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

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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

Consolidated financial statements
As at and for the year ended 31 December 2008

CONTENTS **Page**

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
Qatar General Insurance and Reinsurance Company S.A.Q.
Doha, State of Qatar

Report on the consolidated financial statements
We have audited the accompanying consolidated financial statements of Qatar General Insuranc Reinsurance Company S.A.Q. ("the Company") and its subsidiaries (together referred to as the "Gr which comprise the consolidated balance sheet as at 31 December 2008, and the consolidated ir statement, consolidated statement of changes in equity and consolidated cash flow statement f year then ended, and a summary of significant accounting policies and other explanatory notes financial statements as of and for the year ended 31 December 2007 were audited by another a whose report dated 20 January 2008 expressed an unqualified opinion on those financial statement

Responsibility of the directors for the consolidated financial statements
The directors are responsible for the preparation and fair presentation of these consolidated fin statements in accordance with International Financial Reporting Standards. This responsibility inc designing, implementing and maintaining internal control relevant to the preparation and fair preser of consolidated financial statements that are free from material misstatement, whether due to fra error; selecting and applying appropriate accounting policies; and making accounting estimates th reasonable in the circumstances.

Auditors' responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our We conducted our audit in accordance with International Standards on Auditing. Those stan require that we comply with relevant ethical requirements and plan and perform the audit to reasonable assurance whether the consolidated financial statements are free of material misstatem

An audit involves performing procedures to obtain audit evidence about the amounts and disclosu the consolidated financial statements. The procedures selected depend on our judgment, includir assessment of the risks of material misstatement of the consolidated financial statements, whethe to fraud or error. In making those risk assessments, we consider internal controls relevant t preparation and fair presentation of the consolidated financial statements in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opini the effectiveness of the Group's internal controls. An audit also includes evaluating the appropriat of accounting principles used and the reasonableness of accounting estimates made by directors, a as evaluating the overall presentation of the consolidated financial statements.

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects consolidated financial position of the Group as at 31 December 2008, and of its consolidated fin performance and its consolidated cash flow for the year then ended in accordance with Interna Financial Reporting Standards.

Report on other legal and regulatory requirements

In addition, in our opinion, the Group has maintained proper accounting records and the consoli financial statements are in agreement therewith. We have reviewed the accompanying report board of directors and confirm that the financial information contained thereon is consisten consolidated financial statements. We are not aware of any violations of the provision of Commercial Companies Law No 5 of 2002 or the terms of Articles of Association having occurred the year which might have had a material effect on the business of the Group or its consolidated fin position as of 31 December 2008. Satisfactory explanations and information have been provided to the management in response to all our requests.

9 February 2009
Doha
State of Qatar

Ahmed Hussain
KPMG
Qatar Auditors' Registry No. 197

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

CONSOLIDATED BALANCE SHEET
As at 31 December 2008

In thousands of Qat

	Notes	2008	2 (Re: Nc
ASSETS			
Cash and cash equivalents	4	162,328	
Statutory deposits	5	6,000	
Insurance contracts receivables	6	147,662	
Other receivables	7	30,469	
Investments - Held for trading	8	42,298	
Investments - Available for sale	8	744,711	
Investment property	9	455,238	
Investment in associates	10	183,669	
Takaful participants' assets	11	25,921	
Buildings under construction	12	55,433	
Property and equipment	13	17,826	
TOTAL ASSETS		**1,871,555**	1,
LIABILITIES			
Insurance contract liabilities	14	253,175	
Unearned premium	15	96,181	
Due to banks	16	158,385	
Other liabilities	17	158,506	
Employees' end of service benefits	18	19,294	
Takaful fund and participants' liabilities	11	25,921	
TOTAL LIABILITIES		711,462	
EQUITY			
Share capital	19	204,600	
Legal reserve	20	57,633	
Fair value reserve	21	409,612	
Revaluation reserve	22	77,355	
Retained earnings		410,893	
TOTAL EQUITY		1,160,093	1,
TOTAL LIABILITIES & EQUITY		**1,871,555**	1,

These consolidated financial statements were approved by the Board of Directors and were signed
behalf by the following on 09 February 2009.

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

Member of the Board

The attached notes 1 to 34 form an integral part of these consolidated financial statements.

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

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2008 In Thousands of Qat

	Notes	2008	20 (Res Not
Gross premiums		719,130	8
Premium ceded to reinsurers		(477,372)	(5
Net premium		241,758	2
Movement in unearned premium		(2,019)	(
Net earned premium	23	**239,739**	2
Net commission	23	35,741	
Other income – technical	23	1,249	
Underwriting revenue		**276,729**	2
Gross claims paid		(251,487)	(1
Reinsurance and other recoveries		84,332	
Movement in outstanding claims		(26,647)	(
Net claims incurred	23	(193,802)	(1
Net underwriting revenue	23	**82,927**	
Net investment income	24	250,739	1
Other income	25	3,734	
Total income		**337,400**	2
General and administrative expenses	26	(111,133)	(
Net profit for the year		**226,267**	1
Basic and diluted earnings per share (QR)	27	11.06	

The attached notes 1 to 34 form an integral part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2008

In thousands of

	Share capital	Legal reserve	Fair value reserve**	Revaluation surplus	Retained earnings (restated)	Total equ
Balance at 1 January 2007	113,667	38,857	431,174	-	265,082	848,78
Transfers to income statement on account of disposal of available for sale investments	-	-	(45,856)	-	-	(45,85
Changes in fair value	-	-	257,107	-	-	257,10
Net income directly recognised in equity	-	-	211,251	-	-	211,25
Net profit for the year	-	-	-	-	125,060	125,06
Total recognized income and expenses for the year	-	-	211,251	-	125,060	336,31
Issue of bonus shares	22,733	-	-	-	(22,733)	
Dividends paid – 2006	-	-	-	-	(22,733)	(22,73
Transfer to legal reserve	-	6,030	-	-	(6,030)	
Balance at 31 December 2007	136,400	44,887	642,425	-	338,646	1,162,35
Balance at 1 January 2008	136,400	44,887	642,425	-	338,646	1,162,35
Transfers to income statement on account of disposal of available for sale investments	-	-	(68,526)	-	-	(68,52
Changes in fair value	-	-	(164,287)	-	(38,974)	(203,26
Share of revaluation surplus recognised directly in associates' equity*	-	-	-	77,355	-	77,35
Net income recognized directly in equity	-	-	(232,813)	77,355	(38,974)	(194,43
Net profit for the year	-	-	-	-	226,267	226,26
Total recognized income and expenses for the year	-	-	(232,813)	77,355	187,293	31,83
Issue of bonus shares – 2007	68,200	-	-	-	(68,200)	
Dividends paid – 2007	-	-	-	-	(34,100)	(34,10
Transfer to legal reserve	-	12,746	-	-	(12,746)	
Balance at 31 December 2008	204,600	57,633	409,612	77,355	410,893	1,160,09

* Represents proportionate share in revaluation surplus resulting from revaluation of a property in an associate company.

** The fair value reserve also includes foreign currency translation reserve of QR (0.924) million

The attached notes 1 to 34 form an integral part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2008 In thousands of Qata

	2008	20 (Rest Nc
OPERATING ACTIVITIES		
Net profit for the year	226,267	1
Adjustments for :		
Depreciation	3,000	
Loss on sale of property and equipment	4	
Profit on sale of investment property	(126,712)	
Profit on sale of investments	(80,139)	(
Revaluation loss / (gain) on trading securities	8,734	(
Income from investment in associate companies	(5,914)	
Impairment loss on investments	7,426	
Changes in operating assets and liabilities		
Statutory deposits	(1,500)	
Insurance contract receivables	21,383	(
Other receivables	3,755	(
Insurance contracts payables	17,746	
Unearned premium	2,019	
Other liabilities	139,003	
Net cash from operating activities	215,072	1
INVESTING ACTIVITIES		
Purchase of property and equipment	(1,504)	
Purchase of investment securities	(89,146)	(
Purchase of shares in associate companies	(6,883)	(
Purchase of investment property	(187,253)	(
Additions to buildings under construction	(19,074)	(
Proceeds from sale of investment securities	147,854	
Proceeds from sale of investment properties	128,500	
Proceeds from sale of property and equipment	14	
Cash flows from investing activities	(27,492)	(1
FINANCING ACTIVITIES		
Dividends paid	(34,100)	(
Movement in due to banks	(43,144)	
Cash flows used in financing activities	(77,244)	
Increase in cash and cash equivalents	**110,336**	(
Cash and cash equivalents at the beginning of the year	51,992	
Cash and cash equivalents at the end of the year (Note 4)	**162,328**	

The attached notes 1 to 34 form an integral part of these consolidated financial statements.

1 LEGAL STATUS AND OPERATIONS

Qatar General Insurance and Reinsurance Company S.A.Q. ("the Company") is a shareholding company incorporated by Emiri Decree No. 52 of 1978 under commercial r number 7200 and governed by the provisions of the Qatar Companies' Law. The Company a subsidiaries (together referred to as "the Group") is engaged in the business of general insu reinsurance, real estate and investment management. The shares of the Group are listed in Stock Market.

The Company has five local branches in Qatar and one overseas branch in United Arab Emir Dubai).

The consolidated financial statements incorporate the financial statements of the Company subsidiaries all of which have 31 December year end. The subsidiaries are:

Name of the subsidiary	Ownership	Country of incorporation	Principal activiti
Qatar General Holding Company	100%	State of Qatar	Primarily engagec managing inves portfolio of the Grour
General Takaful Company	100%	State of Qatar	Primarily engaged Islamic insurance

2 BASIS OF PREPARATION

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with Interr Financial Reporting Standards (IFRS), along with the requirements of the Qatar Com Companies Law No. 5 of 2002 and are consistent with prevailing practices within the ins industry.

b) Basis of measurement

The consolidated financial statements are prepared under the historical cost convention, excep measurement at fair value of derivative, certain available for sale investments and inve classified at fair value through profit or loss.

The methods used to measure fair values are discussed further in note 3 (c) (iv).

c) Functional and presentation currency

These consolidated financial statements are presented in Qatari Riyals (QR) rounded to the thousand (QR '000), unless otherwise indicated.

d) Use of estimates and judgements

The Group makes judgements, estimates and assumptions that affect the reported amounts of liabilities, revenues, expenses and disclosure of contingent liabilities, at the reporting date. Es and judgements are continually evaluated and are based on historical experience and other including expectation of future events that are believed to be reasonable under the circumstanc

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2. BASIS OF PREPARATION (CONTINUED)

d) Use of estimates and judgements (continued)

Information about significant areas of estimates and critical judgements in applying accounting that have the most significant effect on the amounts recognised in the consolidated fi statements is included under note 32 and 33.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to acc estimates are recognised in the year in which the estimates is revised and in any future years at

e) New Standards and interpretations not yet adopted

The following Standards and interpretations issued by International Accounting Standards Bo not mandatory for the year ended 31 December 2008, have not yet been adopted by the Group:

- Revised IAS 1 Presentation of Financial Statements (2007) introduces the term "total compreh income", which represents changes in equity during a period other than those changes resultin transactions with owners in their capacity as owners. Total comprehensive income may be pre in either a single statement of comprehensive income (effectively combining both the statement and all non-owner changes in equity in a single statement), or in an income statemer separate statement of comprehensive income. Revised IAS 1, which becomes mandatory Group's 2009 financial statements, is expected to have an impact on the presentation consolidated financial statements. The Group is currently in the process of evaluating the p effect of this amendment in the presentation of the consolidated financial statements.

- IFRS 8 Operating Segments introduces the "management approach" to segment reporting. I which becomes mandatory for the Group's 2009 consolidated financial statements, will re change in the presentation and disclosure of segment information. Currently the Group p segment information in respect of its insurance business segments.

- The International Accounting Standards Board made certain amendments to existing standards of its first annual improvements projects. The effective dates for these amendments vary by s and will be applicable mostly to the Group's 2009 financial statements. The Group does not these amendments to have any significant impact on the consolidated financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been consistently applied by the Group and are consistent witl used in the previous year.

a. Basis of consolidation

Investment in Subsidiary companies

The consolidated financial statements comprise the financial statements of Qatar General Ins and Reinsurance Company S.A.Q and its subsidiary companies made up to 31 December 20(financial statements of the subsidiary companies are prepared for the same reporting year parent company, using consistent accounting policies.

Subsidiaries are defined as companies that are controlled by the Group, namely companies in the Group has the power to govern the financial and operating policies so as to obtain benef their activities.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a. Basis of consolidation (Continued)

All intra-group transactions, balances and unrealised surpluses and deficits on transactions b group companies have been eliminated on consolidation. Where necessary, the accoι subsidiaries have been restated to ensure consistency with the accounting policies adopted Group.

One of the Group's subsidiaries, General Takaful Company, is an Operator of Islamic ins business operating under Islamic shari'a principles. In accordance with applicable Shari'a pri participants' (policyholders') funds are maintained distinct from the Operator's (shareholders') Accordingly, the participants' assets and liabilities including the fund balance are shown separa 'Takaful participants' assets' and 'Takaful fund and participants' liabilities' respectively Consolidated Balance Sheet. Takaful Participants' Fund Accounts comprising of Balance Sh Statement of Participants' Revenue is set out in note 11. The Group manages the takaful fu behalf of the policy holders as a Mudarib.

Investment in associate companies

Associate companies are those entities in which the Group has significant influence but not c over the financial and operating policies. The financial statements include the Group's share c recognized gains and losses of associates on an equity accounted basis, from the dat significant influence commences until the date that significant influence ceases. All subse changes to the Group's share of interest in the equity of the associate are recognised in the G carrying amount of the investment. Changes resulting from the profit and loss generated l associate are reported under "Investment income" in the income statement and therefore affe results of the Group.

Amounts reported in the consolidated financial statements of associates have been adjusted necessary to ensure consistency with the accounting policies adopted by the Group.

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b. Foreign currency

Foreign operations

For the purpose of consolidated financial statements, the results and financial position of the branch is expressed in the functional currency of the parent company at the exchange rate pr at the reporting date. Income and expenses are translated at the average exchange rates for t unless exchange rates fluctuated significantly during the year in which case the exchange rate dates of the transactions are used.

Foreign currency translation differences are recognised directly in equity. When a foreign oper disposed of in part or full, the relevant amount in the reserve is transferred to statement of inc the corresponding period.

Foreign currency transactions

Foreign currency transactions are initially recorded in Qatari Riyals at the rates of exchange pr at the date of each transaction. Monetary assets and liabilities denominated in foreign currenc translated to Qatari Riyals at the rate of exchange prevailing at the year end. The resultant ex differences are included in the statement of income.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Financial instruments

Financial instruments represent the Group's financial assets and liabilities. Financial assets cash and cash equivalents, insurance and other receivables and investments. Financial li include short term borrowings and other payables.

i) Recognition
The financial assets and liabilities are recognised on the date they are generated and on the which the Group becomes a party to the contractual provisions of the instrument.

ii) De-recognition
The Group derecognizes the financial asset when the contractual rights to receive cash flows fr asset expire or it transfers the right to receive the contractual cash flow of that asset in a transa which substantially all the risks and rewards of ownership of the financial assets are transferred

The Group also derecognizes certain assets when it charges off balances pertaining to the deemed to be uncollectible. The Group derecognizes a financial liability when its con obligations are discharged or cancelled or expired.

iii) Measurement

Non-derivative financial instruments
Non-derivative financial instruments comprise investments in equity and debt securities, ins contract and other receivables, cash and cash equivalents, Due to banks, insurance contract pa and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments no value through profit or loss, any directly attributable transaction costs. Management determi appropriate classification of investments at the time of purchase. Subsequent to initial recogniti derivative financial instruments are measured as described below:

Available for sale investments
The Group's investments in equity securities and certain debt securities are classified as availa sale financial assets. Subsequent to initial recognition, they are measured at fair value and c therein, other than impairment losses, and foreign currency differences on available-for-sale m items, are recognised directly in equity. When an investment is derecognised, the cumulative loss in equity is transferred to profit or loss. All purchases and sales of investments are recogr the settlement date.

Financial assets at fair value through profit and loss
An instrument is classified at fair value through profit or loss if it is held for trading or is design such upon initial recognition. Financial instruments are designated at fair value through profit o the Group manages such investments and makes purchase and sale decisions based on tl value in accordance with the Group's investment strategy. Upon initial recognition, attri transaction costs are recognised in profit or loss. Financial instruments at fair value through p loss are measured at fair value, and changes therein are recognised in profit or loss.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand and short-term deposits original maturity of three months or less in the balance sheet.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Financial instruments (continued)

Insurance contracts receivables
Insurance receivables are carried at amortised cost after provision for impairment. A provi: impairment based on sliding scale rates applied on the aged balance of receivables is esta when there is evidence that the Group will not be able to collect all amounts due accordinc terms of the receivables. Bad debts are written off during the year in which they are identifie identification of bad debts is based on an analysis of the financial position of the counter party.

Insurance contract liabilities
Amounts payable for insurance claims reported till the reporting period end and the amount pay reinsurance companies are accrued as a liability payable. The insurance claims are accrued basis of the actual losses reported against the policies underwritten by the Group during the The reinsurance liability is computed according to the contractual liability agreed with the reins company on individual claims.

Others
Other non-derivative financial instruments are measured at amortised cost using the effective method, less any impairment losses.

Derivative financial instruments
Embedded derivatives are separated from the host contract and accounted for separatel economic characteristics and risks of the host contract and the embedded derivative are not related, a separate instrument with the same terms as the embedded derivative would m definition of a derivative, and the combined instrument is not measured at fair value through | loss. Changes in the fair value of separable embedded derivatives are recognised immediately or loss.

iv) Fair values

Fair value is the amount for which an asset could be exchanged or a liability settled b knowledgeable willing parties on an arm's transaction on the measurement date. Differenc therefore arise between the book values under the historical cost method and fair value estimat

Underlying the definition of fair value is a presumption that an enterprise is a going concern any intention or need to liquidate, curtail materially the scale of its operations or unde transaction on adverse terms.

The fair value of financial instruments that are actively traded in organized financial mai determined by reference to quoted market bid prices for assets and offer prices for liabilities close of business on the balance sheet date. If quoted market prices are not available, refer made to broker or dealer price quotations.

The fair value of separable embedded derivatives is based on the market value of the unc equity instrument.

If the fair value can not be measured reliably using any of the methods given above, the financial instruments are measured at cost, being the fair value of the consideration paid acquisition of the investment or the amount received on issuing the financial liability until a measure of the fair value is available. All transaction costs directly attributable to the acquisit also included in the cost of the investment.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Impairment

Financial assets
A financial asset is assessed at each reporting date to determine whether there is any o evidence that it is impaired. If such evidence exists, the estimated recoverable amount of that a determined and any impairment loss is recognised in the statement of income.

A. For assets carried at fair value, impairment is the difference between cost and fair value, le impairment loss previously recognized in the income statement. For an investment in equity s classified under available for sale, a significant or prolonged decline in its fair value below its an objective evidence of impairment. Reversal of impairment losses in respect of equity inves classified as available for sale are treated as increase in fair value through statement of cha equity. Reversal of impairment losses on debt instruments are done through the stater income, when the increase in fair value can be objectively related to an event occurring a impairment loss was recognised in the statement of income.

B. For assets carried at cost, impairment is the difference between carrying value and the preser of future cash flows discounted at the current market rate of return for a similar financial asset

Non-financial assets
The carrying amounts of the Group's non-financial assets are reviewed at each reporting determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount is estimated.

e. Investment property

Investment property is property held either to earn rental income or for capital appreciation both, but not for sale in the ordinary course of business or used for services or for adminis purposes. Investments in property are measured by applying the cost model and are stated at c acquisition less depreciation and impairment losses. These are depreciated using the straigh method over their estimated useful lives of 20 years.

f. Property and equipment

Initial recognition
Property and equipment are stated at cost less accumulated depreciation and impairment lo Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost c constructed assets includes the cost of materials and direct labour, any other costs d attributable to bringing the assets to a working condition for their intended use, and the co dismantling and removing the items and restoring the site on which they are located.

Subsequent costs
The cost of replacing part of an item of property, plant and equipment is recognised in the ca amount of the item if it is probable that the future economic benefits embodied within the part w to the Group and its cost can be measured reliably. The carrying amount of the replaced p derecognised. The costs of the day-to-day servicing of property, plant and equipment are recog in profit or loss as incurred.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Property and equipment (continued)

Depreciation

Depreciation is provided on cost by the straight-line method on all property and equipment othe land which is determined to have an indefinite life and is charged to the income statement, at a rates which are intended to write off the cost of the assets over their estimated useful lives as fo

Buildings	20 years
Furniture, fixtures and computers	4 years
Motor vehicles	4 years

The assets' residual values, and useful lives and method are reviewed and adjusted if approp each financial year end.

g. Provisions

Provisions are recognised in the balance sheet when the Group has a legal or constructive ob as a result of a past event, and it is probable that an outflow of economic benefits will be requ settle the obligation.

h. Employee benefits

i) Local employees (Defined contribution plans)

With respect to the local employees, the Group makes contributions to the government pension the respective local regulatory authorities as a percentage of the employees' salaries in acco with the requirements of respective local laws pertaining to retirement and pensions, wl required. The Group's share of contributions to these schemes, which are defined cont schemes under International Accounting Standard (IAS) – 19 Employee Benefits are chargec consolidated income statement in the year to which they relate.

ii) Expatriate employees (Defined benefit plan)

For the expatriate employees, the Group provide for employees' end of service benefits determ accordance with the requirements of respective local laws of Group entities pertaining to ret and pensions, wherever required. These unfunded charges are made by the Group on the b employees' salaries and the number of years of service at the balance sheet date. Althou expected costs of these benefits are accrued over the period of employment, these are employees only on completion of their term of employment with the Group.

i. Income recognition

(i) Gross premiums

Gross premiums written comprise the total premiums in relation to contracts incepting dur financial year, together with adjustments arising in the financial year to premiums receivable in of business written in previous financial years.

Premiums, net of reinsurance, are taken to income over the terms of the related contracts or p The portion of premium received on in-force contracts that relates to unexpired risks at the b sheet date is reported as the unearned premium liability. Unearned premiums are cal principally on the basis of 40% rule (40% of net premium) on all classes of insurance underwritten.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i. Income recognition (continued)

(ii) Reinsurance arrangements

As part of managing its insurance risks, the Group enters into contracts with other reinsu compensation of losses on insurance contracts issued by the Group. A proportionate amoun gross premiums, in proportion to the amount of risk reinsured on an individual policy basis are the reinsurance companies according to the rates agreed in the reinsurance contracts, as reins premiums.

In the ordinary course of business, the Group assumes and cedes reinsurance. Such reins arrangements provide for greater diversification of business, allow management to control expo potential losses arising from large risks, and provide additional capacity for growth. A sig portion of the reinsurance is affected under treaty, facultative and excess-of-loss reins contracts. The amount payable to reinsurance companies are accrued on the basis of reins premium payable on individual policy basis.

(iii) Net commission income

A proportionate amount of reinsurance premium paid to the reinsurance company is paid bacl Group as commission for undertaking the business. This commission percentage is agreed ac to the reinsurance contract entered on individual line of business with different reinsurance com The amount of commission is recognised according to the reinsurance commission receiva individual policy basis.

(iv) Fees (other income- technical)

Insurance contract policy holders are charged for policy administration services, management s and other contract fees. This income is recognised during the period when the policy is underwi service is provided.

(v) Investment income

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

Income from associate companies is recognised as per equity accounting method. Changes re from the profit or loss generated by the associates are reported under investment income.

j. Claims and related expenses

(i) Gross claims paid

Claims and related expenses are accounted for based on reports received and subsequent re an individual case basis. Provision is made to cover the estimated ultimate cost of settling arising out of events, which have occurred by the end of the financial year, including unr losses, and claims handling expenses.

Provision for unreported claims is established based on actuarial analysis and applica underwriting judgment having regard to the range of uncertainty as to the eventual outcome f category of business.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j. Claims and related expenses (continued)

(ii) Reinsurance and other recoveries
Compensations receivable from reinsurers are estimated in a manner consistent w corresponding claim liability. The obligations arising under reinsurance contracts are recogr income and the related liabilities are recognised as accounts receivable or deducted from reir share of technical reserves. Hence, a portion of the reinsurance premium payable is provide reserve for future claims inorder to provide additional liquidity for the Group, which is finally se the end of the reinsurance period.

(iii) Provision for outstanding claims
Provision for outstanding claims is recognized at the date the claims are known and covers the for loss and loss adjustment expenses based on loss reports from independent loss adjuste management's best estimate.

Claims provision also includes liability for claims incurred but not reported as at the balanc date. The liability is calculated at the reporting date using a range of historic trends, empirical d current assumptions that may include a margin for adverse deviations. The liability is not disc for the time value of money.

(iv) Reserve for unexpired risks
The reserve for unexpired risk represents the estimated portion of net premium income after de of the reinsurance share which relates to periods of insurance subsequent to the balance she The reserve is calculated at 40 percent of the net premium for all class of business.

k. Fair value reserve

This represents the unrealised gain or loss on year-end fair valuation of available for sale inves In the event of sale or impairment, the cumulative gains or losses recognised under the inves fair value reserve are recycled to the income statement for the year.

Fair value reserve also includes the translation reserve from translation of foreign operations.

l. Other assets and liabilities

All other assets and liabilities which are financial instruments are stated at cost, being the fa and recognized at amounts to be received or to be paid in the future.

m. Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares EPS is calculated by dividing the profit attributable to ordinary shareholders of the Group by w number of ordinary shares outstanding during the year. Diluted EPS is calculated by adjust profit attributable to ordinary shareholders of the Group and weighted number of ordinary outstanding for the effects of all dilutive potential ordinary shares.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n. Segment reporting

A business segment is a group of assets and operations engaged in providing products or s that are subject to risks and returns that are different from those of other business segm geographical segment is engaged in providing products or services within a particular ec environment that are subject to risks and return that are different from those of segments oper other economic environments. The Group's primary format for segment reporting is based on b segments.

o. Events after the reporting period

The consolidated financial statements are adjusted to reflect events that occurred betwe balance sheet date and the date when the financial statements are authorised for issue, provid give evidence of conditions that existed at the balance sheet date. No subsequent events o which would require adjustments or disclosure in the consolidated financials statements.

4 CASH AND CASH EQUIVALENTS

	2008	20
Cash on hand	798	
Cash at bank	161,530	
Total cash and cash equivalents	**162,328**	

Out of the above, deposits amounting to QR 98.41 million is pledged by the group as security fo facilities.

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5 STATUTORY DEPOSITS

Statutory deposits are maintained under the provisions of the UAE Federal law relating to ir companies and agents. Such deposits cannot be withdrawn except with the prior approva Ministry of Commerce.

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6 INSURANCE CONTRACTS RECEIVABLES

	2008	20
Due from policy holders	152,639	1
Due from insurance / reinsurance companies	49,830	
Impairment allowance for doubtful receivables	(54,807)	(
Total insurance contract receivables	**147,662**	

For the year ended 31 December 2008 In thousand of Qatar

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7 OTHER RECEIVABLES

	2008	20
Staff loans	2,841	
Accrued rental income	4,848	
Prepayments and others	27,069	
Impairment allowance for doubtful receivables	(4,289)	
Total other receivables	**30,469**	

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8 INVESTMENTS IN SECURITIES

The carrying amounts of investments at 31 December were as follows:

	2008	20
Held for trading securities		
Quoted securities	42,298	
Total held for trading securities	42,298	
Available-for-sale investments		
Local portfolio – quoted	603,332	8
Local portfolio – unquoted	10,458	
Foreign quoted shares	63,751	
Managed funds	29,670	
Bonds	37,500	
Total available for sale investments	744,711	9
Total investments	**787,009**	1,0

Out of the above investments, the Group has offered investment amounting to QR 245.48 millio
318 million) as securities for various facilities availed by it.

9 INVESTMENT PROPERTY

	Land	Buildings	Total	
			2008	20
Balance as at 1 January	230,871	5,193	236,064	1
Transfer from building under construction	-	34,018	34,018	
Transfer from property (net)	318	233	551	
Additions during the year	187,253	-	187,253	
Disposals during the year	(1,789)	-	(1,789)	
Depreciation for the year	-	(859)	(859)	
Balance at:				
31 December	**416,653**	**38,585**	**455,238**	2
31 December 2007	230,871	5,193	-	

For the year ended 31 December 2008 In thousand of Qatar

9 INVESTMENT PROPERTY (CONTINUED)

Investment property	Land	Buildings	Total	
			2008	20
At cost	416,653	61,653	**478,306**	2
Accumulated depreciation	-	(23,068)	**(23,068)**	(
Net carrying value	**416,653**	**38,585**	**455,238**	2

The investment properties of 2008 were valued as on 31 December 2008 at QR. 1,488.60 (2007: 2,379.37 million) by an independent valuer not connected with the Group, by refer market evidence of recent transactions for similar properties.

Direct operating expenses recognised in the income statement that generated rental income 0.71 million (2007: QR 1.03 million), and the rental income recognised during the year is Q million (2007: QR 8.61 million). There are no restrictions pertaining to realisation of the prope remittance of rental income. The properties are non-current.

10 INVESTMENT IN ASSOCIATES

The Group has the following investments in associate companies:

	Ownership	**2008**	200
United Insurance Bureau	25.00%	705	
International Financial Securities*	12.00%	8,177	
Gulf Petroleum	20.00%	981	
Trust Insurance – Algeria	22.50%	23,272	2
Trust Investment – Algeria	20.00%	88,459	1
Trust Bank – Algeria* #	3.70%	8,127	
Trust Syria Insurance	32.00%	21,377	2
Trust Libya Insurance*	15.00%	2,631	
Oman Reinsurance Company*	10.00%	4,712	
Gulf Assist	8.00%	722	
Lebanese Canadian Bank #	3.00%	24,506	2
Total		**183,669**	9

* The Group has accounted for these investments under equity method, though the ov percentages are less than 20%, as it has representatives in the board of directors for these a companies. During the year the Group has recognized income from associates amounting 15,446 (2007: QR 2,173)

The Group acquired 3% equity stake in Lebanese Canadian Bank by way of an ass agreement where in 4.3% equity stake in Trust Bank Algeria was exchanged and the balance s cash. This asset swap agreement is subject to approval of the Central Bank of Algeria.

For the year ended 31 December 2008 In thousand of Qatar

11 TAKAFUL PARTICIPANTS' FUND ACCOUNTS

BALANCE SHEET

	200
ASSETS	
Cash and bank	1
Insurance contract receivable	1
Other assets	
Property plant and equipment	
	2
LIABILITIES	
Accounts payable	
Insurance contract payables	
Unearned contributions	1
Other payables	
	2
Deficit for the year	
	2

STATEMENT OF PARTICIPANTS' REVENUE

	20
Gross contributions	3
Reinsurance cessions	(
Retained premium	2
Unearned premium adjustment	(1
Net commission income	
Other income – technical	
Net contributions	1
Claims	(
Claims recovered	
Outstanding claims adjustment	(
Net claims	(
Insurance revenue	
General and administrative expenses	(
Deficit for the year	

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12 BUILDING UNDER CONSTRUCTION

	2008	20
At 1 January	70,377	
Additions during the year	19,074	
Transfer to property	(34,018)	
At 31 December	**55,433**	

For the year ended 31 December 2008 In thousand of Qatari Riyals

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13 PROPERTY AND EQUIPMENT

	Freehold land	Building	Furniture & fixtures	Motor vehicle	Computers	Total 2008	
Cost:							
At 1 January	7,548	21,445	8,312	701	6,062	44,068	
Transfer to investment property	(318)	(1,352)	-	-	-	(1,670)	
Additions during the year	-	79	825	6	594	1,504	
Disposals			(121)	(37)	-	(158)	
At 31 December	7,230	20,172	9,016	670	6,656	43,744	
Accumulated Depreciation:							
At 1 January	-	13,141	6,998	633	4,265	25,037	
Provided during the year	-	1,050	570	26	495	2,141	
Disposals / transfers	-	(1,119)	(104)	(37)	-	(1,260)	
At 31 December 2008	-	13,072	7,464	622	4,760	25,918	
Net book values:							
As at 31 December 2008	**7,230**	**7,100**	**1,552**	**48**	**1,896**	**17,826**	
At 31 December 2007	7,548	8,304	1,314	68	1,797	-	

For the year ended 31 December 2008 In thousand of Qatar

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14 INSURANCE CONTRACT LIABILITIES

	2008	20
Outstanding claims	114,103	
Due to policy holders	24,208	
Due to insurance / reinsurance companies	114,864	1
Total insurance contract liabilities	**253,175**	2

a) Movement in outstanding claims

	2008			2007		
	Gross	**Reinsurance**	**Net**	Gross	Reinsurance	
At 1 January						
Reported claims	181,123	(103,167)	77,956	98,046	(44,037)	
IBNR	47,256	(37,756)	9,500	47,256	(37,756)	
Total	228,379	(140,923)	87,456	145,302	(81,793)	
Reported claims	132,083	(105,436)	26,647	83,077	(59,130)	
Movement during the year	132,083	(105,436)	26,647	83,077	(59,130)	
At 31 December						
Reported claims	313,206	(208,603)	104,603	181,123	(103,167)	
IBNR	47,256	(37,756)	9,500	47,256	(37,756)	
Total	360,462	(246,359)	114,103	228,379	(140,923)	

15 UNEARNED PREMIUMS

	2008	20
Balance at 1 January	94,162	
Increases during the year	96,181	
Releases during the year	(94,162)	(
Unearned premiums at 31 December	**96,181**	

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16 DUE TO BANKS

	2008	20
Due to banks	**158,385**	2

Loans include short term borrowings from banks for tenures less than 12 months at an a interest rate of 5.4% (2007: 7.1%). The Group has pledged part of its deposits and investment p amounting to QR 344 million (2007: QR 318 million) to secure the above facilities as per note note (8) respectively.

For the year ended 31 December 2008 In thousand of Qatar

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17 OTHER LIABILITIES

	2008	20((resta
Rent received in advance	2,144	
Amount payable for investment property	129,062	
Accrued expenses	620	
Provision for Board of Directors remuneration	4,000	
Others	22,680	
Total other liabilities	**158,506**	:

18 EMPLOYEES' END OF SERVICE BENEFITS

	2008	20(
Balance at 1 January	15,365	
Charge for the year	5,049	
Payments made during the year	(1,120)	
Balance at 31 December	**19,294**	

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19 SHARE CAPITAL

Authorized, issued and fully paid up share capital (20,460,000 shares of QR 10 each) 13,640,000 shares of QR 10 each)

	2008	20(
Balance at 31 December	**204,600**	1:

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20 LEGAL RESERVE

The Qatar Commercial Companies Law No.5 of 2002 requires that 10% of the net profit for ea should be appropriated to a legal Reserve until the balance therein equals to 50% of the capital. The balance under this reserve is not available for distribution, except in the circum specified in the above law.

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21 FAIR VALUE RESERVE

The fair value reserve arose from the revaluation of investment available for sale. The move the balances are as follows:

	2008	20(
Balance at 1 January	642,425	4:
Fair value adjustments during the year	(163,363)	2!
Translation reserve adjustments	(924)	
Transferred to income statement on sale of investments	(68,526)	(4
Balance at 31 December	**409,612**	6

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22 REVALUATION RESERVE

One of the associate companies' of the Group has revalued its property and a revaluation surp directly recognised in the statement of changes in equity of the associate. The Group has reco its proportionate share of the revaluation surplus amounting to QR 77.36 million, in equity revaluation reserve.

For the year ended 31 December 2008 In thousand c

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23 SEGMENTAL INFORMATION

	GENERAL ACCIDENT	FIRE	MARINE AND WAR	ENGINEERING AND OTHERS	TOTAL
2008					
Gross premiums	215,961	25,622	36,819	440,728	719,130
Premium ceded to reinsurers	(18,119)	(23,523)	(30,939)	(404,791)	(477,372)
Net premium	197,842	2,099	5,880	35,937	241,758
Movement in unearned premium	(3,173)	(182)	(86)	1,422	(2,019)
Net earned premium	194,669	1,917	5,794	37,359	239,739
Net commission	(1,400)	5,427	8,309	23,405	35,741
Other income – technical	337	24	605	283	1,249
Net claims incurred	(179,533)	(2,644)	(2,732)	(8,893)	(193,802)
Net underwriting revenue	**14,073**	**4,724**	**11,976**	**52,154**	**82,927**
2007					
Gross premiums	202,845	21,311	50,330	543,887	818,373
Premium ceded to reinsurers	(13,202)	(19,704)	(44,527)	(506,080)	(583,513)
Net premium	189,643	1,607	5,803	37,807	234,860
Movement in unearned premium	(13,138)	226	(1,178)	(9,049)	(23,139)
Net earned premium	176,505	1,833	4,625	28,758	211,721
Net commission	(1,100)	3,169	6,441	21,288	29,798
Other income – technical	186	18	288	84	576
Net claims incurred	(140,742)	(935)	(2,893)	(5,246)	(149,816)
Net underwriting revenue	34,849	4,085	8,461	44,884	92,279

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24 INVESTMENT INCOME

	2008	2
Rent	8,534	
Dividends	25,779	
Profit on sale of investments	206,851	
Income from associates	15,446	
Impairment losses on available for sale investment	(7,425)	
Fair value adjustments – trading securities	(8,734)	
Others	10,288	
Net investment income	**250,739**	

25 OTHER INCOME

	2008	2
Income from takaful operations	560	
Foreign exchange income	1,608	
Miscellaneous income	1,566	
Total other income	**3,734**	

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26 GENERAL AND ADMINISTRATIVE EXPENSES

	2008	2 (Re
Employee related costs	69,024	
Depreciation	3,000	
Finance cost	12,197	
Remuneration to Board of Directors	4,000	
Others	22,912	
Total general and administrative expenses	**111,133**	

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27 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the net profit for the year attribu equity holders of the parent by the weighted average number of ordinary shares outstanding balance sheet date.

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

	2008	2 (Re
Net profit attributable to equity holders of the parent	226,267	
Weighted average number of ordinary shares ('000s)	20,460	
Basic and diluted earnings per share (QR)	**11.06**	

For the year ended 31 December 2008 In thousands of Qatar

28 RELATED PARTY DISCLOSURES

These represent balances of transactions with related parties, i.e. shareholders, companies a to the shareholders, directors and senior management of the Group and companies of which t principal owners. The significant related party transactions during the year were mainly in res reinsurance arrangements

The related party balances at the end of the year as follows:

	2008	20
(a) Related party balances		
Reinsurance companies payable	15,886	
Other payables	1	
Other receivables	15,166	
Investment in associate companies	143,865	
(b) Compensation of key management personnel		
Salaries and other short term benefits	29,065	
End of service benefits	197	
	29,262	

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29 CLASSIFICATIONS AND FAIR VALUES

The following table compares the fair values of the financial instruments to their carrying values:

	31 December 2008		31 December 200	
	Total carrying amount	**Fair value**	Total carrying amount	Fa
Assets				
Cash and cash equivalents	162,238	162,238	51,992	
Insurance contract receivables	147,662	147,662	169,045	[illegible]
Investment – held for trading	42,298	42,298	86,541	
Investments – available for sale	744,711	744,711	966,985	[illegible]
	1,096,909	**1,096,909**	1,274,563	[illegible]
Liabilities				
Insurance contract liabilities	253,175	253,175	235,429	[illegible]
Due to banks	158,385	158,385	201,529	[illegible]
	411,560	**411,560**	436,958	[illegible]

30 RISK MANAGEMENT

The Group in the normal course of its business derives its revenue mainly from assumi managing insurance and investments. The Group's lines of business are exposed to the fc risks:

- Insurance risk
- Credit risk
- Liquidity risk
- Market risk and
- Operational risk

This note presents information about the Group's exposure to each of the above risks, the (objectives, policies and processes for measuring and managing risk, and the Group's manage capital. Further quantitative disclosures are included throughout these consolidated fi statements.

The Board of Directors has overall responsibility for the establishment and oversight of the (risk management framework. The Group's risk management policies are established to iden analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monit and adherence to limits. Risk management policies and systems are reviewed regularly to changes in market conditions and the Group's activities.

The Group Audit Committee oversees how management monitors compliance with the Grou management policies and procedures, and reviews the adequacy of the risk management fra in relation to the risks faced by the Group. The Group Audit Committee is assisted in its overs by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk mana controls and procedures, the results of which are reported to the Audit Committee.

a) Insurance risks

The risk under any insurance contract is the possibility that the insured event occurs a uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, thi random and therefore unpredictable. The insurance contracts issued by the Group for various ri homogeneous.

For a portfolio of insurance contracts where the theory of probability is applied to prici provisioning, the principal risk that the Group faces under its insurance contracts is that the claims and benefit payments exceed the carrying amount of the insurance liabilities.

This could occur because the frequency or severity of claims and benefits are greater than est Insurance events are random and the actual number and amount of claims and benefits will va year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the variability about the expected outcome will be. In addition, a more diversified portfolio is less l be affected by a change in any subset of the portfolio. The Group has developed its ins underwriting strategy to diversify the type of insurance risks accepted and within each o categories to achieve a sufficiently large population of risks to reduce the variability of the ex outcome.

30 RISK MANAGEMENT (CONTINUED)

a) Insurance risks (continued)

Risks are accepted based on an evaluation of pricing and prior underwriting experience in accc with underwriting guidelines that have been laid out for each line of business. Underwriting gui are constantly reviewed and updated to take account of market developments, performan opportunities. Accumulation limits are set to control exposures to natural hazards and catast Various underwriting and approval limits are specified for accepting risks. The reinsurance stra the Group is designed to protect exposures to individual and event risks based on curre exposures through cost effective reinsurance arrangements.

Frequency and severity of claims

The frequency and severity of claims can be determined after consideration of several fac follows:

- Past experience of the claims;
- Economic level;
- Laws and regulations; and
- Public awareness

The Group manages these risks through its underwriting strategy, adequate reinsurance arrang and proactive claims handling. The underwriting strategy attempts to ensure that the underwritte are well diversified in terms of type and amount of risk, industry and geography.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the has the right not to renew individual policies, it can impose deductibles and it has the right to re payment of a fraudulent claim. The Group has the right to re-price the risk on renewal. Ins contracts also entitle the Group to pursue third parties for payment of some or all costs (for ex subrogation).

The reinsurance arrangements include proportional, non-proportional and catastrophic coverag effect of such reinsurance arrangements is that the Group should not suffer major insurance los

The Group has specialised claims units dealing with the mitigation of risks surrounding insurance claims. This unit investigates and adjusts all general insurance claims. The insurance claims are reviewed individually monthly and adjusted to reflect the latest informatior underlying facts, current law, jurisdiction, contractual terms and conditions, and other facto Group actively manages settlements of general insurance claims to reduce its expos unpredictable developments.

Sources of uncertainty in the estimation of future claim payments

Claims on general insurance contracts are payable on a claims-occurrence basis. The Group i for all insured events that occurred during the term of the contract, even if the loss is discovere the end of the contract term. As a result, a larger element of the claims provision relates to incur not reported claims (IBNR) which are settled over a short to medium term period. There are variables that affect the amount and timing of cash flows from these contracts. These mainly r the inherent risks of the business activities carried out by individual contract holders and t management procedures adopted. The compensation paid on these contracts is the monetary granted for the loss suffered by the policy holders or third parties (for third party liability covers).

For the year ended 31 December 2008 In thousands of Qatar

30 RISK MANAGEMENT (CONTINUED)

a) Insurance risks (continued)
The estimated cost of claims includes direct expenses to be incurred in settling claims, net expected subrogation values and other recoveries. The Group takes all reasonable steps to that it has appropriate information regarding its claims exposures. However, given the uncert establishing claims provisions, it is likely that the final outcome will prove to be different fr original liability established. The liability for these contracts comprise a provision for IBNR, a pı for reported claims not yet paid and a provision for unexpired risks as at the balance sheet date

In calculating the estimated cost of unpaid claims (both reported and not), the Group's est techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as t between the ultimate cost of insurance claims and insurance premiums earned in a particular fi year in relation to such claims) and an estimate based upon actual claims experience predetermined formula where greater weight is given to actual claims experience as time passe

Process used to decide on assumptions
The risks associated with these insurance contracts are complex and subject to a number of va that complicate quantitative sensitivity analysis. The exposure of the Group to claims associat general insurance is material. This exposure is concentrated in Qatar where significant trans take place.

The Group uses assumptions based on a mixture of internal and actuarial reports to meas general insurance related claims liabilities. Internal data is derived mostly from the Group's ı claims reports and screening of the actual insurance contracts carried out at year-end to deri for the contracts held. The Group has reviewed the individual contracts and their actual expo claims. This information is used to develop scenarios related to the latency of claims that are ι the projections of the ultimate number of claims.

Sensitivity Analysis
The reasonableness of the estimation process is tested by an analysis of sensitivity around scenarios. The sensitivity of the Group's income to insurance risks is as follows:

31 December 2008

	Change in assumptions	**Impact on Net Profit**	**Impact on equity**
Loss ratio	+ 5%	(12,088)	(12,088)
	- 5%	12,088	12,088

31 December 2007

	Change in assumptions	Impact on Net Profit	Impact on equity
Loss ratio	+ 5%	(11,743)	(11,743)
	- 5%	11,743	11,743

The sensitivity to a 5% increase/decrease in gross loss ratios is the same both net and g reinsurance because this increase does not result in any material excess of loss reinsuranc being reached.

For the year ended 31 December 2008 In thousands of Qatar

30 RISK MANAGEMENT (CONTINUED)

i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to th party by failing to discharge an obligation.

Reinsurance arrangements are effected with reinsurers whose creditworthiness is assessed basis of satisfying minimum rating and financial strength criteria. Reinsurance is made with c reinsurance companies' inorder to reduce the risk of concentration.

The Group's exposure to credit risk is limited to the carrying amount of financial assets recogr the balance sheet date, which are summarised as below with age analysis:

31 December 2008	**<30 days**	**31 to 60 days**	**61 to 90 days**	**91 to 120 days**	**Above 121days**	
Cash and cash equivalents	2,216	127,299	30,142	2,671	-	1(
Statutory deposits	-	-	-	-	6,000	
Insurance contracts receivables	35,520	31,333	11,220	26,343	43,246	1‹
Total	**37,736**	**158,632**	**41,362**	**29,014**	**49,246**	**3'**

31 December 2007	<30 days	31 to 60 days	61 to 90 days	91 to 120 days	Above 121days	
Cash and cash equivalents	4,988	19,991	20,456	6,557	-	!
Statutory deposits	-	-	-	-	4,500	
Insurance contracts receivables	39,329	34,924	17,623	30,563	46,606	1(
Total	44,317	54,915	38,079	37,120	51,106	2:

The Group continuously monitor defaults of customers and other counterparties and incorpora information into its credit risk controls. Where available at reasonable cost, external credit and/or reports on customers and other counterparties are obtained and used. The Group's poli deal only with creditworthy counterparties.

The Group's management considers that all the above financial assets that are not impaired f of the reporting dates under review are of good credit quality. In respect of trade and other recei the Group is not exposed to any significant credit risk exposure to any single counterparty company of counterparties having similar characteristics. The credit risk for liquid funds an short-term financial assets is considered negligible, since the counterparties are reputable bar high quality external credit ratings.

For the year ended 31 December 2008 In thousands of Qatar

30 RISK MANAGEMENT (CONTINUED)

i) Credit risk (continued)

Impaired financial assets

At 31 December 2008 there are impaired insurance and reinsurance assets of QR 54,807 (20 49,168), impaired investments of QR 7,425 (2007: QR Nil.) and impaired other assets of QF (2007: QR 3,970).The Group records all impairment allowances in separate impairment allo accounts. A reconciliation of all the allowances for impairment losses are as follows:

	Impairment on insurance and reinsurance assets		**Impairment on investments**		**Impairment other asse**	
	2008	2007	**2008**	2007	**2008**	
At 1 January	49,168	41,889	-	-	3,970	
Charge for the year	5,639	7,279	7,425	-	319	
Recoveries	-	-	-	-	-	
Amounts written off	-	-	(7,425)	-	-	
At 31 December	**54,807**	49,168	**-**	-	**4,289**	

ii) Liquidity risks

Liquidity risk is the risk that cash may not be available to pay obligations when due. The manages its liquidity needs by carefully monitoring scheduled payments for financial liabilities as cash-outflows due in day-to-day business.

The Group maintains cash and marketable securities to meet its liquidity requirements for up to periods. Funding for long-term liquidity needs is additionally secured by an adequate am committed credit facilities and the ability to sell medium to long-term financial assets.

Contractual maturity of the Group's liabilities as at 31 December 2008 are summarised below:

	Current		**Non-current**	
	Within 6 months	6 to12 months	1 to 5 years	More than 5 years
Due to bank	90,762	67,623	-	-
Insurance contract liabilities	103,079	94,304	46,292	9,500
Other payables	63,667	9,084	84,315	-
Insurance funds -unearned premiums	64,356	31,825	-	-
End of service benefits	-	-	-	19,294
	321,864	202,836	130,607	28,794

30 RISK MANAGEMENT (CONTINUED)

ii) Liquidity risk (continued)

This compares to the maturity of the Group's financial liabilities as at 31 December 2007:

For the year ended 31 December 2008 In thousands of Qatar

	Current		Non-current	
	Within 6 months	6 to12 months	1 to 5 years	More than 5 years
Due to bank	-	201,529	-	-
Insurance contract liabilities	146,005	64,644	15,280	9,50C
Other payables	11,022	12,410	-	-
Insurance funds –unearned premiums	50,879	43,283	-	-
End of service benefits	-	-	-	15,365
	207,906	321,866	15,280	24,865

The above contractual maturities reflect the gross cash flows, which may differ to the carrying of the liabilities at the balance sheet date.

iii) Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates, intere: and equity prices will affect the Group's income or the value of its holdings of financial instru The objective of market risk management is to manage and control market risk exposures acceptable parameters, while optimising the return.

Currency risk

Most of the Group's transactions are carried out in Qatar Riyals. Exposures to currency ex rates arise from the Group's overseas investments, and insurance and reinsurance contracts are primarily denominated in US-Dollars and Euros.

The Qatari Riyal is effectively pegged to the United States dollar and thus currency risk occurs respect of currencies other than the United States Dollar. The management of the Group d expect fluctuations in exchange rates to significantly affect its foreign currency denominated and liabilities. Foreign currency denominated financial assets and liabilities, translated intc Riyals at the closing rate, are as follows:

	2008			2007		
Nominal amounts	**US $**	**Euro**	**Other**	US $	Euro	
Financial assets	927	-	-	5,994	-	
Financial liabilities	-	-	-	-0-	-	
Short -term exposure	**927**			5,994	-	
Financial assets	68,937	10,202	51,711	68,185	9,760	4
Financial liabilities	**-**	(9,705)		-	(9,743)	
Long-term exposure	**68,937**	**497**	**51,711**	68,185	17	4

30 RISK MANAGEMENT (CONTINUED)

iii) Market risks (Continued)

The sensitivity of net results for the year and equity in regards to the Group's financial ass liabilities and the US Dollars-Qatar Riyal exchange rate and other currencies would not be signi

For the year ended 31 December 2008 In thousands of Qatar

The analysis below is performed for reasonably possible movements in key variables with a
variables held constant, showing the impact on profit and equity due to changes in the fair v
currency sensitive monetary assets and liabilities including insurance contract claim liabilities.

		31 December 2008		31 December 20	
	Changes in variables	**Impact on profit**	**Impact on equity**	Impact on profit	Im
Currency					
EUR	+10%	50	50	2	
Others	+10%	5,171	5,171	4,707	
Total		**5,221**	**5,221**	4,709	
EUR	-10%	(50)	(50)	(2)	
Others	-10%	(5,171)	(5,171)	(4,707)	
Total		**(5,221)**	**(5,221)**	(4,709)	

Interest rate risks
The Group's policy is to minimise interest rate cash flow risk exposures on term financi
investments. The Group is exposed to changes in the market interest rates through its financial
and liabilities which are subject to variable interest rates.

The following table illustrates the sensitivity of the net result for the year and equity to a reas
possible change in interest rates of + / - 1%, with effect from the beginning of the year. These c
are considered to be reasonably possible based on observation of current market conditior
calculations are based on the Group's financial instruments held at each balance sheet date. A
variables are held constant.

Cash flow sensitivity analysis for variable rate instruments:

	2008		2007	
	+1%	-1%	+1%	
Net result for the year	(31)	31	(1,611)	
Equity	(31)	31	(1,611)	

Equity price risks
The Group is exposed to other market price risk in respect of its listed equity securities and
Equity price risk is the risk that the fair values of equities decrease as a result of changes in th
of equity and the value of individual stocks. The effect on equity due to a reasonably possible
in equity indices by (+/-) 10%, with all other variables held constant is as follows:

30 RISK MANAGEMENT (CONTINUED)

iii) Market risks (Continued)

31 December 2008	31 December 20(

	Changes in variables	**Impact on profit**	**Impact on equity**	Impact on profit	Im
Qatar Market	+10%	4,173	64,470	2,763	'
International Markets	+10%	93	5,264	37,406	
Qatar Market	-10%	(4,173)	(64,470)	(2,763)	(1
International Markets	-10%	(93)	(5,264)	(37,406)	(

l) Operational risk

Operational risk is the risk of loss arising from systems and control failures, fraud and human which can result in financial and reputation loss, and legal and regulatory consequences. The manages operational risk through appropriate controls, instituting segregation of duties and checks and balances, including internal audit and compliance.

k) Capital Management

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

- To safeguard the Group's ability to continue as a going concern so that it can continue to returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing insurance and investment cc commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity less cash an equivalents as presented on the face of the balance sheet. The Group's goal in capital manage to maintain a capital-to-overall financing structure ratio of 1:1 to 1:1.5. Capital for the reporting under review is summarised as follows:

	2008	2C
Equity	1,161,553	1,1
Less : Cash and cash equivalents	(162,328)	(
Capital	999,225	1,1
Equity	1,161,553	1,1
Add: Borrowings	158,385	2
Overall financing	1,319,938	1,3
Capital to overall financing	**1:1.32**	

31 CONTINGENT LIABILITIES

	2008	2C
Letters of guarantee	**3,461**	

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32 CRITICAL JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

In the process of preparing these consolidated financial statements, Management has made u number of judgments relating to the application of accounting policies which are described in (d). Those which have the most significant effect on the reported amounts of assets, liabilities, and expense are listed below (apart from those involving estimations which are dealt with in not

These judgments are based on historical experience and other factors, including expectations c events that are believed to be reasonable under the circumstances. Management believes t following discussion addresses the accounting policies that require judgments.

- **Classification of investment**

Quoted Securities could be classified either as available for sale or at fair value through profit account. The Group invests substantially on quoted securities either locally or overse management has primarily decided to account for them on their potential for long term growt than the short term profit basis. Consequently, majority of such investments are recogni available for sale rather than at fair value through profit or loss.

Financial assets are classified as fair value through profit or loss where the assets are either l trading or designated as at fair value through profit or loss.

- **Impairment of financial assets**

The Group determines that available for sale investments are impaired when there has 'significant' or 'prolonged' decline in the fair value below its cost. This determination of ' 'significant' or 'prolonged' requires judgment and is assessed based on qualitative and qua factors, for each available for sale investment separately. In making a judgment of impairme Group evaluates among other factors, evidence of deterioration in the financial health of the impact of delay in execution, industry and sector performance, changes in technology and ope and financing cash flows.

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33 KEY SOURCES OF ESTIMATES AND UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty balance sheet date, that have a significant risk of causing a material adjustment to the c amounts of assets and liabilities within the next financial year , are discussed below:

- **Claims made under insurance contracts**

Claims and loss adjustment expenses are charged to income as incurred based on the es liability for compensation owed to contract holders or third parties damaged by the contract h Liabilities for unpaid claims are estimated using the input of assessments for individual cases r to the Group and management estimations for the claims incurred but not reported (IBNI method for making such estimates and for establishing the resulting liability is continually re Any difference between the actual claims and the provisions made are included in the statement in the year of settlement.

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33 KEY SOURCES OF ESTIMATES AND UNCERTAINTY

- **Impairment of Insurance and other receivables**

An estimate of the collectible amount of insurance and other receivables is made when colle the full amount is no longer probable. This determination of whether these insurance an receivables are impaired, entails the Group evaluating, the credit and liquidity position of the holders and the insurance companies, historical recovery rates including detailed investigations out during 2008 and feedback received from their legal department. The difference betwe estimated collectible amount and the book amount is recognized as an expense in the statement. Any difference between the amounts actually collected in the future periods a amounts expected will be recognized in the income statement at the time of collection.

- **Liability Adequacy Test**

At each balance sheet, liability adequacy tests are performed to ensure the adequacy of ins contract liabilities. The Group makes use of the best estimates of future contractual cash flo claims handling and administration expenses, as well as investment income from the assets l such liabilities in evaluating the adequacy of the liability. Any deficiency is immediately charge income statements.

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34 RESTATEMENT OF COMPARATIVE AMOUNTS

During 2008, Board of Directors' remuneration pertaining to 2007 totalling QR 2,400 ('000s) ha reclassified from appropriation in consolidated statement of changes in equity to cha consolidated income statement. Consequently, the profit for 2007 has decreased by QR ('000s). There is no change in consolidated equity position.

Certain corresponding figures for 2007 have been reclassified where necessary, to p comparability with the current year presentation. Such reclassifications have no effect on the n or shareholders equity for the year 2007.