Qatar General Insurance
& Reinsurance Company Q.P.S.C.

INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

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

Introduction
We have reviewed the accompanying interim condensed consolidated financial statements of **Qatar General Insurance & Reinsurance Company Q.P.S.C.** (the **"Company"**) and its subsidiaries (together referred to as "the Group"), comprising the interim consolidated statement of financial position as of March 31, 2018 and the related interim consolidated statements of profit or loss and comprehensive income for the three month ended March 31, 2018 and the interim consolidated statement of changes in equity and the interim consolidated statement of cash flows for the three month period then ended, and the related explanatory notes.

The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (IAS 34) – "Interim Financial Reporting". Our responsibility is to express a conclusion on these Interim condensed consolidated financial statements based on our review.

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

Emphasis of Matters

Without qualifying our conclusion, we would like to draw attention to;

(a) Note 15 to these interim condensed consolidated financial statements, where in it is mentioned that, the Board of Directors is in the process of reviewing the modalities of calculating the Group Chief Executive Officer's remuneration as per the terms of his employment contract, which has been approved by the Board of Directors. Cumulative adjustments, if any, as a result of such review will be recorded in Financial statements in the subsequent periods.

(b) Note 16 to these interim condensed consolidated financial statements, in the previous year, the Board of Directors through its decision has decided to exit the insurance business in the UAE. As of the reporting date, the Board is yet to determine the exit strategy for the Branch. We are not aware of any contingent liabilities related to this matter.

(c) During the period, the Dubai Branch of the Company has not met the capital and solvency requirements as mandated by the UAE Insurance Authority Regulations. We are not aware of any contingent liabilities related to this matter

(d) During the period, the minimum solvency requirements of General Takaful Company P.Q.S.C. an insurance subsidiary of the Company fell short of the SRR requirement as mandated by Qatar Central Bank due to reclassification of an asset. The management is in the process of rectifying this shortfall. We are not aware of any contingent liabilities related to this matter.

Conclusion

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

Rödl & Partner – Qatar Branch
Certified Public Accountants

Hikmat Mukhaimer, FCCA (UK)
License No. 297
QFMA Registration Auditor's No. 120151

Doha – Qatar
April 25, 2018

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INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2018

	Notes	31 March 2018 QR '000 (Unaudited)	31 December 2017 QR '000 (Audited)
Assets			
Property and equipment		**190,706**	158,904
Investment properties	3	**5,642,896**	5,638,381
Investment in associates		**943,922**	942,591
Reinsurance assets	7	**748,015**	771,433
Financial assets:			
Insurance receivables		**239,940**	204,506
Receivables from related parties	11 (b)	**238**	166
Financial assets at fair value through other comprehensive income		**939,487**	905,356
Financial assets at fair value through profit or loss		**83,473**	129,148
Takaful participants' assets	4 (a)	**294,820**	296,263
Other assets		**229,167**	208,012
Cash and bank balances	5	**269,890**	260,056
Total assets		**9,582,554**	9,514,816
Equity and liabilities			
Equity			
Share capital		**875,067**	875,067
Legal reserve		**584,995**	584,995
Retained earnings		**4,431,178**	4,570,656
Other components of equity		**162,633**	165,773
Equity attributable to equity holders of the Parent		**6,053,873**	6,196,491
Non-controlling interests		**(5,668)**	(5,346)
Total equity		**6,048,205**	6,191,145
Liabilities			
Employees' end-of-service benefits		**41,879**	41,049
Insurance contract liabilities	7	**1,007,444**	1,037,447
Financial liabilities:			
Loans and borrowings		**1,676,336**	1,538,815
Derivative financial instruments		**4,836**	8,592
Insurance payables		**247,822**	245,396
Payables to related parties	11 (b)	**14,318**	21,973
Takaful participants' liabilities	4 (a)	**294,820**	296,263
Other liabilities		**246,894**	134,136
Total liabilities		**3,534,349**	3,323,671
Total equity and liabilities		**9,582,554**	9,514,816

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

....
Jamal Kamel Abu Nahl
Chief Executive Officer

The attached notes 1 to 16 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months ended 31 March 2018

	Notes	**31 March 2018 QR '000 (Unaudited)**	31 March 2017 QR '000 (Unaudited)
Gross written premiums	**7 (b)**	**156,402**	166,274
Premiums ceded to reinsurers	**7 (b)**	**(102,891)**	(118,850)
Net change in unearned premiums provision		**(9,205)**	(2,450)
Net earned premiums	**7 (b)**	**44,306**	44,974
Gross claims paid		**(96,389)**	(115,647)
Claims ceded to reinsurers		**57,291**	89,926
Gross change in insurance contract liabilities	**7 (a)**	**33,506**	37,708
Change in insurance contract liabilities ceded to reinsurers	**7 (a)**	**(17,716)**	(41,509)
Net claims		**(23,308)**	(29,522)
Net commission and other insurance income		**4,992**	7,325
Underwriting results		**25,990**	22,777
Investment income		**81,007**	78,303
Net realised gains		**738**	420
Fair value gains (losses)		**2,328**	(8,915)
Income from construction activities		**3,076**	23,521
Other income		**18**	267
Investment and other operations results		**87,167**	93,596
Finance costs		**(14,688)**	(12,818)
Cost of construction activities		**(2,580)**	(20,494)
Other operating and administrative expenses		**(46,174)**	(43,647)
Total expenses		**(63,442)**	(76,959)
Profit from operations		**49,715**	39,414
Share of profits from associates		**5,063**	3,598
Profit for the period		**54,778**	43,012
Profit attributable to:			
Equity holders of the Parent		**55,100**	43,050
Non-controlling interests		**(322)**	(38)
		54,778	43,012
Earnings per share			
Basic and diluted earnings per share (in Qatari Riyals per share)	**9**	**0.63**	0.49

The attached notes 1 to 16 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the three months ended 31 March 2018

	31 March 2018	31 March 2017
	QR '000	QR '000
	(Unaudited)	(Unaudited)
Profit for the period	**54,778**	43,012
Other comprehensive loss		
Items may be reclassified to profit or loss in subsequent periods		
Exchange differences on translation of foreign operations	**4,851**	4,751
Net gain on cash flow hedge	**3,756**	2,587
Net loss on available-for-sale financial assets	**-**	(24,992)
	8,607	(17,654)
Item not to be reclassified to profit or loss in subsequent periods		
Net loss on financial assets at fair value through other comprehensive income	**(11,747)**	-
Other comprehensive loss for the period	**(3,140)**	(17,654)
Total comprehensive income for the period	**51,638**	25,358
Total comprehensive income attributable to:		
Equity holders of the Parent	**51,960**	25,396
Non-controlling interests	**(322)**	(38)
	51,638	25,358

The attached notes 1 to 16 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2018

		Equity attributable to equity holders of the Parent										
					Other components of equity							
		Share capital	**Legal reserve**	**Retained earnings**	**Available -for-sale financial assets reserve**	**Fair value reserve**	**Revaluation surplus**	**Cash flow hedge**	**Foreign currency translation reserve**	**Total ordinary shareholders' equity**	**Non-controlling interests**	**Total equity**
	Notes	**QR '000**	**QR '000**	**QR '000**	**QR '000**	**QR '000**	**QR '000**	**QR '000**	**QR '000**	**QR '000**	**QR '000**	**QR '000**
At 31 December 2017 (audited)		**875,067**	**584,995**	**4,570,656**	**475,921**	**-**	**58,611**	**(8,592)**	**(360,167)**	**6,196,491**	**(5,346)**	**6,191,145**
Adjustments on adoption of IFRS 9	**13**	**-**	**-**	**(2,063)**	**(475,921)**	**475,921**	**-**	**-**	**-**	**(2,063)**	**-**	**(2,063)**
At 1 January 2018 (adjusted)		**875,067**	**584,995**	**4,568,593**	**-**	**475,921**	**58,611**	**(8,592)**	**(360,167)**	**6,194,428**	**(5,346)**	**6,189,082**
Profit (loss) for the period		**-**	**-**	**55,100**	**-**	**-**	**-**	**-**	**-**	**55,100**	**(322)**	**54,778**
Other comprehensive (loss) income		**-**	**-**	**-**	**-**	**(11,747)**	**-**	**3,756**	**4,851**	**(3,140)**	**-**	**(3,140)**
Total comprehensive income (loss)		**-**	**-**	**55,100**	**-**	**(11,747)**	**-**	**3,756**	**4,851**	**51,960**	**(322)**	**51,638**
Shareholders dividends	**6**	**-**	**-**	**(192,515)**	**-**	**-**	**-**	**-**	**-**	**(192,515)**	**-**	**(192,515)**
At 31 March 2018 (unaudited)		**875,067**	**584,995**	**4,431,178**	**-**	**464,174**	**58,611**	**(4,836)**	**(355,316)**	**6,053,873**	**(5,668)**	**6,048,205**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
For the three months ended 31 March 2018

		Equity attributable to equity holders of the Parent									
					Other components of equity						
		Share capital	Legal reserve	Retained earnings	Available-for-sale financial assets reserve	Revaluation surplus	Cash flow hedge	Foreign currency translation reserve	Total ordinary shareholders' equity	Non-controlling interests	Total equity
	Note	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000
At 1 January 2017 (unaudited)		875,067	558,904	4,421,367	597,183	77,355	(19,820)	(142,119)	6,367,937	41,122	6,409,059
Profit (loss) for the period		-	-	43,050	-	-	-	-	43,050	(38)	43,012
Other comprehensive (loss) income		-	-	-	(24,992)	-	2,587	4,751	(17,654)	-	(17,654)
Total comprehensive income (loss)		-	-	43,050	(24,992)	-	2,587	4,751	25,396	(38)	25,358
Shareholders dividends	6	-	-	(131,260)	-	-	-	-	(131,260)	-	(131,260)
At 31 March 2017 (unaudited)		875,067	558,904	4,333,157	572,191	77,355	(17,233)	(137,368)	6,262,073	41,084	6,303,157

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the three months ended 31 March 2018

	Notes	**31 March 2018 QR '000 (Unaudited)**	31 March 2017 QR '000 (Unaudited)
Operating activities			
Profit for the period		**54,778**	43,012
Adjustment for:			
Net change in operating assets	**10**	**(59,143)**	(50,727)
Net change in operating liabilities	**10**	**(43,779)**	(58,357)
Non-cash items included in profit for the period:			
Fair value (gains) losses		**(2,328)**	8,915
Impairment losses on available-for-sale financial assets		**-**	1,069
Share of profits from associates		**(5,063)**	(3,598)
Depreciation of property and equipment		**2,811**	2,547
Amortisation of intangible asset		**419**	419
Gain from sale of financial assets at fair value through other comprehensive income		**(738)**	(192)
Gain from sale of financial assets at fair value through profit or loss		**-**	(229)
Net movement in outstanding claims provision	**7 (a)**	**(15,790)**	3,801
Net movement in unearned premiums provision		**9,205**	2,450
Finance costs		**14,688**	12,818
Provision for employees' end-of-service benefits		**1,559**	1,265
Cash used in operations		**(43,381)**	(36,807)
Employees' end-of-service benefits paid		**(729)**	(257)
Net cash flows used in operating activities		**(44,110)**	(37,064)
Investing activities			
Additions to property and equipment		**(7,662)**	(13,702)
Additions to investment properties		**(26,332)**	(40,975)
Dividends received from associates		**8,598**	-
Purchase of financial assets at fair value through other comprehensive income		**(21,806)**	(67,515)
Proceeds from sale of financial assets at fair value through other comprehensive income		**24,654**	36,115
Proceeds from sale of financial assets at fair value through profit or loss		**-**	4,009
Net movement in term deposits	**5**	**(13,574)**	-
Net cash flows used in investing activities		**(36,122)**	(82,068)
Financing activities			
Proceeds from loans and borrowings		**158,645**	303,005
Repayment of loans and borrowings		**(26,257)**	(151,613)
Finance costs paid		**(14,801)**	(12,418)
Dividends paid to equity holders of the Parent		**(41,095)**	(131,260)
Net cash flows from financing activities		**76,492**	7,714
Net decrease in cash and cash equivalents		**(3,740)**	(111,418)
Cash and cash equivalents at the beginning of the period		**260,056**	300,576
Cash and cash equivalents at the end of the period	**5**	**256,316**	189,158
Operational cash flows from interest and dividends			
Interest paid		**(14,045)**	(11,637)
Interest received		**2,322**	2,401
Dividends received		**29,471**	27,454

The attached notes 1 to 16 form an integral part of these consolidated financial statements.

1 CORPORATE INFORMATION

Qatar General Insurance & Reinsurance Company QPSC (the "Company" or the "Parent Company") is a public shareholding company incorporated by Emiri Decree No. 52 of 1978 under commercial registry number 7200 and governed by the provisions of the Qatar Commercial Companies' Law No. 11 of 2015 and the applicable provisions of Qatar Central Bank Law No. 13 of 2012. The Company and its subsidiaries (together referred to as the "Group") are engaged in the business of general insurance and reinsurance including Islamic Takaful insurance, real estate, investment, manufacturing, trading and contracting. The shares of the Company are listed on the Qatar Exchange.

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

Name of the subsidiary	Ownership	Country of incorporation	Principal activities
Qatar General Holding Company W.L.L.	100%	State of Qatar	Investments management of the Group
General Takaful Company P.Q.S.C.	100%	State of Qatar	Islamic insurance
General Real Estate Company W.L.L.	100%	State of Qatar	Real estate investment and management
World Trade Center – Qatar W.L.L.	100%	State of Qatar	Hospitality, exihibition and events management
Mozoon Insurance Marketing Services W.L.L.	100%	State of Qatar	Insurance marketing services
General Tower for Real Estate Investments W.L.L.	100%	State of Qatar	Real estate investment and development
Orientals Enterprises W.L.L.	100%	State of Qatar	Contracting and construction
National Rebar Formation Factory W.L.L.	100%	State of Qatar	Manufacturing of rebar
Orient Insulation Factory W.L.L.	100%	State of Qatar	Manufacturing of insulation materials
Orientals Garage W.L.L.	100%	State of Qatar	Automobiles repair
General Company for Water and Beverages W.L.L.	60%	State of Qatar	Water bottling and beverages trading
Mozoon Real Estate Company W.L.L.	50%	State of Qatar	Real estate investment and development

These interim condensed consolidated financial statements of the Group for the period ended 31 March 2018 were authorised for issue by the Board of Directors on 25 April 2018.

2 BASIS OF PREPARATION AND CHANGES TO THE ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements for the three months period ended 31 March 2018 have been prepared in accordance with IAS 34 "Interim Financial Reporting" and have been presented in Qatari Riyals which is the Company's functional and presentation currency. All values are rounded to the nearest thousands (QR'000) except where otherwise indicated.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2017. In addition, results for the three months ended 31 March 2018 are not necessarily indicative of the results that maybe expected for the financial year ending 31 December 2018.

In preparing these interim condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2017.

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

Basis of preparation (continued)
Group financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2017.

Changes in significant accounting policies
Except as disclosed below, the accounting policies applied in these interim condensed financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2017.

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2018.

During the year, the Group has initially adopted IFRS 9 Financial Instruments from 1 January 2018. There are other new standards and interpretations that are effective from 1 January 2018 but they do not have a material effect on the Group's interim condensed financial statements.

The Group has adopted IFRS 9 Financial Instruments issued in July 2014 with a date of initial application of 1 January 2018. The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities. The impacts of the change in accounting policy have been disclosed in Note 13.

The accounting policies of the Group relating to financial instruments post adoption of IFRS 9 are disclosed below:

Significant accounting policies

Financial instruments

Financial assets

Classification
From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (FVTOCI), or through profit or loss (FVTPL)), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets at fair value, gains and losses will be either be recorded in profit or loss or other comprehensive income.

For investments in debt instruments, this will depend on whether the Group has made an irrecoverable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Measurement
At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirely when determining whether their cash flows are solely payment of principle and interest.

Debt instruments
Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories in to which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principle and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from this financial asset is included in the interim consolidated statement of profit or loss using the effective interest rate method.

- Fair value through other comprehensive income (FVTOCI): Assets that are held for collection of contractual cash flow and for selling the financial assets, where the assets cash flows represent solely payments of principle and interests, are measured at fair value through other comprehensive income (FVTOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gains or losses previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method.

- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the interim consolidated statement of profit or loss in the period in which it arises. Interest income from these financial assets is included in the interest income.

Equity instruments
The Group subsequently measured all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as investment income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in the interim consolidated statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Foreign exchange gains and losses
The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss; and

- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the fair value reserve.

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets
In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Group to recognise a loss allowance for expected credit losses on i) debt investments subsequently measured at amortised cost or at FVTOCI, ii) lease receivables, iii) contract assets and iv) loan commitments and financial guarantee contracts to which the impairment requirements of IFRS 9 apply. In particular, IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit loss (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group is required to measure the loss allowance for that financial instrument at an amount equal to twelve months ECL. IFRS 9 also provides a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

The Group recognises a loss allowance for expected credit losses on financial assets. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for non-insurance related receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments including due from policyholders, insurers and reinsurers and other insurance-related debtors, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to twelve months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, twelve months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within twelve months after the reporting date.

Definition of default
The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 365 days past due in the case of insurance related receivables and 180 days past due with respect to non-insurance related receivables unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Write-off policy
The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit-impaired financial assets
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the debtor;
b) a breach of contract, such as a default or past due event;
c) it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
d) the disappearance of an active market for that financial asset because of financial difficulties.

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In contrast, on de-recognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the fair value reserve is not reclassified to profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity
Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gains or losses is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities
All financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit or loss (FVTPL).

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Hedge accounting
The general hedge accounting requirements of IFRS 9 retain the three types of hedge accounting mechanisms in IAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is no longer required. The Group has also elected to continue to apply the hedge accounting requirements of IAS 39 as permitted by IFRS 9.

3 INVESTMENT PROPERTIES

	31 March 2018	31 December 2017
	QR '000	QR '000
	(Unaudited)	(Audited)
At 1 January	**5,638,381**	6,064,376
Additions	**31,466**	211,436
Transferred to property and equipment	**(26,951)**	(27,122)
Fair value losses	**-**	(610,309)
At the end of the period / year	**5,642,896**	5,638,381

The additions include borrowing costs capitalised during the period amounting to QR 5.13 million (31 December 2017: QR 18.15 million).

The Group obtains an independent valuation of its investment properties at 31 December each year. Management is of the opinion that the carrying value of investment properties has not changed significantly from the value as of 31 December 2017.

4 TAKAFUL PARTICIPANTS' FUND ACCOUNTS

(a) Interim Statement of financial position – Takaful policyholders

	31 March 2018	31 December 2017
	QR '000	QR '000
	(Unaudited)	(Audited)
Takaful participants' assets		
Furniture and equipment	**3,260**	2,379
Investment properties	**102,755**	100,688
Retakaful assets	**34,760**	34,876
Financial assets:		
Takaful receivables	**78,308**	67,128
Receivables from related parties	**847**	992
Financial assets at fair value through other comprehensive income	**44,912**	45,657
Other assets	**5,397**	3,257
Cash and cash equivalents	**24,581**	41,286
	294,820	296,263
Takaful participants' fund and liabilities		
Retained surplus	**7,789**	11,099
Fair value reserve	**(1,904)**	(1,160)
Takaful contract liabilities	**228,914**	225,794
Financial liabilities:		
Takaful payables	**53,070**	52,389
Payables to related parties	**238**	597
Other liabilities	**6,713**	7,544
	294,820	296,263

4 TAKAFUL PARTICIPANTS' FUND ACCOUNTS (CONTINUED)

(b) Interim statement of profit or loss – Takaful policyholders

	31 March 2018	31 March 2017
	QR '000	QR '000
	(Unaudited)	(Unaudited)
Gross written contributions	**49,229**	60,214
Contributions ceded to retakaful companies	**(4,589)**	(7,793)
Net change in unearned contributions provision	**3,282**	(9,121)
Net earned contributions	**47,922**	43,300
Gross claims paid	**(37,825)**	(42,151)
Claims ceded to retakaful companies	**2,872**	8,576
Gross change in Takaful contract liabilities	**(8,932)**	4,061
Change in Takaful contract liabilities ceded to retakaful companies	**2,414**	(7,561)
Net claims	**(41,471)**	(37,075)
Net commissions and other Takaful expenses	**(2,753)**	(2,824)
Underwriting results	**3,698**	3,401
Investment income	**376**	366
Surplus for the period before wakala fee	**4,074**	3,767
Wakala fee	**(7,384)**	(9,032)
Deficit for the period	**(3,310)**	(5,265)

5 CASH AND CASH EQUIVALENTS

	31 March 2018	31 December 2017
	QR '000	QR '000
	(Unaudited)	(Audited)
Cash and bank balances	**269,890**	260,056
Less: term deposits with maturity of more than 3 months	**(13,574)**	-
Cash and cash equivalents	**256,316**	260,056

6 SHAREHOLDERS DIVIDENDS

During the period, a cash dividend of 22% of the nominal share value (QR 2.20 per share) for the year ended 31 December 2017 were approved (31 March 2017: cash dividend of 15% of the nominal share value (QR 1.50 per share) for the year ended 31 December 2016 were approved).

7 INSURANCE CONTRACT LIABILITIES

	Notes	31 March 2018 Insurance contract liabilities QR '000 (Unaudited)	31 March 2018 Reinsurance of insurance contract liabilities QR '000 (Unaudited)	31 March 2018 Net QR '000 (Unaudited)	31 December 2017 Insurance contract liabilities QR '000 (Audited)	31 December 2017 Reinsurance of insurance contract liabilities QR '000 (Audited)	31 December 2017 Net QR '000 (Audited)
Provision for reported claims by policyholders		**616,270**	**(506,965)**	**109,305**	649,776	(524,681)	125,095
Provision for claims IBNR		**77,514**	**(48,545)**	**28,969**	77,514	(48,545)	28,969
Provision for unallocated loss adjustment expense		**4,473**	**-**	**4,473**	4,473	-	4,473
Provision for premiums deficiency		**1,190**	**-**	**1,190**	1,190	-	1,190
Outstanding claims provision	**(a)**	**699,447**	**(555,510)**	**143,937**	732,953	(573,226)	159,727
Provision for unearned premiums (reserve for unexpired risks)	**(b)**	**307,997**	**(192,505)**	**115,492**	304,494	(198,207)	106,287
		1,007,444	**(748,015)**	**259,429**	1,037,447	(771,433)	266,014

(a) Outstanding claims provision

	31 March 2018 Insurance contract liabilities QR '000 (Unaudited)	31 March 2018 Reinsurance of insurance contract liabilities QR '000 (Unaudited)	31 March 2018 Net QR '000 (Unaudited)	31 December 2017 Insurance contract liabilities QR '000 (Audited)	31 December 2017 Reinsurance of insurance contract liabilities QR '000 (Audited)	31 December 2017 Net QR '000 (Audited)
At 1 January	**732,953**	**(573,226)**	**159,727**	683,183	(534,021)	149,162
Gross / ceded change in insurance contract liabilities	**(33,506)**	**17,716**	**(15,790)**	49,770	(39,205)	10,565
At the end of the period / year	**699,447**	**(555,510)**	**143,937**	732,953	(573,226)	159,727

7 INSURANCE CONTRACT LIABILITIES (CONTINUED)

(b) Provision for unearned premiums (reserve for unexpired risks)

	31 March 2018			31 December 2017		
	Insurance contract liabilities	**Reinsurance of insurance contract liabilities**	**Net**	Insurance contract liabilities	Reinsurance of insurance contract liabilities	Net
	QR '000	**QR '000**	**QR '000**	QR '000	QR '000	QR '000
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	(Audited)	(Audited)	(Audited)
At 1 January	**304,494**	**(198,207)**	**106,287**	355,574	(245,702)	109,872
Premiums written during the period / year	**156,402**	**(102,891)**	**53,511**	566,971	(387,282)	179,689
Premiums earned during the period / year	**(152,899)**	**108,593**	**(44,306)**	(618,051)	434,777	(183,274)
At the end of the period / year	**307,997**	**(192,505)**	**115,492**	304,494	(198,207)	106,287

8 SEGMENT INFORMATION

Segment interim consolidated statement of profit or loss:

	31 March 2018			31 March 2017		
	Insurance	**Investments**	**Total**	Insurance	Investments	Total
	QR '000	**QR '000**	**QR '000**	QR '000	QR '000	QR '000
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	(Unaudited)	(Unaudited)	(Unaudited)
Gross written premiums	**156,402**	**-**	**156,402**	166,274	-	166,274
Premiums ceded to reinsurers	**(102,891)**	**-**	**(102,891)**	(118,850)	-	(118,850)
Net change in unearned premiums provision	**(9,205)**	**-**	**(9,205)**	(2,450)	-	(2,450)
Net earned premiums	**44,306**	**-**	**44,306**	44,974	-	44,974
Gross claims paid	**(96,389)**	**-**	**(96,389)**	(115,647)	-	(115,647)
Claims ceded to reinsurers	**57,291**	**-**	**57,291**	89,926	-	89,926
Gross change in insurance contract liabilities	**33,506**	**-**	**33,506**	37,708	-	37,708
Change in insurance contract liabilities ceded to reinsurers	**(17,716)**	**-**	**(17,716)**	(41,509)	-	(41,509)
Net claims	**(23,308)**	**-**	**(23,308)**	(29,522)	-	(29,522)
Net commission and other insurance income	**4,992**	**-**	**4,992**	7,325	-	7,325
Underwriting results	**25,990**	**-**	**25,990**	22,777	-	22,777

8 SEGMENT INFORMATION (CONTINUED)

Segment interim consolidated statement of profit or loss: (continued)

	31 March 2018			31 March 2017		
	Insurance	**Investments**	**Total**	Insurance	Investments	Total
	QR '000 (Unaudited)	**QR '000 (Unaudited)**	**QR '000 (Unaudited)**	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)
Investment income	-	**81,007**	**81,007**	-	78,303	78,303
Net realised gains	-	**738**	**738**	-	420	420
Fair value gains (losses)	-	**2,328**	**2,328**	-	(8,915)	(8,915)
Income from construction activities	-	**3,076**	**3,076**	-	23,521	23,521
Other income	-	**18**	**18**	-	267	267
Investment and other operations results	-	**87,167**	**87,167**	-	93,596	93,596
Finance costs	**(599)**	**(14,089)**	**(14,688)**	(576)	(12,242)	(12,818)
Cost of construction activities	**-**	**(2,580)**	**(2,580)**	-	(20,494)	(20,494)
Other operating and administrative expenses	**(20,841)**	**(25,333)**	**(46,174)**	(18,734)	(24,913)	(43,647)
Total expenses	**(21,440)**	**(42,002)**	**(63,442)**	(19,310)	(57,649)	(76,959)
Profit from operations	**4,550**	**45,165**	**49,715**	3,467	35,947	39,414
Share of profits from associates	**-**	**5,063**	**5,063**	-	3,598	3,598
Profit for the period	**4,550**	**50,228**	**54,778**	3,467	39,545	43,012

Segment assets and liabilities

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

Geographic information

The Group operates in two geographic markets, in the State of Qatar and the United Arab Emirates. Gross written premiums in the State of Qatar amounted to QR 142.75 million (31 March 2017: QR 148.93 million) and the United Arab Emirates amounted to QR 13.65 million (31 March 2017: QR 17.34 million).

9 EARNINGS PER SHARE

	31 March 2018	31 March 2017
	(Unaudited)	(Unaudited)
Profit attributable to the ordinary equity holders of the Parent (QR '000)	**55,100**	43,050
Weighted average number of shares (in thousands)	**87,507**	87,507
Earnings per share (in Qatari Riyals per share)	**0.63**	0.49

10 CASH GENERATED FROM AND USED IN OPERATING ASSETS AND LIABILITIES

	31 March 2018	31 March 2017
	QR '000	QR '000
	(Unaudited)	(Unaudited)
Net change in insurance receivables	**(35,434)**	(31,268)
Net change in receivables from related parties	**(72)**	(51)
Net change in other assets	**(23,637)**	(19,408)
Net change in operating assets	**(59,143)**	(50,727)
Net change in insurance payables	**2,426**	26,173
Net change in payables to related parties	**(7,655)**	(37,414)
Net change in other liabilities	**(38,550)**	(47,116)
Net change in operating liabilities	**(43,779)**	(58,357)

11 RELATED PARTY DISCLOSURES

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

(a) Related party transactions

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

	31 March 2018					
	Gross written premiums	**Premiums ceded to reinsurers**	**Gross claims paid**	**Claims ceded to reinsurers**	**Fees and commission income**	**Other operating expenses**
	QR '000	**QR '000**	**QR '000**	**QR '000**	**QR '000**	**QR '000**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Oman Reinsurance Company S.A.O.C.	**-**	**(29,131)**	**-**	**1,735**	**3,649**	**(40)**
Others	**4,063**	**(176)**	**(28,374)**	**31**	**-**	**(516)**

11 RELATED PARTY DISCLOSURES (CONTINUED)

(a) Related party transactions (continued)

	31 March 2017					
	Gross written premiums	Premiums ceded to reinsurers	Gross claims paid	Claims ceded to reinsurers	Fees and commission income	Other operating expenses
	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Trust Re – Bahrain	385	(32,830)	-	1,119	1,132	-
Others	3,113	(9)	(1,221)	-	-	(319)

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

	31 March 2018	31 March 2017
	QR '000	QR '000
	(Unaudited)	(Unaudited)
Salaries and other short-term benefits	**9,168**	8,533
Board of Directors' remuneration	**2,535**	2,268
End-of-service benefits	**276**	264
	11,979	11,065

(b) Receivables from / payables to related parties

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

Receivables from related parties

	Relationship	**31 March 2018**	31 December 2017
		QR '000	QR '000
		(Unaudited)	(Audited)
North Africa Energy Company W.L.L.	Affiliate	**71**	70
Nest Investments (Holdings) Limited	Affiliate	**71**	-
Trust Syria Insurance Company S.A.S.C.	Associate	**54**	54
Trust Algeria Assurances & Reassurance S.P.A.	Associate	**41**	41
Trust Re – Bahrain	Affiliate	**1**	1
		238	166

11 RELATED PARTY DISCLOSURES (CONTINUED)

(b) Receivables from / payables to related parties (continued)

Payables to related parties

	Relationship	**31 March 2018 QR '000 (Unaudited)**	31 December 2017 QR '000 (Audited)
Alsari Trading Company W.L.L.	Affiliate	**14,176**	13,407
Trust Holding Ltd. Company	Affiliate	**142**	184
Falcon Readymix Company W.L.L.	Affiliate	**-**	4,442
Nest Investments (Holdings) Limited	Affiliate	**-**	3,940
		14,318	21,973

(c) Insurance receivables and payables

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

	Relationship	**31 March 2018 QR '000 (Unaudited)**	31 December 2017 QR '000 (Audited)
Oman Reinsurance Company S.A.O.C.	Affiliate	**(24,699)**	(490)
Trust Re – Bahrain	Affiliate	**-**	(13,080)
Other insurance receivables	Others	**4,025**	3,281
Other insurance payables	Others	**(1,275)**	(608)

(d) Investment properties

The additions to investment properties include QR 60 thousand (31 December 2017: QR 27.13 million) in supplies from Falcon Readymix Company W.L.L.

(e) Other assets

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

	31 March 2018 QR '000 (Unaudited)	31 December 2017 QR '000 (Audited)
Trust Investment Holding Algeria	**80,977**	79,412

All above disclosed balances are unsecured and interest free. There have been no guarantees provided or received for any related party receivables. During the period, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 December 2017: Nil).

12 FAIR VALUE MEASUREMENT

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

31 March 2018 (unaudited)	**Note**	**Quoted prices in active markets Level 1 QR '000**	**Significant observable inputs Level 2 QR '000**	**Significant unobservable inputs Level 3 QR '000**	**Total QR '000**
Assets measured at fair value:					
Investment properties	**3**	**-**	**-**	**5,642,896**	**5,642,896**
Financial assets at FVTOCI					
Equity Instruments		**717,662**	**-**	**3,650**	**721,312**
Debt instruments		**209,424**	**-**	**-**	**209,424**
Managed funds		**-**	**8,751**	**-**	**8,751**
Financial assets at FVTPL					
Equity Instruments		**83,473**	**-**	**-**	**83,473**
		1,010,559	**8,751**	**5,646,546**	**6,665,856**
Liability measured at fair value:					
Derivative financial instruments		**-**	**4,836**	**-**	**4,836**

31 December 2017 (audited)	Note	Quoted prices in active markets Level 1 QR '000	Significant observable inputs Level 2 QR '000	Significant unobservable inputs Level 3 QR '000	Total QR '000
Assets measured at fair value:					
Investment properties	3	-	-	5,638,381	5,638,381
Available-for-sale financial assets		879,999	21,707	-	901,706
Financial assets at fair value through profit or loss		129,148	-	-	129,148
		1,009,147	21,707	5,638,381	6,669,235
Liability measured at fair value:					
Derivative financial instruments		-	8,592	-	8,592

During the period, there were no transfers between Level 1, Level 2 and Level 3 (31 December 2017: Nil).

13 IMPACT OF CHANGES IN ACCOUNTING POLICIES

Classification and Measurement of Financial Assets

The date of initial application (i.e. the date on which the Group has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 January 2018. Comparative amounts in relation to instruments that have not been derecognised as at 1 January 2018 are not restated. The Group has adopted modified retrospective method as per exemption under IFRS 9 paragraph 7.2.15 thus the comparative information has not been restated.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The management reviewed and assessed the Group's existing financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Group's financial assets as regards their classification and measurement:

- the Group's investments in equity instruments (not held for trading) that were previously classified as available-for-sale financial assets and were measured at fair value at each reporting date under IAS 39 have been designated at FVTOCI. The change in fair values on these equity instruments continues to be accumulated in the fair value reserve.
- the Group's investments in debt instruments that were previously classified as available-for-sale financial assets and were measured at fair values continues to be accumulated in the fair value reserve.
- financial assets classified as held-to-maturity and loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Financial assets

	Available-for-sale	Fair value through profit or loss	Fair value through other comprehensive income
	QR'000	QR'000	QR'000
At 31 December 2017 (audited)	905,356	129,148	-
Adjustments on adoption of IFRS 9			
Non-trading equities reclassified from AFS to FVTOCI	(905,356)	-	905,356
Trading equities reclassified from FVTPL to FVTOCI	-	(48,003)	48,003
At 1 January 2018 (adjusted)	**-**	**81,145**	**953,359**

The impact of these changes on the Group's equity is as follows:

	Available-for-sale financial assets reserve	Fair value reserve	Retained earnings	Non-controlling interest
	QR'000	QR'000	QR'000	QR'000
At 31 December 2017 (audited)	475,921	-	4,570,656	(5,346)
Adjustments on adoption of IFRS 9				
Non-trading equities reclassified from AFS to FVTOCI	(475,921)	475,921	-	-
Impairment on non-insurance related receivables	-	-	(2,063)	-
At 1 January 2018 (adjusted)	**-**	**475,921**	**4,568,593**	**(5,346)**

13 IMPACT OF CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Reclassification of financial assets on adoption of IFRS 9
On the date of initial application, 1 January 2018, the classification and measurement of financial instruments of the Group were as follows:

Financial assets at 31 December 2017 (audited)	Measurement category		Carrying amount (QR'000)			
	IAS 39	IFRS 9	IAS 39	Reclassification	Adjustments	IFRS 9
Available-for-sale financial assets	Available-for-sale	FVTOCI	905,356	48,003	-	953,359
Financial assets at fair value through profit or loss	FVTPL	FVTPL	129,148	(48,003)	-	81,145
Insurance receivables	Loans and receivables	Amortised cost	204,506	-	-	204,506
Receivables from related parties	Loans and receivables	Amortised cost	166	-	-	166
Other assets	Loans and receivables	Amortised cost	13,427	-	(2,063)	11,364
Cash and bank balances	Loans and receivables	Amortised cost	260,056	-	-	260,056
			1,512,659	**-**	**(2,063)**	**1,510,596**

13 IMPACT OF CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Classification and measurement of financial liabilities

One major change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer. Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

This change in accounting policy has no impact on the classification and measurement of the Group's financial liabilities.

Financial assets at 31 December 2017 (audited)	**Measurement category**		**Carrying amount (QR'000)**	
	IAS 39	**IFRS 9**	**IAS 39**	**IFRS 9**
Loans and borrowings	Amortised cost	Amortised cost	1,538,815	1,538,815
Derivative financial instruments	FVTOCI	FVTOCI	8,592	8,592
Insurance payables	Amortised cost	Amortised cost	245,396	245,396
Payables to related parties	Amortised cost	Amortised cost	21,973	21,973
Other liabilities	Amortised cost	Amortised cost	28,194	28,194
			1,842,970	**1,842,970**

There were no financial assets or financial liabilities which the Group had previously designated as fair value through profit or loss. Under IAS 39 that were subject to reclassification, or which the Group has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Group has elected to designate as fair value through profit or loss at the date of initial application of IFRS 9.

Credit risk on accounts receivables

The Group is exposed to credit risk on due from policyholders, insurers and reinsurers and other insurance debtors if counterparties fail to make payments as they fall due. The following credit risk modelling applies for financial assets originated from 1 January 2018.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- External credit rating (as far as available)
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the policyholders, insurers and reinsurers and other insurance debtors;
- Significant changes in the expected performance and behaviour of the policyholders, insurers and reinsurers and other insurance debtors, including changes in their payment status and changes in their operating results;
- Significant changes in credit risk on other financial instruments of the same policyholders, insurers and reinsurers and other insurance debtors.

13 IMPACT OF CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Credit risk on accounts receivables (continued)
Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 365 days past due in the case of insurance related receivables and 180 days past due with respect to non-insurance related receivables in making a contractual payment.

Financial assets are written-off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a loan or receivable for write-off when a debtor fails to make contractual payments greater than 365 days past due in the case of insurance related receivables and 180 days past due with respect to non-insurance related receivables. Where loan or receivable have been written-off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, those are recognised in interim consolidated statement of profit or loss.

The Group has chosen to estimate the expected credit loss for its receivables based on the following approach
- General approach: due from policyholders, insurers and reinsurers, and other insurance-related debtors
- Simplified approach: due from non-insurance-related receivables

General approach:

Grade	Credit period	Expected credit loss	Risk factor	Credit default condition	Gross carrying amount *	Expected credit loss %	Loss allowance	Amortised cost
					QR'000		QR'000	QR'000
A	0-60 days	12 months	Low risk	Performing	41,305	1%	413	40,892
B	61-90 days past due	12 months	Fair risk	Performing	29,257	2%	552	28,705
C	91-180 days past due	12 months	Substantial	Performing	25,002	4%	1,045	23,957
D	181-365 days past due	Lifetime	Doubtful	Credit not impaired	135,149	8%	10,812	124,337
E	More than 365 days	Lifetime	Loss	Credit impaired	29,607	100%	29,607	-
	Total loss allowance				**260,320**		**42,429**	**217,891**

*The gross carrying value of insurance and reinsurance receivables excludes receivables from government and inter-group entities as the Group considers these receivable balances as fully recoverable.

13 IMPACT OF CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Credit risk on accounts receivables (continued)

Simplified approach:
For non-insurance related receivables, the Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for those receivables.

The following table describes the risk profile of non-insurance related receivables based on the Group provision matrix.

		Performing			Doubtful	Credit impaired
	Total	**Not past due**	**< 30 days**	**30-90 days**	**91-180 days**	**>180 days**
	QR '000	**QR '000**	**QR '000**	**QR '000**	**QR '000**	**QR '000**
At 31 March 2018 (unaudited)	41,756	6,284	1,176	924	11,842	21,530
ECL %	**-**	**0%**	**2%**	**5%**	**20%**	**100%**
Impairment allowance	(23,968)	-	(24)	(46)	(2,368)	(21,530)
Net	**17,788**	**6,284**	**1,152**	**878**	**9,474**	**-**

Impaired financial assets
A reconciliation of all the allowances for impairment losses post adoption of IFRS9 is as follows:

	31 March 2018	31 December 2017	**31 March 2018**	31 December 2017
	Impairment on insurance and reinsurance receivables		**Impairment on other receivables**	
	QR '000	QR '000	**QR '000**	QR '000
At the beginning of the period / year	**42,429**	35,056	**21,905**	23,056
Adjustments on adoption of IFRS 9	**-**	-	**2,063**	-
Impairment losses for the period / year	**-**	7,726	**-**	73
Impairment recoveries during the period / year	**-**	(353)	**-**	(1,224)
At the end of the period / year	**42,429**	42,429	**23,968**	21,905

14 RECLASSIFICATION OF COMPARATIVE AMOUNTS

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

15 GROUP CHIEF EXECUTIVE OFFICER'S REMUNERATION

The Board of Directors is in the process of reviewing the modalities of calculating the Group Chief Executive Officer's remuneration as per the terms of his employment contract, which has been approved by the Board of Directors. Cumulative adjustments, if any, as a result of such review will be recorded by the Group in subsequent periods.

16 DUBAI BRANCH OPERATIONS

During the previous year, the Board issued a resolution to exit the insurance market in Dubai. The exit strategy is subject to obtaining necessary approvals from the concerned regulators.