center – Qatar W.L.L.	100%	State of Qatar	Hospitality, exhibition and events management.
Mozoon Insurance Marketing Services W.L.L.	100%	State of Qatar	Insurance marketing services.
General Tower for Real Estate Investments W.L.L.	100%	State of Qatar	Real estate investment and development.
Oriental Enterprises W.L.L.	100%	State of Qatar	Contracting and construction.
General Company for Water and Beverages W.L.L.	60%	State of Qatar	Water bottling and beverages trading.
Mozoon Real Estate Company W.L.L.	50%	State of Qatar	Real estate investment and development.

These interim condensed consolidated financial statements of the Group for the period ended 30 June 2017 were authorized for issue by the Board of Directors on 19 July 2017.

2 BASIS OF PREPARATION AND CHANGES TO THE ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements for the six months period ended 30 June 2017 have been prepared in accordance with IAS 34 “Interim Financial Reporting” and have been presented in Qatari Riyals which is the Company’s functional and presentation currency. 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 consolidated financial statements as at 31 December 2016. In addition, results for the six months ended 30 June 2017 are not necessarily indicative of the results that maybe expected for the financial year ending 31 December 2017.

In preparing these interim condensed consolidated financial statements, 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 2016.

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 2016.

Qatar General Insurance & Reinsurance Company QPSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Six Months Ended 30 June 2017

2 BASIS OF PREPARATION AND CHANGES TO THE ACCOUNTING POLICIES (CONTINUED)

New and amended standards adopted by the Group

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 consolidated financial statements for the year ended 31 December 2016, except for the adoption of new standards and amendments effective as of 1 January 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Although the below new amendments apply for the first time in 2017, they do not have an impact on the interim condensed consolidated financial statements of the Group.

- Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative
- Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrecognised Losses
- Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

New and amended standards issued but not yet effective

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

- IFRS 9 Financial Instruments (effective date: 1 January 2018)
- IFRS 15 Revenue from Contracts with Customers (effective date: 1 January 2018)
- IFRS 16 Leases (effective date: 1 January 2019)
- IFRS 17 Insurance Contracts (effective date: 1 January 2021)
- Amendments to IFRS 2 Share-based Payment: Classification and Measurement of Share-based Payment Transactions (effective date: 1 January 2018)
- Amendments to IFRS 4 Insurance Contracts (effective date: 1 January 2018)
- Amendments to IFRS 7 Financial Instruments: Disclosures (effective date: 1 January 2018)
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date: 1 January 2018)
- Amendments to IAS 40 Investment Properties: Transfer of Investment Property Specific Requirements (effective date: 1 January 2018)
- Annual Improvements (2014-2016 Cycle) to IFRS 1 & IAS 28 (effective date: 1 January 2018)

3 INVESTMENT PROPERTIES

	30 June 2017	31 December 2016
	QR '000	QR '000
	(Unaudited)	(Audited)
At 1 January	6,064,376	5,936,607
Additions	99,696	78,637
Fair value gains	-	49,132
At the end of the period / year	<u>6,164,072</u>	<u>6,064,376</u>

The Group obtains an independent valuation of its investment properties at 31 December each year. Management is of the opinion that the carrying value of investment properties has not changed significantly from the value as of 31 December 2016.

Qatar General Insurance & Reinsurance Company QPSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Six Months Ended 30 June 2017

4 TAKAFUL PARTICIPANTS' FUND ACCOUNTS

(a) Interim statement of financial position – Policyholders

	30 June 2017	31 December 2016
	QR '000	QR '000
	(Unaudited)	(Audited)
Assets		
Furniture and equipment	2,891	3,356
Investment properties	94,426	81,821
Financial assets:		
Available-for-sale financial assets	46,463	48,399
Receivables from related parties	7,017	6,341
Takaful receivables	80,716	64,141
Retakaful assets	41,648	39,261
Other assets	3,714	11,595
Cash and cash equivalents	36,442	41,581
	<u>313,317</u>	<u>296,495</u>
Liabilities		
Takaful contract liabilities	248,181	229,938
Financial liabilities:		
Payables to related parties	972	1,370
Takaful payables	44,694	45,487
Other liabilities	11,824	13,903
Fair value reserve	(927)	128
	<u>304,744</u>	<u>290,826</u>
Surplus at the end of the period / year	<u>8,573</u>	<u>5,669</u>
	<u>313,317</u>	<u>296,495</u>

Qatar General Insurance & Reinsurance Company QPSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Six Months Ended 30 June 2017

4 TAKAFUL PARTICIPANTS' FUND ACCOUNTS (CONTINUED)

(b) Interim statement of profit or loss – Policyholders

	Three months ended		Six months ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)
Gross written contributions	60,705	55,451	120,919	115,196
Change in unearned contributions provision	(9,397)	(1,849)	(17,978)	(4,079)
Gross earned contributions	51,308	53,602	102,941	111,117
Contributions ceded to retakaful companies	(5,743)	(5,729)	(14,076)	(14,578)
Net earned contributions	45,565	47,873	88,865	96,539
Fees and commission expenses	(2,056)	(2,427)	(4,880)	(4,175)
Investment income	100	24	349	328
Other operating revenue	159	129	276	211
Other expenses	(1,797)	(2,274)	(4,255)	(3,636)
Total revenue	43,768	45,599	84,610	92,903
Gross claims paid	(34,387)	(35,848)	(76,538)	(71,443)
Claims ceded to retakaful companies	3,946	1,970	12,522	3,490
Gross change in Takaful contract liabilities	(4,326)	(4,374)	(265)	(17,342)
Change in Takaful contract liabilities ceded to retakaful companies	7,938	5,546	377	10,648
Net claims	(26,829)	(32,706)	(63,904)	(74,647)
Impairment recoveries	40	-	40	13
Surplus for the period before wakala fee	16,979	12,893	20,746	18,269
Wakala fee	(8,810)	(7,818)	(17,842)	(16,780)
Surplus for the period	8,169	5,075	2,904	1,489

5 CASH AND CASH EQUIVALENTS

The cash and cash equivalents position for cash flow purposes, net of the Group overdraft is as follows:

	30 June 2017	31 December 2016
	QR '000 (Unaudited)	QR '000 (Audited)
Cash and bank balances	147,202	303,287
Bank overdrafts	(6,414)	(2,711)
Cash and cash equivalents	140,788	300,576

Qatar General Insurance & Reinsurance Company QPSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Six Months Ended 30 June 2017

6 ISSUED SHARE CAPITAL

Authorized, issued and fully paid up share capital comprises of 87,506,703 shares of QR 10 each (2016: 87,506,703 shares of QR 10 each).

30 June 2017	31 December 2016
QR '000 (Unaudited)	QR '000 (Audited)
<u>875,067</u>	<u>875,067</u>

The Company did not issue any bonus shares during the period (2016: 7,955,154 shares of QR 10 each).

7 SHAREHOLDERS DIVIDENDS

During the period, a cash dividend of 15% of the nominal share value (QR 1.50 per share) for the year ended 31 December 2016 were approved and paid (2016: cash dividend of 15% of the nominal share value (QR 1.50 per share) and bonus shares of 10% of the share capital for the year ended 31 December 2015 were approved and paid).

Qatar General Insurance & Reinsurance Company QPSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2017

8 INSURANCE CONTRACT LIABILITIES

	30 June 2017			31 December 2016			
	Insurance contract liabilities	Reinsurance of insurance contract liabilities	Net	Insurance contract liabilities	Reinsurance of insurance contract liabilities	Net	
	Notes	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Audited)	QR '000 (Audited)	
Provision for reported claims by policyholders		649,408	(519,719)	129,689	598,853	(479,772)	119,081
Provision for claims IBNR		79,680	(52,510)	27,170	78,715	(54,249)	24,466
Provision for premiums deficiency		2,715	-	2,715	2,683	-	2,683
Provision for unallocated loss adjustment expense		3,974	-	3,974	2,932	-	2,932
Outstanding claims provision	(a)	735,777	(572,229)	163,548	683,183	(534,021)	149,162
Unearned premiums provision (reserve for unexpired risks)	(b)	333,062	(221,660)	111,402	355,574	(245,702)	109,872
		1,068,839	(793,889)	274,950	1,038,757	(779,723)	259,034

(a) Outstanding claims provision

	30 June 2017			31 December 2016		
	Insurance contract liabilities	Reinsurance of insurance contract liabilities	Net	Insurance contract liabilities	Reinsurance of insurance contract liabilities	Net
	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Audited)	QR '000 (Audited)	QR '000 (Audited)
At 1 January	683,183	(534,021)	149,162	779,633	(636,686)	142,947
Gross / ceded change in insurance contract liabilities	52,594	(38,208)	14,386	(96,450)	102,665	6,215
At the end of the period / year	735,777	(572,229)	163,548	683,183	(534,021)	149,162

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8 INSURANCE CONTRACT LIABILITIES (CONTINUED)

(b) Unearned premiums provision (reserve for unexpired risks)

	30 June 2017			31 December 2016		
	Insurance contract liabilities	Reinsurance of insurance contract liabilities	Net	Insurance contract liabilities	Reinsurance of insurance contract liabilities	Net
	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)
At 1 January	355,574	(245,702)	109,872	321,947	(223,184)	98,763
Premiums written during the period / year	300,158	(206,951)	93,207	629,949	(415,179)	214,770
Premiums earned during the period / year	(322,670)	230,993	(91,677)	(596,322)	392,661	(203,661)
At the end of the period / year	333,062	(221,660)	111,402	355,574	(245,702)	109,872

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9 SEGMENT INFORMATION

Segment interim consolidated statement of profit or loss for the period ended 30 June 2017:

	30 June 2017			30 June 2016		
	Insurance	Investments	Total	Insurance	Investments	Total
	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)
Gross written premiums	300,158	-	300,158	344,436	-	344,436
Change in unearned premiums provision	22,512	-	22,512	(47,209)	-	(47,209)
Gross earned premiums	322,670	-	322,670	297,227	-	297,227
Premiums ceded to reinsurers	(230,993)	-	(230,993)	(189,848)	-	(189,848)
Net earned premiums	91,677	-	91,677	107,379	-	107,379
Fees and commission income	11,225	-	11,225	8,049	-	8,049
Investment income	-	129,499	129,499	-	135,818	135,818
Net realised (losses) gains	-	(443)	(443)	-	480	480
Fair value losses	-	(26,771)	(26,771)	-	(10,867)	(10,867)
Income from construction activities	-	29,406	29,406	-	13,582	13,582
Other operating revenue	1,652	202	1,854	4,023	2,176	6,199
Other revenue	12,877	131,893	144,770	12,072	141,189	153,261
Total revenue	104,554	131,893	236,447	119,451	141,189	260,640

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9 SEGMENT INFORMATION (CONTINUED)

Segment interim consolidated statement of profit or loss for the period ended 30 June 2017 (continued):

	30 June 2017			30 June 2016		
	Insurance QR '000 (Unaudited)	Investments QR '000 (Unaudited)	Total QR '000 (Unaudited)	Insurance QR '000 (Unaudited)	Investments QR '000 (Unaudited)	Total QR '000 (Unaudited)
Gross claims paid	(163,518)	-	(163,518)	(174,161)	-	(174,161)
Claims ceded to reinsurers	111,699	-	111,699	118,631	-	118,631
Gross change in insurance contract liabilities	(52,594)	-	(52,594)	50,308	-	50,308
Change in insurance contract liabilities ceded to reinsurers	38,208	-	38,208	(54,051)	-	(54,051)
Net claims	(66,205)	-	(66,205)	(59,273)	-	(59,273)
Finance costs	(1,184)	(24,327)	(25,511)	(917)	(22,349)	(23,266)
Cost of construction activities	-	(28,393)	(28,393)	-	(12,051)	(12,051)
Other operating and administrative expenses	(40,820)	(42,346)	(83,166)	(38,065)	(44,516)	(82,581)
Other expenses	(42,004)	(95,066)	(137,070)	(38,982)	(78,916)	(117,898)
Total expenses	(108,209)	(95,066)	(203,275)	(98,255)	(78,916)	(177,171)
(Loss) profit before share of profits of associates	(3,655)	36,827	33,172	21,196	62,273	83,469
Share of profits of associates	-	6,413	6,413	-	2,266	2,266
(Loss) profit for the period	(3,655)	43,240	39,585	21,196	64,539	85,735

Segment assets and liabilities

Assets and liabilities of the Group are commonly used across the primary segments.

Geographic information

The Group operates in two geographic markets, in the State of Qatar and the United Arab Emirates. Gross written premiums in the State of Qatar amounted to QR 267 million (2016: QR 315 million) and in the United Arab Emirates amounted to QR 33 million (2016: QR 29 million).

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10 EARNINGS PER SHARE

	Three months ended		Six months ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss) profit attributable to the ordinary equity holders of the Parent (QR '000)	(3,362)	31,951	39,688	85,649
Weighted average number of shares (in thousands)	87,507	87,507	87,507	87,507
Earnings per share (in Qatari Riyals)	(0.04)	0.37	0.45	0.98

Reconciliation of the number of ordinary shares outstanding (in thousands):

	30 June 2017	30 June 2016
	(Unaudited)	(Unaudited)
Number of shares outstanding at 1 January	87,507	79,552
Bonus shares issued during the period	-	7,955
Number of shares outstanding at the end of the period	87,507	87,507

11 CASH GENERATED FROM OPERATING ASSETS AND LIABILITIES

	30 June 2017	30 June 2016
	QR '000	QR '000
	(Unaudited)	(Unaudited)
Net change in receivables from related parties	(125)	565
Net change in insurance receivables	24,176	36,167
Net change in other assets	51,657	(32,903)
Net change in operating assets	75,708	3,829
Net change in payables to related parties	(63,589)	11,549
Net change in insurance payables	20,754	(26,451)
Net change in other liabilities	(70,031)	2,873
Net change in operating liabilities	(112,866)	(12,029)

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the Six Months Ended 30 June 2017

12 RELATED PARTY DISCLOSURES

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

(a) Related party transactions

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

	30 June 2017					
	Gross written premiums	Premiums ceded to reinsurers	Gross claims paid	Claims ceded to reinsurers	Fees and commission income	Other operating expenses
	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)
Trust Re – Bahrain	450	(48,389)	(122)	1,625	1,835	(154)
Others	5,788	(13)	(3,177)	-	-	(1,256)

	30 June 2016					
	Gross written premiums	Premiums ceded to reinsurers	Gross claims paid	Claims ceded to reinsurers	Fees and commission income	Other operating expenses
	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)
Trust Re – Bahrain	-	(30,616)	-	7,165	1,449	(211)
Others	6,473	-	(4,113)	-	-	(692)

The compensation of key management personnel during the period were as follows:

	30 June 2017	30 June 2016
	QR '000 (Unaudited)	QR '000 (Unaudited)
Salaries and other short-term benefits	12,916	17,200
Board of Directors' remuneration	4,595	4,095
End-of-service benefits	518	991
	18,029	22,286

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12 RELATED PARTY DISCLOSURES (CONTINUED)

(b) Receivables from / payables to related parties

Non-insurance related balances with related parties included in the interim consolidated statement of financial position are as follows:

Receivables from related parties

	Relationship	30 June 2017	31 December 2016
		QR '000 (Unaudited)	QR '000 (Audited)
North Africa Energy Company W.L.L.	Affiliate	70	54
Trust Syria Insurance Company S.A.S.C.	Associate	54	54
International Financial Securities Company Q.P.S.C.	Associate	3	11
Trust Holding Ltd. Company	Affiliate	-	76
Trust Algeria Assurances & Reassurance S.P.A.	Associate	-	52
Trust Re – Bahrain	Affiliate	-	5
		127	252

Payables to related parties

	Relationship	30 June 2017	31 December 2016
		QR '000 (Unaudited)	QR '000 (Audited)
Alsari Trading Company W.L.L.	Affiliate	10,329	73,141
Falcon Readymix Company W.L.L.	Affiliate	4,453	6,260
Nest Investments (Holdings) Limited	Affiliate	3,616	2,591
Trust Re – Bahrain	Affiliate	5	-
		18,403	81,992

(c) Insurance receivables and payables

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

	Relationship	30 June 2017	31 December 2016
		QR '000 (Unaudited)	QR '000 (Audited)
Trust Re – Bahrain	Affiliate	(4,641)	12,434
Other insurance receivables	Others	4,388	3,494
Other insurance payables	Others	(2,016)	(1,091)

(d) Investment properties

The additions to investment properties in Note 3 include QR 18.22 million (2016: QR 18.93 million) in supplies from Falcon Readymix Company W.L.L.

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12 RELATED PARTY DISCLOSURES (CONTINUED)

(e) Other assets

Other assets include advance payments to a related party as follows:

	30 June 2017	31 December 2016
	QR '000	QR '000
	(Unaudited)	(Audited)
Trust Investment Holding Algeria	72,055	70,949

All above disclosed balances are unsecured, interest free and settlement normally occurs in cash. There have been no guarantees provided or received for any related party receivables. The Group has not recorded any impairment of receivables relating to amounts owed by related parties during the period (2016: Nil).

13 CONTINGENT LIABILITIES AND COMMITMENTS

	30 June 2017	31 December 2016
	QR '000	QR '000
	(Unaudited)	(Audited)
(a) Contingent liabilities		
Letters of guarantee	124,935	116,751
(b) Lease commitments		
Operating lease commitments are payable as follows:		
Less than one year	6,044	6,204
Between one and five years	4,983	6,701
	11,027	12,905

14 FAIR VALUE MEASUREMENT

The following table provides the fair value measurement hierarchy of the Group's assets and liability that are measured at fair value.

		Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
30 June 2017 (unaudited)	Note	QR '000	QR '000	QR '000	QR '000
Assets measured at fair value:					
Investment properties	3	-	-	6,164,072	6,164,072
Available-for-sale financial assets		905,635	9,877	-	915,512
Financial assets at fair value through profit or loss		133,579	-	-	133,579
		1,039,214	9,877	6,164,072	7,213,163
Liability measured at fair value:					
Derivative financial instruments		-	15,824	-	15,824

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14 FAIR VALUE MEASUREMENT (CONTINUED)

31 December 2016 (audited)	Note	Quoted prices in active markets Level 1 QR '000	Significant observable inputs Level 2 QR '000	Significant unobservable inputs Level 3 QR '000	Total QR '000
Assets measured at fair value:					
Investment properties	3	-	-	6,064,376	6,064,376
Available-for-sale financial assets		1,002,921	10,206	-	1,013,127
Financial assets at fair value through profit or loss		164,129	-	-	164,129
		<u>1,167,050</u>	<u>10,206</u>	<u>6,064,376</u>	<u>7,241,632</u>
Liability measured at fair value:					
Derivative financial instruments		-	19,820	-	19,820

Available-for-sale financial assets carried at cost amount to QR 3.65 million (2016: QR 3.65 million). As at 30 June 2017, the management has assessed that there is no indication of impairment for these available-for-sale financial assets carried at cost.

During the period, there were no transfers between Level 1, Level 2 and Level 3 (2016: Nil).

15 RECLASSIFICATION OF COMPARATIVE AMOUNTS

Certain comparative figures have been reclassified to conform to the presentation in the current period's interim condensed consolidated financial statements. However, such reclassifications did not have any effect on the net profit and equity of the comparative period / year.