

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

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION**

30 JUNE 2009

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

Condensed Consolidated Interim Financial Information
For the six month period ended 30 June 2009

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Independent auditors' 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 statement of financial position of Qatar General Insurance and Reinsurance Company S.A.Q (the "Company") and its subsidiaries (together referred as the "Group") as at 30 June 2009 and the condensed consolidated interim statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended and the related notes (the "condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated interim financial information 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 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 condensed consolidated interim financial information as at 30 June 2009 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

20 July 2009
Doha
State of Qatar

Ahmed Hussain
KPMG
Qatar Auditors Registry Number 197

Condensed consolidated interim statement of financial position
As at 30 June 2009

In thousands of Qatari Riyals

	Note	30 June 2009 (Reviewed)	31 December 2008 (Audited)
ASSETS			
Cash and cash equivalents	3	52,846	162,328
Statutory deposits		6,000	6,000
Insurance contracts receivables	5	146,214	147,662
Other receivables		53,037	30,469
Investments - Held for trading	6 (a)	41,566	42,298
Investments - Available for sale	6 (b)	683,365	744,711
Investment properties	7	457,208	455,238
Investment in associates		176,780	183,669
Takaful participants' assets	8	45,637	25,921
Buildings under construction		70,935	55,433
Property and equipment		18,080	17,826
TOTAL ASSETS		1,751,668	1,871,555
LIABILITIES			
Insurance contract liabilities	9	212,653	253,175
Unearned premium		110,481	96,181
Due to banks		111,710	158,385
Other liabilities		153,283	158,506
Employees' end of service benefits		19,645	19,294
Takaful fund and participants' liabilities	8	45,637	25,921
TOTAL LIABILITIES		653,409	711,462
EQUITY			
Share capital		255,750	204,600
Legal reserve		80,260	57,633
Fair value reserve		338,074	409,612
Revaluation reserve		77,355	77,355
Retained earnings		346,820	410,893
TOTAL EQUITY		1,098,259	1,160,093
TOTAL LIABILITIES & EQUITY		1,751,668	1,871,555

This condensed consolidated interim financial information was approved by the Board of Directors and were signed on their behalf by the following on 20 July 2009.

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

.....
Member of the board

The attached notes 1 to 15 form part of this condensed consolidated interim financial information.

Condensed consolidated interim statement of income
For the six month period ended 30 June 2009

In thousands of Qatari Riyals

	Note	Six month period ended 30 June	
		2009 (Reviewed)	2008 (Reviewed) (Restated)
Gross premiums	10	316,855	434,875
Premium ceded to reinsurers	10	(181,770)	(285,998)
Net premium		135,085	148,877
Movement in unearned premium	10	(14,300)	(3,267)
Net earned premium		120,785	145,610
Net commission income	10	14,283	19,096
Other income – technical	10	478	360
Underwriting revenue		135,546	165,066
Gross claims paid		(158,334)	(138,659)
Reinsurance and other recoveries		67,027	48,471
Movement in outstanding claims		533	(11,902)
Net claims incurred	10	(90,774)	(102,090)
Net underwriting revenue	10	44,772	62,976
Share of profits from associates companies		4,671	5,809
Net investment income		64,728	145,898
Other income		3,774	1,986
Total income		117,945	216,669
General and administrative expenses		(46,861)	(58,928)
Net profit for the period		71,084	157,741
Basic and diluted earnings per share (QR)	11	2.78	6.17

The attached notes 1 to 15 form part of this condensed consolidated interim financial information.

Condensed consolidated interim statement of comprehensive income
For the six month period ended 30 June 2009

In thousands of Qatari Riyals

	Six month period ended 30 June	
	2009 (Reviewed)	2008 (Reviewed) (Restated)
Profit for the period	71,084	157,741
Other comprehensive losses		
Foreign currency translation difference for foreign operations	(5,580)	-
Net changes in fair value of available-for-sale financial assets	(45,252)	203,328
Net changes in fair value of available-for-sale financial assets transferred to profit or loss	(20,706)	(64,982)
Total comprehensive (loss) / profit for the period	(454)	296,087

The attached notes 1 to 15 form part of this condensed consolidated interim financial information.

Condensed consolidated interim statement of changes in equity
For the six month period ended 30 June 2009

In thousands of Qatari Riyals

	Share Capital	Legal reserve	Fair value reserve	Revaluation surplus	Retained earnings (restated)	Total equity
Balance at 1 January 2008	136,400	44,887	642,425	-	338,646	1,162,358
Total comprehensive income for the period	-	-	138,346	-	157,741	296,087
Dividends paid – 2007	-	-	-	-	(34,100)	(34,100)
Issue of bonus shares – 2007	68,200	-	-	-	(68,200)	-
Transfer to legal reserve	-	12,746	-	-	(12,746)	-
Balance at 30 June 2008	204,600	57,633	780,771	-	381,341	1,424,345
Balance at 1 January 2009	204,600	57,633	409,612	77,355	410,893	1,160,093
Total comprehensive income for the period**	-	-	(71,538)	-	71,084	(454)
Dividends paid – 2008	-	-	-	-	(61,380)	(61,380)
Issue of bonus shares – 2008	51,150	-	-	-	(51,150)	-
Transfer to legal reserve	-	22,627	-	-	(22,627)	-
Balance at 30 June 2009	255,750	80,260	338,074	77,355	346,820	1,098,259

** The fair value reserve also includes foreign currency translation reserve of QR (6.504) million.

Condensed consolidated interim statement of cash flows
For the six month period ended 30 June 2009

In thousands of Qatari Riyals

	Six month period ended 30 June	
	2009 (Reviewed)	2008 (Reviewed) (Restated)
OPERATING ACTIVITIES		
Net profit for the year	71,084	157,741
Adjustments for :		
Depreciation	2,356	1,452
(Profit) / loss on sale of property and equipment	(8)	6
Profit on sale of investments	(17,625)	(72,819)
Revaluation loss / (gain) on trading securities	350	(31,014)
Income from investment in associate companies	(4,671)	(5,809)
Impairment loss on investments	628	-
	52,114	49,557
Changes in operating assets and liabilities		
Insurance contract receivables	1,448	(54,712)
Other receivables	(22,568)	(16,746)
Insurance contracts payables	(40,522)	54,293
Unearned premium	14,300	3,267
Other liabilities	(4,872)	8,004
Net cash (used in) / from operating activities	(100)	43,663
INVESTING ACTIVITIES		
Purchase of property and equipment	(1,383)	(429)
Purchase of investment securities	(18,562)	(57,268)
Purchase of shares in associate companies	-	(938)
Purchase of investment property	(3,197)	(58,191)
Net movement in investments in associates	850	
Additions to buildings under construction	(15,502)	(5,874)
Proceeds from sale of investment securities	31,329	123,159
Proceeds from sale of investment properties	-	-
Movements in bank deposits	-	(95,850)
Proceeds from sale of property and equipment	8	10
Net cash used in investing activities	(6,457)	(95,381)
FINANCING ACTIVITIES		
Dividends paid	(61,380)	(34,100)
Dividend received from associates	5,130	-
Movement in due to banks	(46,675)	90,845
Cash flows (used in) / from financing activities	(102,925)	56,745
(Decrease) / increase in cash and cash equivalents	(109,482)	5,027
Cash and cash equivalents at the beginning of the year	162,328	51,992
Cash and cash equivalents at the end of the year (note 3)	52,846	57,019

The attached notes 1 to 15 form part of this condensed consolidated interim financial information.

**Notes to the condensed consolidated interim financial information
For the six month period ended 30 June 2009**

In thousands of Qatari Riyals

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

Qatar General Insurance and Reinsurance Company S.A.Q. (the "Company" or "Parent") 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 Companies' Law. The Company and its subsidiaries (together referred to as "the Group") is engaged in the business of general insurance, reinsurance, real estate and investment management. The shares of the Group are listed in Doha Stock Market.

The Company has five local branches in Qatar and one overseas branch in United Arab Emirates (in Dubai). The condensed consolidated interim financial information incorporates the financial statements of the Company and its subsidiaries all of which have 31 December year end. 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

2. BASIS OF PREPARATION

a) Statement of compliance

This condensed consolidated interim financial information is prepared in accordance with International Accounting Standard ("IAS") 34 – "Interim Financial Reporting". They do not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2008. In addition, results of the six month period ended 30 June 2009 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2009.

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 accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's consolidated annual financial statements for the year ended 31 December 2008, except for the following:

- IAS 1 (revised), "Presentation of financial statements":
During the period the Group adopted Revised IAS 1 as issued by International Accounting Standards Board ("IASB") revised in May 2008, as the same has become mandatory for the Group's financial reporting periods beginning 1 January 2009. Revised IAS 1 introduced the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income. The Group has decided to adopt two statements approach for presenting total comprehensive income.

**Notes to the condensed consolidated interim financial information
For the six month period ended 30 June 2009**

In thousands of Qatari Riyals

2. BASIS OF PREPARATION (CONTINUED)

- IFRS 8, "Operating Segments":
During the period the Group adopted IFRS 8 as issued by International Accounting Standards Board ("IASB") issued in November 2006, as the same has become mandatory for the Group's financial reporting periods beginning 1 January 2009. IFRS 8 introduces the "management approach" to segment reporting i.e. based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them.
- Change in accounting policy – Computation of unexpired premium
During the period, the Group changed the policy for computation of unexpired premium from 60:40 method and adopted 1/365 method (actual number of days method). This is a voluntary change in the accounting policy as it will provide more relevant and reliable information. Since it is impracticable to determine the cumulative effect at the beginning of the current period due to the change in accounting policy, the change has been made effective prospectively. The Group had an additional expense charge to the statement of income by QR 19.3 million due to this change in policy.

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 2008.

Further, the Group's financial risk management objectives and procedures are consistent with those disclosed in the annual financial statements as at and for the year ended 31 December 2008.

3 CASH AND BANK BALANCES

	30 June 2009	31 December 2008
	(Reviewed)	(Audited)
Cash on hand	566	798
Cash at bank	52,280	161,530
	52,846	162,328

**Notes to the condensed consolidated interim financial information
For the six month period ended 30 June 2009**

In thousands of Qatari Riyals

4 RELATED PARTY TRANSACTIONS

These represent transactions with related parties, i.e. shareholders, companies affiliated to the shareholders, directors and senior management of the Group and companies of which they are principal owners. The details of the related party transactions during the year are as follows:

Name of the related party	Nature of relationship	Type of transaction	30 June 2009 (Reviewed)	31 December 2008 (Audited)
General Takaful Company S.P.C.	Subsidiary	Expenses incurred on behalf of the Parent	131	-
		Expenses incurred on behalf of the subsidiary	116	1,558
		Transfer of end of service benefits of employees transferred	736	-
Qatar General Holding Company S.A.Q.	Subsidiary	Transfer of investments at fair value to the subsidiary from the Parent	-	375,516
		Transfer of project under progress to subsidiary	60,668	-
		Transfer of investment property at cost from the Parent	291,772	122,276
		Transfer of associate companies at cost from the Parent	-	114,416
		Transfer of balances due from related parties to the subsidiary	-	15,404

The related party balances were as follows:

	30 June 2009 (Reviewed)	31 December 2008 (Audited)
a) Due from related parties **	27,041	15,166
b) Due to related parties **	16,546	15,887
c) Compensation paid to key management personnel	9,420	29,262

** These balances are included in the statement of financial position under the headers of other receivables and other liabilities respectively.

o INSURANCE CONTRACTS RECEIVABLES

	30 June 2009 (Reviewed)	31 December 2008 (Audited)
Due from policy holders	195,192	152,639
Due from insurance / reinsurance companies	8,990	49,830
Impairment allowance for doubtful receivables	(57,968)	(54,807)
	146,214	147,662

**Notes to the condensed consolidated interim financial information
For the six month period ended 30 June 2009**

In thousands of Qatari Riyals

6 INVESTMENTS IN SECURITIES

The carrying amounts of investments are as follows:

	30 June 2009 (Reviewed)	31 December 2008 (Audited)
Held for trading securities		
Quoted securities	41,566	42,298
(a) Total held for trading securities	41,566	42,298
Available-for-sale investments		
Local portfolio – quoted	525,025	603,332
Local portfolio – unquoted	15,581	10,458
Foreign shares	46,441	63,751
Managed funds	33,167	29,670
Bonds	63,151	37,500
(b) Total available for sale investments	683,365	744,711
Total investments	724,931	787,009

7 INVESTMENT PROPERTIES

	30 June 2009 (Reviewed)	31 December 2008 (Audited)
Net book value at 1 January	455,238	236,064
Additions	3,197	221,822
Disposals	-	(1,789)
Depreciation	(1,227)	(859)
Net book value as at	457,208	455,238

The investment properties were valued as on 31 December 2008 at QR. 1,488.60 million (2007: 2,379.37 million) by an independent valuer not connected with the Group, by reference to market evidence of recent transactions for similar properties. The management believes that this value approximates the fair value as at 30 June 2009.

Notes to the condensed consolidated interim financial information
For the six month period ended 30 June 2009

In thousands of Qatari Riyals

8 TAKAFUL PARTICIPANTS' FUND ACCOUNTS**BALANCE SHEET**

	30 June 2009	31 December 2008
	(Reviewed)	(Audited)
ASSETS		
Cash and bank	25,001	13,024
Insurance contract receivable	19,039	10,081
Other assets	156	1,230
Property plant and equipment	1,441	1,586
	45,637	25,921
LIABILITIES		
Accounts payable	5,044	3,435
Insurance contract payables	15,489	7,002
Unearned contributions	23,296	15,213
Other payables	1,060	325
	44,889	25,975
Surplus / (deficit) for the period / year	748	(54)
	45,637	25,921

STATEMENT OF PARTICIPANTS' REVENUE

	30 June 2009	30 June 2008
	(Reviewed)	(Reviewed)
Gross contributions	29,133	14,296
Reinsurance cessions	(3,796)	(1,630)
Retained premium	25,337	12,666
Unearned premium adjustment	(8,083)	(10,910)
Net commission income	1,011	480
Other income – technical	465	5
Net contributions	18,730	2,241
Claims	(10,424)	(197)
Claims recovered	1,937	12
Outstanding claims adjustment	(6,634)	(935)
Net claims	(15,121)	(1,120)
Insurance revenue	3,609	1,121
General and administrative expenses	(2,873)	(1,692)
Other income – non technical	66	-
Surplus / (deficit) for the period	802	(571)

9 INSURANCE CONTRACT LIABILITIES

	30 June 2009	31 December 2008
	(Reviewed)	(Audited)
Outstanding claims – (note 9 a)	113,570	114,103
Due to policy holders	27,273	24,208
Due to insurance / reinsurance companies	71,810	114,864
	212,653	253,175

Notes to the condensed consolidated interim financial information
For the six month period ended 30 June 2009

In thousands of Qatari Riyals

9 INSURANCE CONTRACT LIABILITIES (CONTINUED)**9 (a) Movement in outstanding claims**

	30 June 2009			31 December 2008		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
At 1 January						
Reported claims	313,206	(208,603)	104,603	181,123	(103,167)	77,956
IBNR	47,256	(37,756)	9,500	47,256	(37,756)	9,500
Total	360,462	(246,359)	114,103	228,379	(140,923)	87,456
Movement during the period						
Reported claims	44,005	(44,538)	(533)	132,083	(105,436)	26,647
IBNR	-	-	-	-	-	-
Total	44,005	(44,538)	(533)	132,083	(105,436)	26,647
At period end						
Reported claims	357,211	(253,141)	104,070	313,206	(208,603)	104,603
IBNR	47,256	(37,756)	9,500	47,256	(37,756)	9,500
Total	404,467	(290,897)	113,570	360,462	(246,359)	114,103

Notes to the condensed consolidated interim financial information
For the six month period ended 30 June 2009

In thousands of Qatari Riyals

10 SEGMENTAL INFORMATIONSIX MONTH PERIOD ENDED 30 JUNE
2009 (REVIEWED)

GROSS PREMIUMS
REINSURANCE CESSIONS
RETAINED PREMIUMS

UNEARNED PREMIUM ADJUSTMENTS
NET COMMISSION INCOME
OTHER INCOME – TECHNICAL
UNDERWRITING REVENUE

NET CLAIMS INCURRED**NET UNDERWRITING REVENUE**

	GENERAL ACCIDENT	FIRE	MARINE	ENGINEERING AND OTHERS	TOTAL
	122,727	13,863	7,938	172,327	316,855
	(5,430)	(12,188)	(5,992)	(158,160)	(181,770)
	117,297	1,675	1,946	14,167	135,085
	(12,421)	(938)	1,505	(2,446)	(14,300)
	(306)	2,935	1,456	10,198	14,283
	233	4	43	198	478
	104,803	3,676	4,950	22,117	135,546
	(80,074)	(2,041)	(2,041)	(6,618)	(90,774)
	24,729	1,635	2,909	15,499	44,772

SIX MONTH PERIOD ENDED 30 JUNE
2008 (REVIEWED) (RESTATEd)

GROSS PREMIUMS
REINSURANCE CESSIONS
RETAINED PREMIUMS

UNEARNED PREMIUM ADJUSTMENTS
NET COMMISSION INCOME
OTHER INCOME – TECHNICAL
UNDERWRITING REVENUE

NET CLAIMS INCURRED**NET UNDERWRITING REVENUE**

	GENERAL ACCIDENT	FIRE	MARINE	ENGINEERING AND OTHERS	TOTAL
	134,198	12,398	20,337	267,942	434,875
	(10,107)	(11,808)	(17,511)	(246,572)	(285,998)
	124,091	590	2,826	21,370	148,877
	(1,269)	176	-	(2,174)	(3,267)
	(231)	3,335	2,948	13,044	19,096
	50	(3)	315	(2)	360
	122,641	4,098	6,089	32,238	165,066
	50	(3)	315	(2)	360
	(94,747)	(938)	(667)	(5,738)	(102,090)
	27,894	3,160	5,422	26,500	62,976

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

In thousands of Qatari Riyals

11 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.

	Six month period ended 30 June	
	2009 (Reviewed)	2008 (Reviewed) (Restated)
Net profit for the period	71,084	157,741
Weighted average number of shares (in '000s)	25,575	25,575
Earnings per QR 10 per share (in Qatar Riyal)	2.78	6.17

12 DIVIDEND PAID

A final dividend, amounting to QR 61,380,000 for the year 2008 (2007: QR 34,100,000) along with a bonus share of one share for every four shares held, totalling to 5,115,000 shares has been approved at the Annual General Meeting on 4 March 2009. The same has been paid and distributed by the Group.

13 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

	30 June 2009 (Reviewed)	31 December 2008 (Audited)
Letters of guarantee	5,297	3,461

14 SEGMENT INFORMATION

For management purposes, the group is organised into four business segments General Accident, Fire, Marine and Engineering and others. These segments are the basis on which the group reports its segment information and being reviewed regularly by the chief operating officer. Segmental information is shown under the note 10 to the condensed consolidated interim financial information.

15 COMAPRATIVE FIGURES

The comparative figures for the six month period ended 30 June 2008 have been restated to reflect the change in presentation of net results of General Takaful Company S.P.C, which was previously consolidated on a line by line basis. The net profit of the Group increased by QR 0.570 million due to the impact of the same.