

**QATAR GENERAL INSURANCE AND  
REINSURANCE COMPANY S.A.Q.**

**CONDENSED CONSOLIDATED  
INTERIM FINANCIAL INFORMATION**

**30 JUNE 2008**

**Condensed Consolidated Interim Financial Information  
For the six month period ended 30 June 2008**

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## **Independent report on review of condensed consolidated interim financial information**

To  
The Board of Directors  
Qatar General Insurance and Reinsurance Company S.A.Q.  
Doha  
State of Qatar

### **Introduction**

We have reviewed the accompanying condensed consolidated interim balance sheet of Qatar General Insurance and Reinsurance Company S.A.Q. (the "Company") and its subsidiaries (together the "Group") as at 30 June 2008 and the related condensed consolidated interim statements of income, changes in equity and cash flows for the six month period then ended (the "interim financial information"). Management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.

The condensed interim financial information as of and for the six month period ended 30 June 2007 were reviewed by another auditor whose report dated 18 July 2007 expressed an unqualified conclusion.

The financial statements as of and for the year ended 31 December 2007 were audited by another auditor whose report dated 20 January 2008 expressed an unqualified opinion on those financial statements.

### **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 Company." 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 financial information is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

14 July 2008  
Doha  
State of Qatar

Ahmed Hussain  
KPMG  
Qatar Auditors Registry Number 197

**Condensed consolidated interim balance sheet**  
**As at 30 June 2008**

in thousands of Qatari Riyals

	Note	<b>30 June 2008 Reviewed</b>	31 December 2007 Audited
<b>ASSETS</b>			
Cash and cash equivalents	3	155,280	45,435
Investments			
In trading securities	4(a)	90,453	90,733
In available for sale securities	4(b)	1,131,888	961,879
In associate companies	5	107,736	100,989
In property	6	370,205	306,441
Insurance contracts receivables		233,520	169,046
Other receivables		51,508	31,661
Statutory deposits		4,500	4,500
Property and equipment	7	19,421	19,031
<b>Total Assets</b>		<b>2,164,511</b>	<b>1,729,715</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Payables and accrued liabilities			
Policyholders		25,255	24,139
Insurance and reinsurance companies		167,549	123,836
Others		28,206	18,240
Due to banks		292,374	201,529
Insurance funds			
Outstanding claims – net		100,293	87,456
Unearned premiums		108,339	94,162
Employees' end of service benefits		18,720	15,595
<b>Total liabilities</b>		<b>740,736</b>	<b>564,957</b>
<b>Equity</b>			
Share capital		204,600	136,400
Statutory reserve		57,633	44,887
Fair value reserve		780,771	642,425
Retained earnings		380,771	341,046
<b>Total equity</b>		<b>1,423,775</b>	<b>1,164,758</b>
<b>Total liabilities and equity</b>		<b>2,164,511</b>	<b>1,729,715</b>

These financial statements were approved by the Board of Directors and were signed on their behalf by the following on 14 July 2008.

.....  
Member of the Board

.....  
Member of the Board

**Condensed consolidated interim statement of income  
For the six month period ended 30 June 2008**

in thousands of Qatari Riyals

	Note	Six month period ended 30 June	
		2008 Reviewed	2007 Reviewed
Gross premiums	9	449,172	487,978
Reinsurance cessions	9	(287,628)	(345,898)
Net premiums	9	161,544	142,080
Unearned premium adjustments	9	(14,177)	(15,756)
Net earned premiums	9	147,367	126,324
Net commission income	9	19,576	19,964
Other income – technical	9	365	232
<b>Underwriting revenue</b>		<b>167,308</b>	146,520
Gross claims paid		(138,856)	(92,889)
Reinsurance and other receivables		48,483	30,228
Outstanding claims adjustment – net		(12,837)	(11,245)
<b>Net claims incurred</b>		<b>(103,210)</b>	(73,906)
Underwriting profit before allocation of underwriting expense and investment income	9	64,098	72,614
Investment income attributable to underwriting		11,579	2,042
Underwriting expense		(34,568)	(27,094)
<b>Underwriting results</b>		41,109	47,562
Investment income		140,128	36,364
Other income		1,986	285
General and administrative expenses – investment		(26,052)	(14,128)
Net profit for the year		<b>157,171</b>	70,083
Basic and diluted earnings per share (Qatari Riyal)	10	<b>7.68</b>	3.43

These financial statements were approved by the Board of Directors and were signed on their behalf by the following on 14 July 2008.

.....  
Member of the Board

.....  
Member of the Board

The attached notes 1 to 14 form part of this condensed consolidated interim financial information.

**Condensed consolidated interim statement of cash flows**  
**For the six month period ended 30 June 2008**

in thousands of Qatari Riyals

	<b>Six months ended 30 June</b>	
	<b>2008</b> <b>Reviewed</b>	<b>2007</b> <b>Reviewed</b>
<b>OPERATING ACTIVITIES</b>		
Net profit for the period	157,171	70,083
Adjustments for:		
Depreciation of property, equipment and investment properties	1,452	1,256
Loss on disposal of property and equipment	6	-
Director's remuneration paid	(2,400)	(1,600)
Profit from sale of investments	(72,819)	(6,251)
Revaluation (profit) / loss on trading securities	(31,014)	1,230
Loss / (income) from investment in associates	(5,809)	3,004
	<b>46,587</b>	<b>67,722</b>
<i>Changes in Working capital:</i>		
Increase / (decrease) in accounts and other receivables	(74,652)	4,875
Increase in reinsurance balances	34,044	721
Increase in insurance funds	27,014	26,999
Increase in accounts payable	14,207	6,198
<b>Net cash from operating activities</b>	<b>47,200</b>	<b>106,515</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of investment securities	(50,708)	(49,598)
Purchase of shares in associate companies	(938)	(10,289)
Purchase of investment properties	(64,065)	(78,836)
Purchase of property, plant and equipment	(1,558)	(1,024)
Proceeds from sale of investment securities	123,159	22,844
Proceeds from sale on property, plant and equipment	10	-
Movement in bank deposits	(95,850)	-
<b>Net cash used in investing activities</b>	<b>(89,950)</b>	<b>(116,903)</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(34,100)	(22,733)
Increase in short term loans	90,845	49,411
<b>Net cash used in financing activities</b>	<b>56,745</b>	<b>26,678</b>
<b>Net increase in cash equivalents during the period</b>	<b>13,995</b>	<b>16,290</b>
Cash and cash equivalents at the beginning of the period	45,435	57,692
<b>Cash and cash equivalents at the end of the period (Note 3)</b>	<b>59,430</b>	<b>73,982</b>

**Condensed consolidated interim statement of changes in equity  
For the six month period ended 30 June 2008**

in thousands of Qatari Riyals

	Share capital	Statutory reserve	Fair value Reserve	Retained earnings	Total
<b><u>2007 (reviewed)</u></b>					
Balance at 1 January 2007	113,667	38,857	431,174	266,682	850,380
Net movement in cumulative changes in fair value of investments	-	-	35,693	-	35,693
Transfer to income statement on sale of investments	-	-	(5,387)	-	(5,387)
Net income recognized directly in equity	-	-	30,306	-	30,306
Net profit for the period	-	-	-	70,083	70,083
Total recognized income and expenses for the period	-	-	30,306	70,083	100,389
Transfer to share capital (2006)	22,733	-	-	(22,733)	-
Transfer to statutory reserve (2006)	-	6,030	-	(6,030)	-
Dividend paid (2006)	-	-	-	(22,733)	(22,733)
Director's remuneration paid (2006)	-	-	-	(1,600)	(1,600)
Balance at 30 June 2007	136,400	44,887	461,480	283,669	926,436
<b><u>2008 (reviewed)</u></b>					
Balance at 1 January 2008	136,400	44,887	642,425	341,046	1,164,758
Net movement in cumulative changes in fair value of investments	-	-	203,327	-	203,327
Transfer to income statement on sale of investments	-	-	(64,982)	-	(64,982)
Net income recognized directly in equity	-	-	138,345	-	138,345
Net profit for the period	-	-	-	157,171	157,171
Total recognized income and expenses for the period	-	-	138,345	157,171	295,516
Transfer to share capital (2007)	68,200	-	-	(68,200)	-
Transfer to statutory reserve (2007)	-	12,746	-	(12,746)	-
Dividend paid (2007)	-	-	-	(34,100)	(34,100)
Director's remuneration paid (2007)	-	-	-	(2,400)	(2,400)
Balance at 30 June 2008	<b>204,600</b>	<b>57,633</b>	<b>780,771</b>	<b>380,771</b>	<b>1,423,775</b>

**Notes to the condensed consolidated interim financial information****For the six month period ended 30 June 2008**

In thousands of Qatari Riyals

**1 REPORTING ENTITY & ITS ACTIVITIES**

Qatar General Insurance and Reinsurance Co. (Q.S.C.) was incorporated as a Qatari shareholding company by Emiri Decree No. 52 for 1978 under the commercial registry number 7200. The Company is engaged in the business of all kinds of general insurance and reinsurance. The shares of the Company are listed on the Doha Stock Market.

The Company has five local branches in Qatar and one overseas branch in United Arab Emirates (in Dubai). During the six months period ending 30 June 2008, the Company has established two wholly owned subsidiaries, namely General Takaful Company with CR No. 39266 dated 21 May 2008, which is engaged in the business of underwriting general insurance in accordance with the Islamic Sharia'a principles and Qatar General Holding Company with CR No. 38214 dated 14 February 2008, which is engaged in the business of investing.

**2 SIGNIFICANT ACCOUNTING POLICIES****(a) Statement of compliance**

This condensed consolidated interim financial information is prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting. The accounting policies used in the preparation of the condensed consolidated interim financial information are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2007.

The condensed consolidated interim financial information does not contain all the information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the financial statements of the Company as at and for the year ended 31 December 2007. The condensed consolidated interim financial results may not represent a proportionate share of the annual profits, due to seasonal variability in premiums, investment income and uncertainty of claim occurrences.

This condensed consolidated interim financial information incorporates the financial statements of the Company, its branches and subsidiary companies. All significant inter-company / branch transactions and balances are eliminated on consolidation.

The interim condensed financial statements is prepared in Qatari Riyals and all values are rounded to the nearest thousands (QR' 000) except where otherwise indicated.

The share of results of associate companies for the six months period ended 30 June 2008, has not been incorporated in this condensed consolidated interim financial information.

**(b) Significant accounting judgement, estimates and assumptions**

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this 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 financial statements as at and for the year ended 31 December 2007.

General Takaful, a subsidiary of the Group is following 365 day method to calculate the unexpired risk of insurance, whereas the Group has adopted 40% method for accounting for the same.

**(c) Application of new standards, amendments to standards and interpretations**

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2008 and have not been early adopted:

**Notes to the condensed consolidated interim financial information****For the six month period ended 30 June 2008**

In thousands of Qatari Riyals

**2 SIGNIFICANT ACCOUNTING POLICIES (Continued)****(c) Application of new standards, amendments to standards and interpretations (Continued)**

- IFRS 8, 'Operating segments', effective for annual periods beginning on or after 1 January 2009. IFRS 8 replaces IAS 14, 'Segment reporting', and requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. The expected impact is still being assessed in detail, but it appears likely that the number of reported segments may increase.
- IAS 23 (amendment), 'Borrowing costs', effective for annual periods beginning on or after 1 January 2009. Management is assessing the impact of changes.
- IFRS 2 (amendment) 'Share-based payment', effective for annual periods beginning on or after 1 January 2009. Management is assessing the impact of changes.
- IFRS 3 (amendment), 'Business combinations' and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates' and IAS 31, 'Interests in joint ventures', effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Management is assessing the impact of the new requirements regarding acquisition accounting, consolidation and associates on the group. The group does not have any joint ventures.
- IAS 1 (amendment), 'Presentation of financial statements' effective for annual periods beginning on or after 1 January 2009. Management is in the process of developing proforma accounts under the revised disclosure requirements of this standard.
- IAS 32 (amendment), 'Financial instruments: presentation', and consequential amendments to IAS 1, 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2009. Management is assessing the impact of changes.

**3 CASH AND CASH EQUIVALENTS**

	<b>30.06.2008 Reviewed</b>	31.12.2007 Audited
Cash in hand	1,264	4,988
Cash at bank	58,166	40,447
<b>Cash and cash equivalents for the purpose of cash flow statement</b>	<b>59,430</b>	45,435
Time deposits maturing after three months	95,850	-
	<b>155,280</b>	45,435

Out of the above deposits amounting to QR 95.85 million is pledged by the group as security for credit facilities.

## Notes to the condensed consolidated interim financial information

For the six month period ended 30 June 2008

In thousands of Qatari Riyals

**4 INVESTMENTS IN SECURITIES**

	<b>30.06.2008 Reviewed</b>	31.12.2007 Audited
(a) <u>Trading Investments</u>		
Quoted equities – local	84,097	84,738
Quoted equities – foreign	1,859	1,803
Managed funds	4,497	4,192
	<b>90,453</b>	<b>90,733</b>
(b) <u>Available-for-sale investments:</u>		
Quoted equities – local	941,427	829,436
Unquoted equities – local	7,428	7,428
Quoted equities – foreign	90,027	47,070
Managed funds	34,420	23,095
Bonds	58,586	54,850
	<b>1,131,888</b>	<b>961,879</b>

The group has pledged part of its investment portfolio amounting to QR. 469.82 million to secure credit facilities.

**5 INVESTMENT IN ASSOCIATE COMPANIES**

The Company has the following investments in associate companies:

	<i>Ownership</i>	<b>30.06.2008 Reviewed</b>	31.12.2007 Audited
<u>Equity method</u>			
United Insurance Bureau	25.00%	614	614
International Financial Securities	12.00%	4,353	3,220
Gulf Petroleum	20.00%	2,200	1,600
Trust Insurance – Algeria	22.50%	23,831	20,735
Trust Investment – Algeria	20.00%	13,780	13,780
Trust Bank – Algeria	3.70%	8,170	6,590
Trust Syria Insurance	32.00%	20,400	20,400
Trust Libya Insurance	15.00%	1,346	1,346
Oman Reinsurance Company	10.00%	4,712	-
		<b>79,406</b>	<b>68,285</b>
<u>Cost Method</u>			
Gulf Assist	8.00%	722	722
Fair Oil & Energy Syndicate	2.85%	72	235
Gulf Union Co. for Co-operative Insurance	1.65%	-	4,211
Wataniya Restaurant	3.00%	3,030	3,030
Lebanese Canadian Bank	3.00%	24,506	24,506
		<b>28,330</b>	<b>32,704</b>
Total		<b>107,736</b>	<b>100,989</b>

**6 INVESTMENT PROPERTIES**

	<b>30.06.2008 Reviewed</b>	31.12.2007 Audited
Net book value at 1 January	306,441	215,618
Additions	64,065	91,466
Depreciation	(301)	(643)
Net book value as at	<b>370,205</b>	<b>306,441</b>

**Notes to the condensed consolidated interim financial information****For the six month period ended 30 June 2008**

In thousands of Qatari Riyals

**7 PROPERTY AND EQUIPMENT**

	<b>30.06.2008 Reviewed</b>	<b>31.12.2007 Audited</b>
Net book value at 1 January	19,031	18,826
Additions	1,558	2,143
Depreciation	(1,151)	(1,938)
Disposals (net)	(17)	-
Net book value as at	<b>19,421</b>	19,031

**8 RELATED PARTY DISCLOSURES**

These represent transactions with related parties, i.e. shareholders, companies affiliated to the shareholders, directors and senior management of the Company and companies of which they are principal owners. Pricing policies and terms of these transactions are approved by the Company's management and are negotiated under normal commercial terms. The significant related party transactions during the year were mainly in respect of reinsurance arrangements.

a) The related party balances were as follows:

	<b>30.06.2008 Reviewed</b>	<b>31.12.2007 Audited</b>
Due from related parties	92,638	87,418
Due to related parties	16,872	19,287

Notes to the interim condensed consolidated interim financial information  
For the six month period ended 30 June 2008

In thousands of Qatari Riyals

## 9 UNDERWRITING PROFIT BEFORE ALLOCATING OF UNDERWRITING EXPENSE AND INVESTMENT INCOME

	General Accident	Fire	Marine and war	Engineering and others	Total
<b>Period from 1 January 2008 to 30 June 2008 (Reviewed)</b>					
Gross premiums	146,757	13,207	20,443	268,765	449,172
Reinsurance cessions	(10,206)	(12,537)	(17,627)	(247,258)	(287,628)
Net premiums	136,551	670	2,816	21,507	161,544
Unearned premium adjustments	(11,954)	96	(2)	(2,317)	(14,177)
Net earned premiums	124,597	766	2,814	19,190	147,367
Net commission (expense) / income	45	(2)	323	(1)	365
Other income – technical	(232)	3,580	2,972	13,256	19,576
Net claims incurred	(95,866)	(939)	(666)	(5,739)	(103,210)
<b>Underwriting profit before allocating of underwriting expense and investment income</b>	<b>28,544</b>	<b>3,405</b>	<b>5,443</b>	<b>26,706</b>	<b>64,098</b>
<b>Period from 1 January 2007 to 30 June 2007 (Reviewed)</b>					
Gross premiums	124,444	9,773	33,582	320,179	487,978
Reinsurance cessions	(3,533)	(8,742)	(30,757)	(302,866)	(345,898)
Net premiums	120,911	1,031	2,825	17,313	142,080
Unearned premium adjustments	(11,996)	(211)	(546)	(3,003)	(15,756)
Net earned premiums	108,915	820	2,279	14,310	126,324
Net commission (expense) / income	(523)	2,026	4,007	14,454	19,964
Other income – technical	128	8	73	23	232
Net claims incurred	(69,671)	(637)	(1,869)	(1,729)	(73,906)
<b>Underwriting profit before allocating of underwriting expense and investment income</b>	<b>38,849</b>	<b>2,217</b>	<b>4,490</b>	<b>27,058</b>	<b>72,614</b>

**Notes to the condensed consolidated interim financial information****For the six month period ended 30 June 2008**

In thousands of Qatari Riyals

**10 BASIC AND DILUTED EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing the net profit for the period by weighted average number of ordinary shares outstanding as at the balance sheet date:

The basic and diluted earnings per share are the same as there are no dilutive effects on earnings.

	<b>Six month period ended 30 June</b>	
	<b>2008 Reviewed</b>	<b>2007 Reviewed</b>
Net profit for the period	<b>157,171</b>	70,083
Weighted average number of shares (in '000s)	<b>20,460</b>	20,460
Earnings per QR 10 per share (in Qatar Riyal)	<b>7.68</b>	3.43

**11 DIVIDEND PAID**

A final dividend, amounting to QR. 34,100,000 for the year 2007 (2006: QR 22,733,000) has been approved at the Annual General Meeting and paid by the Group.

**12 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

	<b>30.06.2008 Reviewed</b>	<b>31.12.2007 Audited</b>
Capital Commitments	<b>129,062</b>	187,253
Bank guarantees	<b>6,114</b>	6,698

**13 SEGMENT INFORMATION****Primary Segment information**

For management purposes, the group is organised into four business segments General Accident, Fire, Marine and War and Engineering and others. These segments are the basis on which the group reports its primary segment information. Other operations of the group comprise investment and cash management for the group's own account. There are no transactions between segments.

Primary segmental information is shown under the note 9 to the condensed consolidated interim financial information.

**Secondary segment information**

The group operates in three geographic markets; the domestic market in Qatar and overseas markets in the Gulf Co-operation Council (GCC).

**14 COMPARATIVE INFORMATION**

The subsidiary companies were established by the parent company during the six months period ended 30 June 2008. As a result, figures corresponding to 31 December 2007 and 30 June 2007 are not consolidated and represent the results of the parent company only.