

**Qatar General Insurance
& Reinsurance Company PJSC**

**INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

30 SEPTEMBER 2016

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF QATAR GENERAL INSURANCE & REINSURANCE COMPANY PJSC

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Qatar General Insurance & Reinsurance Company PJSC (the “Company”) and its subsidiaries (together referred to as the “Group”) as at 30 September 2016, and the related interim consolidated statements of profit or loss and comprehensive income for the three-month and nine-month period ended 30 September 2016, the interim consolidated statement of changes in equity and the interim consolidated statement of cash flows for the nine-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 IAS 34 *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

Ziad Nader
of Ernst & Young
Auditor's Registration No. 258

Date: 26 October 2016
Doha

Qatar General Insurance & Reinsurance Company PJSC

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

		30 September 2016	31 December 2015
	Notes	QR '000 (Unaudited)	QR '000 (Audited)
Assets			
Property and equipment		90,003	84,582
Investment properties	4	5,977,244	5,936,607
Investment in associates		351,827	324,749
Financial assets:			
Available-for-sale financial assets		1,020,827	1,057,424
Financial assets at fair value through profit or loss		158,018	167,618
Receivables from related parties	13 (b)	2,074	940
Insurance receivables		258,536	201,399
Reinsurance assets	9	876,462	859,870
Takaful participants' assets	5 (a)	303,985	281,001
Other assets		229,921	264,190
Cash and bank balances	6	308,548	231,202
Total assets		9,577,445	9,409,582
Equity and liabilities			
Equity attributable to equity holders of the Parent			
Issued share capital	7	875,067	795,515
Retained earnings		4,422,857	4,431,958
Legal reserve		533,079	533,079
Revaluation reserves		509,296	529,693
		6,340,299	6,290,245
Non-controlling interests		2,350	2,209
Total equity		6,342,649	6,292,454
Liabilities			
Insurance contract liabilities	9	1,145,159	1,101,580
Financial liabilities:			
Borrowings		1,191,944	1,172,590
Derivative financial instruments		28,342	28,515
Payables to related parties	13 (b)	73,351	57,461
Insurance payables		248,739	241,185
Employees' end-of-service benefits		36,494	33,942
Takaful participants' liabilities	5 (a)	303,985	281,001
Other liabilities		206,782	200,854
Total liabilities		3,234,796	3,117,128
Total equity and liabilities		9,577,445	9,409,582

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Nasser Bin Ali Bin Saud Al Thani
Chairman and Managing Director

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Jamal Kamel Abu Nahl
Chief Executive Officer and Board Member

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

Qatar General Insurance & Reinsurance Company PJSC
INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the Nine Months Ended 30 September 2016

	Notes	Three months ended		Nine months ended	
		30 September 2016	30 September 2015	30 September 2016	30 September 2015
		QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)
Gross written premiums	9 (b)	169,061	212,058	513,497	530,346
Change in unearned premiums provision		<u>(28,135)</u>	<u>(36,355)</u>	<u>(75,344)</u>	<u>(70,654)</u>
Gross earned premiums	9 (b)	140,926	175,703	438,153	459,692
Premiums ceded to reinsurers	9 (b)	<u>(97,448)</u>	<u>(127,839)</u>	<u>(287,296)</u>	<u>(319,344)</u>
Net earned premiums		43,478	47,864	150,857	140,348
Fees and commission income		4,251	7,987	12,300	18,430
Investment income		50,780	50,225	186,598	195,216
Net realised gains		8,789	2,318	9,269	4,801
Fair value gains (losses)		11,674	(4,798)	807	(21,132)
Income from construction activities		13,475	8,724	27,057	11,183
Other operating revenue		<u>66,442</u>	<u>2,405</u>	<u>72,641</u>	<u>8,204</u>
Other revenue		155,411	66,861	308,672	216,702
Total revenue		198,889	114,725	459,529	357,050
Gross claims paid		(31,766)	(32,076)	(205,927)	(125,979)
Claims ceded to reinsurers		12,698	12,602	131,329	51,919
Gross change in insurance contract liabilities	9 (a)	(18,543)	(287,103)	31,765	(316,909)
Change in insurance contract liabilities ceded to reinsurers	9 (a)	<u>15,524</u>	<u>270,615</u>	<u>(38,527)</u>	<u>309,984</u>
Net claims		(22,087)	(35,962)	(81,360)	(80,985)
Finance costs		(11,915)	(11,338)	(35,181)	(31,979)
Cost of construction activities		(10,901)	(8,658)	(22,952)	(10,568)
Other operating and administrative expenses		<u>(54,607)</u>	<u>(44,765)</u>	<u>(137,188)</u>	<u>(117,521)</u>
Other expenses		(77,423)	(64,761)	(195,321)	(160,068)
Total expenses		(99,510)	(100,723)	(276,681)	(241,053)
Profit before share of profits of associates		99,379	14,002	182,848	115,997
Share of profits of associates		<u>4,805</u>	<u>4,204</u>	<u>7,071</u>	<u>24,932</u>
Profit for the period		104,184	18,206	189,919	140,929
Profit attributable to:					
Equity holders of the Parent		104,129	18,175	189,778	140,858
Non-controlling interests		<u>55</u>	<u>31</u>	<u>141</u>	<u>71</u>
		104,184	18,206	189,919	140,929
Earnings per share					
Basic and diluted profit for the period attributable to ordinary equity holders of the Parent (in Qatari Riyals per share)	11	<u>1.19</u>	<u>0.21</u>	<u>2.17</u>	<u>1.61</u>

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

Qatar General Insurance & Reinsurance Company PJSC

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Nine Months Ended 30 September 2016

	Three months ended		Nine months ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	QR '000	QR '000	QR '000	QR '000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period	104,184	18,206	189,919	140,929
Other comprehensive income (loss)				
Exchange differences on translating foreign operations	1,961	(11,827)	(5,383)	(50,945)
Net gain (loss) on cash flow hedge	4,763	(5,455)	173	(1,051)
Net gain (loss) on available-for-sale financial assets	38,927	(30,835)	(15,187)	(79,258)
Other comprehensive income (loss) for the period	45,651	(48,117)	(20,397)	(131,254)
Total comprehensive income (loss) for the period	149,835	(29,911)	169,522	9,675
Total comprehensive income (loss) attributable to:				
Equity holders of the Parent	149,780	(29,942)	169,381	9,604
Non-controlling interests	55	31	141	71
	149,835	(29,911)	169,522	9,675

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

Qatar General Insurance & Reinsurance Company PJSC

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Nine Months Ended 30 September 2016

Equity attributable to equity holders of the Parent											
	Notes	Issued share capital	Retained earnings	Legal reserve	Revaluation reserves			Total ordinary shareholders' equity	Non-controlling interests	Total equity	
					Available-for-sale financial assets	Revaluation surplus	Cash flow hedge				Foreign currency translation reserve
		QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	
At 1 January 2016 (audited)		795,515	4,431,958	533,079	617,951	77,355	(28,515)	(137,098)	6,290,245	2,209	6,292,454
Profit for the period		-	189,778	-	-	-	-	-	189,778	141	189,919
Other comprehensive (loss) income		-	-	-	(15,187)	-	173	(5,383)	(20,397)	-	(20,397)
Total comprehensive income (loss)		-	189,778	-	(15,187)	-	173	(5,383)	169,381	141	169,522
Bonus shares issued	7	79,552	(79,552)	-	-	-	-	-	-	-	-
Dividends paid	8	-	(119,327)	-	-	-	-	-	(119,327)	-	(119,327)
At 30 September 2016 (unaudited)		875,067	4,422,857	533,079	602,764	77,355	(28,342)	(142,481)	6,340,299	2,350	6,342,649

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

Qatar General Insurance & Reinsurance Company PJSC

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the Nine Months Ended 30 September 2016

Equity attributable to equity holders of the Parent										
Revaluation reserves										
	Issued share capital	Retained earnings	Legal reserve	Available- for-sale financial assets	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
At 1 January 2015 (audited)	691,753	3,844,630	440,499	740,111	77,355	(34,853)	(83,694)	5,675,801	2,114	5,677,915
Profit for the period	-	140,858	-	-	-	-	-	140,858	71	140,929
Other comprehensive loss	-	-	-	(79,258)	-	(1,051)	(50,945)	(131,254)	-	(131,254)
Total comprehensive income (loss)	-	140,858	-	(79,258)	-	(1,051)	(50,945)	9,604	71	9,675
Bonus shares issued	7	103,762	(103,762)	-	-	-	-	-	-	-
Dividends paid	8	-	(138,351)	-	-	-	-	(138,351)	-	(138,351)
At 30 September 2015 (unaudited)	<u>795,515</u>	<u>3,743,375</u>	<u>440,499</u>	<u>660,853</u>	<u>77,355</u>	<u>(35,904)</u>	<u>(134,639)</u>	<u>5,547,054</u>	<u>2,185</u>	<u>5,549,239</u>

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

Qatar General Insurance & Reinsurance Company PJSC

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the Nine Months Ended 30 September 2016

		30 September 2016	30 September 2015
	Notes	QR '000 (Unaudited)	QR '000 (Unaudited)
Operating activities			
Profit for the period		189,919	140,929
<i>Adjustment for:</i>			
Net change in operating assets	12	(39,102)	(403,303)
Net change in operating liabilities	12	72,951	324,838
 <i>Non-cash items included in profit for the period:</i>			
Fair value (gains) losses		(807)	21,132
Impairment recoveries on receivables		(2,749)	(1,044)
Share of profits of associates		(7,071)	(24,932)
(Gain) loss from sale of property and equipment		(216)	10
Depreciation of property and equipment		5,987	5,390
Amortization of intangible asset		1,257	559
Employees' end of service benefits		2,552	(1,252)
Net cash flows from operating activities		222,721	62,327
 Investing activities			
Acquisition of a subsidiary, net of cash acquired	3	-	(88,938)
Purchase of property and equipment		(11,832)	(5,696)
Proceeds from sale of property and equipment		640	-
Purchase of investment properties	4	(40,637)	(64,518)
Dividends received from associates		9,889	7,794
Investments in associates		(34,229)	-
Net movement in available-for-sale financial assets		20,360	967
Net change in financial assets at fair value through profit or loss		10,407	-
Net cash flows used in investing activities		(45,402)	(150,391)
 Financing activities			
Net movement in term loans		47,501	(41,043)
Finance costs on term loans		(33,543)	(30,351)
Dividends paid to equity holders of the Parent	8	(119,327)	(138,351)
Net cash flows used in financing activities		(105,369)	(209,745)
 Net increase (decrease) in cash and cash equivalents		71,950	(297,809)
Cash and cash equivalents at the beginning of the period		229,250	503,567
 Cash and cash equivalents at the end of the period	6	301,200	205,758
 Operational cash flows from interest and dividends			
Interest paid		33,768	30,581
Interest received		12,622	12,037
Dividend received		36,097	47,064

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

Qatar General Insurance & Reinsurance Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Nine Months Ended 30 September 2016

1 CORPORATE INFORMATION

Qatar General Insurance & Reinsurance Company PJSC (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. The Company and its subsidiaries (together referred to as the “Group”) are engaged in the business of general insurance and reinsurance including Islamic Takaful insurance, real estate, investment, and contracting. The shares of the Company are listed on the Qatar Exchange.

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

Name of the subsidiary	Ownership	Country of incorporation	Principal activities
Qatar General Holding Company W.L.L.	100%	State of Qatar	Investments management of the Group.
General Takaful Company W.L.L.	100%	State of Qatar	Islamic insurance.
General Real Estate Company W.L.L.	100%	State of Qatar	Real estate investment and management.
World Trade Center – Qatar W.L.L.	100%	State of Qatar	Hospitality, exhibition and events management.
Mozoon Insurance Marketing Services W.L.L.	100%	State of Qatar	Insurance marketing services.
General Tower for Real Estate Investments W.L.L.	100%	State of Qatar	Real estate investment and development.
Oriental Enterprises W.L.L.	100%	State of Qatar	Contracting and construction.
General Company for Water and Beverages W.L.L.	60%	State of Qatar	Water bottling and beverages trading.
Mozoon Real Estate Company W.L.L.	50%	State of Qatar	Real estate investment and development.

These interim condensed consolidated financial statements of the Group for the period ended 30 September 2016 were authorized for issue by the Board of Directors on 26 October 2016.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements for the nine months period ended 30 September 2016 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 2015. In addition, results for the nine months ended 30 September 2016 are not necessarily indicative of the results that maybe expected for the financial year ending 31 December 2016.

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 2015.

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 2015.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015, except for the adoption of new standards and interpretations effective as of 1 January 2016. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Although these new standards and amendments apply for the first time in 2016, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group. The nature and the impact of each new standard or amendment is described below:

IFRS 14 Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and OCI. The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Group is an existing IFRS preparer and is not involved in any rate-regulated activities, this standard does not apply.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 Business Combinations principles for business combination accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation if joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Group as there has been no interest acquired in a joint operation during the period.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41 Agriculture. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact to the Group as the Group does not have any bearer plants.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standards, interpretations and amendments adopted by the Group (continued)

Amendments to IAS 27 *Equity Method in Separate Financial Statements*

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in their separate financial statements will have to apply that change retrospectively. First-time adopters of IFRS electing to use the equity method in their separate financial statements will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Group's consolidated financial statements.

Annual Improvements 2012-2014 Cycle

These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*

Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment must be applied prospectively.

IFRS 7 *Financial Instruments: Disclosures*

(i) Servicing contracts

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

IAS 19 *Employee Benefits*

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively.

IAS 34 *Interim Financial Reporting*

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively. These amendments do not have any impact on the Group's consolidated financial statements.

Amendments to IAS 1 *Disclosure Initiative*

The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standards, interpretations and amendments adopted by the Group (continued)

Annual Improvements 2012-2014 Cycle (continued)

Amendments to IAS 1 *Disclosure Initiative* (continued)

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Group's consolidated financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception*

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10 Consolidated Financial Statements. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Group as the Group does not apply the consolidation exception.

3 BUSINESS COMBINATIONS

On 2 June 2015, the Group acquired 100% of the voting shares of Orientals Enterprises W.L.L. and obtained control over its financial and operating activities. Orientals Enterprises W.L.L. was established as a Single Person Company and registered under commercial registry number 21830. The principal activities of Orientals Enterprises W.L.L. are trading in steel and insulation materials as well as contracting and construction activities. The Group acquired Orientals Enterprises W.L.L. to support the Group's real estate activities as well as to diversify the source of income.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Orientals Enterprises W.L.L. as at the date of acquisition were:

	Fair value recognised on acquisition
	QR '000
Assets	
Intangible asset	21,789
Property and equipment	15,171
Investment properties (Note 4)	44,946
Available-for-sale financial assets	8,533
Other assets	20,905
Cash and cash equivalents	2,664
	114,008
Liabilities	
Borrowings	586
Employees' end-of-service benefits	2,718
Other liabilities	33,511
	36,815
Total identifiable net assets at fair value	77,193
Goodwill arising from acquisition	14,409
Purchase consideration transferred	91,602

Qatar General Insurance & Reinsurance Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Nine Months Ended 30 September 2016

3 BUSINESS COMBINATIONS (CONTINUED)

	Fair value recognised on acquisition
	QR '000
Analysis of cash flows on acquisition:	
Cost of the acquisition	(91,602)
Net cash acquired with the subsidiary	2,664
Net cash flows on acquisition	<u>(88,938)</u>

The goodwill of QR 14.41 million represents future synergies expected to arise in the combined operations, the value of new contracts going forward, and the value of the workforce and management and other future business which is not separately recognized. Goodwill is allocated entirely to the investment segment. Acquisition-related costs were recognised in profit or loss and included in other operating and administrative expenses.

4 INVESTMENT PROPERTIES

	30 September 2016	31 December 2015
Note	QR '000 (Unaudited)	QR '000 (Audited)
At 1 January	5,936,607	5,005,196
Acquired through acquisition of a subsidiary	3 -	44,946
Additions	40,637	108,193
Fair value gains	-	778,272
At the end of the period / year	<u>5,977,244</u>	<u>5,936,607</u>

The Group obtains an independent valuation of its investment properties at 31 December each year. Management is of the opinion that the carrying value of investment properties has not changed significantly from the value as of 31 December 2015 based on its internal assessment.

5 TAKAFUL PARTICIPANTS' FUND ACCOUNTS

(a) Interim statement of financial position – Policyholders

	30 September 2016	31 December 2015
	QR '000 (Unaudited)	QR '000 (Audited)
Assets		
Furniture and equipment	3,639	3,074
Investment properties	78,533	73,826
Financial assets:		
Available-for-sale financial assets	52,254	57,362
Receivables from related parties	6,182	4,927
Takaful receivables	73,541	44,610
Retakaful assets	42,161	32,126
Other assets	12,521	12,182
Cash and cash equivalents	35,154	52,894
	<u>303,985</u>	<u>281,001</u>

Qatar General Insurance & Reinsurance Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Nine Months Ended 30 September 2016

5 TAKAFUL PARTICIPANTS' FUND ACCOUNTS (CONTINUED)

(a) Interim statement of financial position – Policyholders (continued)

	30 September 2016	31 December 2015
	QR '000	QR '000
	(Unaudited)	(Audited)
Liabilities		
Takaful contract liabilities	237,808	217,227
Financial liabilities:		
Payables to related parties	1,025	807
Takaful payables	50,762	56,721
Other liabilities	11,620	36,653
Fair value reserve	(1,190)	(60)
	300,025	311,348
Surplus (deficit) at the end of the period / year	3,960	(30,347)
	303,985	281,001

(b) Interim statement of profit or loss – Policyholders

	Three months ended		Nine months ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	QR '000	QR '000	QR '000	QR '000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Gross written contributions	40,834	47,118	156,030	175,118
Change in unearned contributions provision	12,222	10,315	8,143	2,290
Gross earned contributions	53,056	57,433	164,173	177,408
Contributions ceded to retakaful companies	(7,338)	(6,574)	(21,916)	(21,970)
Net earned contributions	45,718	50,859	142,257	155,438
Fees and commission expenses	(1,283)	(2,361)	(5,458)	(5,484)
Investment income	400	18	728	965
Other operating revenue	122	134	333	432
Other expenses	(761)	(2,209)	(4,397)	(4,087)
Total revenue	44,957	48,650	137,860	151,351
Gross claims paid	(26,980)	(35,591)	(98,423)	(161,402)
Claims ceded to retakaful companies	1,516	1,387	5,006	33,833
Gross change in Takaful contract liabilities	(11,383)	(4,919)	(28,725)	(5,560)
Change in Takaful contract liabilities ceded to retakaful companies	486	654	11,134	(25,124)
Net claims	(36,361)	(38,469)	(111,008)	(158,253)
Impairment recoveries on receivables	-	-	13	-

Qatar General Insurance & Reinsurance Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Nine Months Ended 30 September 2016

5 TAKAFUL PARTICIPANTS' FUND ACCOUNTS (CONTINUED)

(b) Interim statement of profit or loss – Policyholders (continued)

	Three months ended		Nine months ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)
Surplus (deficit) for the period before wakala fee	8,596	10,181	26,865	(6,902)
Wakala fee	<u>(6,125)</u>	<u>(7,068)</u>	<u>(22,905)</u>	<u>(25,562)</u>
Surplus (deficit) for the period	<u>2,471</u>	<u>3,113</u>	<u>3,960</u>	<u>(32,464)</u>

6 CASH AND CASH EQUIVALENTS

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

	30 September 2016	31 December 2015
	QR '000 (Unaudited)	QR '000 (Audited)
Cash and bank balances	308,548	231,202
Bank overdrafts	<u>(7,348)</u>	<u>(1,952)</u>
Cash and cash equivalents	<u>301,200</u>	<u>229,250</u>

7 ISSUED SHARE CAPITAL

Authorized, issued and fully paid up share capital comprises of 87,506,703 shares of QR 10 each (2015: 79,551,549 shares of QR 10 each).

	30 September 2016	31 December 2015
	QR '000 (Unaudited)	QR '000 (Audited)
	<u>875,067</u>	<u>795,515</u>

During the period, the Company issued 7,955,154 bonus shares of QR 10 each (2015: 10,376,289 shares of QR 10 each).

8 DIVIDENDS

During the period, a cash dividend of 15% of the nominal share value (QR 1.5 per share) and bonus shares of 10% of the share capital for the year ended 31 December 2015 were approved and paid (2015: cash dividend of 20% of the nominal share value (QR 2.00 per share) and bonus shares of 15% of the share capital for the year ended 31 December 2014 were approved and paid).

Qatar General Insurance & Reinsurance Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Nine Months Ended 30 September 2016

9 INSURANCE CONTRACT LIABILITIES

	30 September 2016			31 December 2015		
	Insurance contract liabilities	Reinsurance of insurance contract liabilities	Net	Insurance contract liabilities	Reinsurance of insurance contract liabilities	Net
	Notes QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Audited)	QR '000 (Audited)	QR '000 (Audited)
Provision for reported claims by policyholders	664,432	(544,669)	119,763	717,059	(600,104)	116,955
Provision for claims IBNR	75,450	(53,140)	22,310	62,574	(36,582)	25,992
Provision for premiums deficiency	5,490	(350)	5,140	-	-	-
Provision for unallocated loss adjustment expense	2,496	-	2,496	-	-	-
Outstanding claims provision (a)	747,868	(598,159)	149,709	779,633	(636,686)	142,947
Provision for unearned premiums (reserve for unexpired risks) (b)	397,291	(278,303)	118,988	321,947	(223,184)	98,763
	<u>1,145,159</u>	<u>(876,462)</u>	<u>268,697</u>	<u>1,101,580</u>	<u>(859,870)</u>	<u>241,710</u>

(a) Outstanding claims provision

	30 September 2016			31 December 2015		
	Insurance contract liabilities	Reinsurance of insurance contract liabilities	Net	Insurance contract liabilities	Reinsurance of insurance contract liabilities	Net
	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Audited)	QR '000 (Audited)	QR '000 (Audited)
At 1 January	779,633	(636,686)	142,947	481,693	(343,366)	138,327
Gross / ceded change in contract liabilities	<u>(31,765)</u>	<u>38,527</u>	<u>6,762</u>	<u>297,940</u>	<u>(293,320)</u>	<u>4,620</u>
At the end of the period / year	<u>747,868</u>	<u>(598,159)</u>	<u>149,709</u>	<u>779,633</u>	<u>(636,686)</u>	<u>142,947</u>

Qatar General Insurance & Reinsurance Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Nine Months Ended 30 September 2016

9 INSURANCE CONTRACT LIABILITIES (CONTINUED)

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

	30 September 2016			31 December 2015		
	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	321,947	(223,184)	98,763	287,628	(202,410)	85,218
Premiums written during the period / year	513,497	(342,415)	171,082	627,256	(426,550)	200,706
Premiums earned during the period / year	(438,153)	287,296	(150,857)	(592,937)	405,776	(187,161)
At the end of the period / year	397,291	(278,303)	118,988	321,947	(223,184)	98,763

Qatar General Insurance & Reinsurance Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Nine Months Ended 30 September 2016

10 SEGMENT INFORMATION

Segment interim consolidated statement of profit or loss for the period ended 30 September 2016:

	30 September 2016			30 September 2015		
	Insurance	Investments	Total	Insurance	Investments	Total
	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)
Gross written premiums	513,497	-	513,497	530,346	-	530,346
Change in unearned premiums provision	(75,344)	-	(75,344)	(70,654)	-	(70,654)
Gross earned premiums	438,153	-	438,153	459,692	-	459,692
Premiums ceded to reinsurers	(287,296)	-	(287,296)	(319,344)	-	(319,344)
Net earned premiums	150,857	-	150,857	140,348	-	140,348
Fees and commission income	12,300	-	12,300	18,430	-	18,430
Investment income	-	186,598	186,598	-	195,216	195,216
Net realised gains	-	9,269	9,269	-	4,801	4,801
Fair value gains (losses)	-	807	807	-	(21,132)	(21,132)
Income from construction activities	-	27,057	27,057	-	11,183	11,183
Other operating revenue	3,452	69,189	72,641	5,994	2,210	8,204
Other revenue	15,752	292,920	308,672	24,424	192,278	216,702
Total revenue	166,609	292,920	459,529	164,772	192,278	357,050

Qatar General Insurance & Reinsurance Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Nine Months Ended 30 September 2016

10 SEGMENT INFORMATION (CONTINUED)

Segment interim consolidated statement of profit or loss for the period ended 30 September 2016 (continued):

	30 September 2016			30 September 2015		
	Insurance	Investments	Total	Insurance	Investments	Total
	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)
Gross claims paid	(205,927)	-	(205,927)	(125,979)	-	(125,979)
Claims ceded to reinsurers	131,329	-	131,329	51,919	-	51,919
Gross change in insurance contract liabilities	31,765	-	31,765	(316,909)	-	(316,909)
Change in insurance contract liabilities ceded to reinsurers	(38,527)	-	(38,527)	309,984	-	309,984
Net claims	(81,360)	-	(81,360)	(80,985)	-	(80,985)
Finance costs	(983)	(34,198)	(35,181)	(920)	(31,059)	(31,979)
Cost of construction activities	-	(22,952)	(22,952)	-	(10,568)	(10,568)
Other operating and administrative expenses	(58,229)	(78,959)	(137,188)	(61,129)	(56,392)	(117,521)
Other expenses	(59,212)	(136,109)	(195,321)	(62,049)	(98,019)	(160,068)
Total expenses	(140,572)	(136,109)	(276,681)	(143,034)	(98,019)	(241,053)
Profit before share of profits of associates	26,037	156,811	182,848	21,738	94,259	115,997
Share of profits of associates	-	7,071	7,071	-	24,932	24,932
Profit for the period	26,037	163,882	189,919	21,738	119,191	140,929

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 470 million (2015: QR 493 million) and the United Arab Emirates amounted to QR 43 million (2015: QR 37 million).

Qatar General Insurance & Reinsurance Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Nine Months Period Ended 30 September 2016

11 EARNINGS PER SHARE

	Three months ended		Nine months ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit attributable to the ordinary equity holders of the Parent (QR '000)	104,129	18,175	189,778	140,858
Weighted average number of shares (in thousands)	87,507	87,507	87,507	87,507
Earnings per share (in Qatari Riyals)	1.19	0.21	2.17	1.61

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

	30 September 2016	30 September 2015
	(Unaudited)	(Unaudited)
Number of shares outstanding at 1 January	79,552	69,175
Bonus shares issued during the period	7,955	10,377
Number of shares outstanding at the end of the period	87,507	79,552

During 2016, the Group issued bonus shares for the year 2015. Accordingly, the previously reported earnings per share for the nine months period ended 30 September 2015 have been restated for the effect of this transaction. There were no potentially diluted shares outstanding at any time during the period and therefore the diluted earnings per share is equal to the basic earnings per share.

12 CASH GENERATED FROM OPERATING ASSETS AND LIABILITIES

	30 September 2016	30 September 2015
	QR '000	QR '000
	(Unaudited)	(Unaudited)
Net change in receivables from related parties	1,134	59
Net change in insurance receivables	54,388	44,793
Net change in reinsurance assets	16,592	355,904
Net change in other assets	(33,012)	2,547
Net change in operating assets	39,102	403,303
Net change in insurance contract liabilities	43,579	387,563
Net change in payables to related parties	15,890	35,457
Net change in insurance payables	7,554	2,760
Net change in other liabilities	5,928	(100,942)
Net change in operating liabilities	72,951	324,838

Qatar General Insurance & Reinsurance Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Nine Months Period Ended 30 September 2016

13 RELATED PARTY DISCLOSURES

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

(a) Related party transactions

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

	30 September 2016					
	Gross written premiums	Premiums ceded to reinsurers	Gross claims paid	Claims ceded to reinsurers	Fees and commission income	Other operating expenses
	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)
Trust Re – Bahrain*	-	(61,328)	-	8,708	2,541	(56)
Trust International Insurance Company (Cyprus) Ltd – Amman*	-	-	-	-	-	(468)
Others	9,453	-	(9,261)	-	-	(955)

	30 September 2015					
	Gross written premiums	Premiums ceded to reinsurers	Gross claims paid	Claims ceded to reinsurers	Fees and commission income	Other operating expenses
	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)	QR '000 (Unaudited)
Trust Re – Bahrain*	-	(42,042)	-	1,157	2,348	-
Trust International Insurance Company (Cyprus) Ltd – Amman*	-	-	-	-	-	(205)
Others	12,970	-	(8,988)	-	-	(1,422)

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

	30 September 2016	30 September 2015
	QR '000 (Unaudited)	QR '000 (Unaudited)
Salaries and other short-term benefits	33,096	23,795
Board of Directors' remuneration	7,853	6,648
End-of-service benefits	1,264	1,155
	42,213	31,598

Qatar General Insurance & Reinsurance Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Nine Months Period Ended 30 September 2016

13 RELATED PARTY DISCLOSURES (CONTINUED)

(b) Receivables from / payables to related parties

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

Receivables from related parties

	30 September 2016	31 December 2015
	QR '000	QR '000
	(Unaudited)	(Audited)
Nest Investments (Holdings) Limited	1,908	767
Trust Syria Insurance Company S.A.S.C.	54	54
North Africa Energy Company W.L.L.	42	-
Trust Algeria Assurances & Reassurance S.P.A.	39	39
Trust Holding Ltd. Company	19	-
International Financial Securities Company Q.P.S.C.	11	-
Trust Re – Bahrain	1	14
Falcon Readymix Company W.L.L.	-	66
	2,074	940

Payables to related parties

	30 September 2016	31 December 2015
	QR '000	QR '000
	(Unaudited)	(Audited)
Alsari Trading Company W.L.L.	67,342	57,327
Falcon Readymix Company W.L.L.	6,009	-
Trust Holding Ltd. Company	-	134
	73,351	57,461

(c) Insurance receivables and payables

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

	30 September 2016	31 December 2015
	QR '000	QR '000
	(Unaudited)	(Audited)
Trust Re – Bahrain*	5,263	8,030
Trust International Insurance Company (Cyprus) Ltd – Amman*	7,039	(103)
Other insurance receivables	4,299	3,572
Other insurance payables	(5,960)	(3,059)

* Trust International Insurance Company (Cyprus) Ltd – Amman was the reinsurance administrator through whom transactions were directed to various reinsurance service providers until 30 December 2015. Effective 31 December 2015, Trust Re – Bahrain has taken over the functions of reinsurance administration from Trust International Insurance Company (Cyprus) Ltd. The stated balances will be settled as per the runoff agreement between the two firms.

Qatar General Insurance & Reinsurance Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Nine Months Period Ended 30 September 2016

13 RELATED PARTY DISCLOSURES (CONTINUED)

(d) Investment properties

The additions to investment properties in Note 4 include QR 9.61 million (2015: QR 21.25 million) in supplies from Falcon Readymix Company W.L.L.

(e) Other assets

As at 30 September 2016, other assets do not include any advance payments to Falcon Readymix Company W.L.L. (2015: QR 2.93 million).

All above disclosed balances are unsecured, interest free and settlement normally occurs in cash. There have been no guarantees provided or received for any related party receivables.

14 CONTINGENT LIABILITIES AND COMMITMENTS

	30 September 2016	31 December 2015
	QR '000	QR '000
	(Unaudited)	(Audited)
(a) Contingent liabilities		
Letters of guarantee	<u>115,975</u>	<u>15,188</u>
(b) Lease commitments		
Operating lease commitments are payable as follows:		
Less than one year	4,426	4,899
Between one and five years	<u>6,586</u>	<u>983</u>
	<u>11,012</u>	<u>5,882</u>

15 FAIR VALUE MEASUREMENT

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

		Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
30 September 2016 (unaudited)	Note	QR '000	QR '000	QR '000	QR '000
Assets measured at fair value:					
Investment properties	4	-	-	5,977,244	5,977,244
Available-for-sale		1,000,285	17,549	-	1,017,834
At fair value through profit or loss		<u>158,018</u>	-	-	<u>158,018</u>
		<u>1,158,303</u>	<u>17,549</u>	<u>5,977,244</u>	<u>7,153,096</u>
Liability measured at fair value:					
Derivative financial instruments		-	28,342	-	<u>28,342</u>

Qatar General Insurance & Reinsurance Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Nine Months Period Ended 30 September 2016

15 FAIR VALUE MEASUREMENT (CONTINUED)

	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
31 December 2015 (audited)					
Assets measured at fair value:					
Investment properties	4	-	-	5,936,607	5,936,607
Available-for-sale		1,032,371	18,410	-	1,050,781
At fair value through profit or loss		167,618	-	-	167,618
		<u>1,199,989</u>	<u>18,410</u>	<u>5,936,607</u>	<u>7,155,006</u>
Liability measured at fair value:					
Derivative financial instruments		-	28,515	-	28,515

Available-for-sale financial assets carried at cost amount to QR 2.99 million (2015: QR 6.64 million). As at 30 September 2016, the management has assessed that there is no indication of impairment for these available-for-sale financial assets carried at cost.

During the period, there were no transfers between Level 1, Level 2 and Level 3 (2015: Nil)

16 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.

The reclassifications are summarised below:

Interim consolidated statement of profit or loss	After reclassification 30 September 2015 QR '000	As previously reported 30 September 2015 QR '000	Effect of the reclassification QR '000
Fees and commission income	18,430	17,743	687
Other operating revenue	8,204	8,891	(687)
	<u>26,634</u>	<u>26,634</u>	<u>-</u>
Interim consolidated statement of financial position	After reclassification 31 December 2015 QR '000	As previously reported 31 December 2015 QR '000	Effect of the reclassification QR '000
Receivables from related parties	940	874	66
Other liabilities	(200,854)	(200,788)	(66)
	<u>(199,914)</u>	<u>(199,914)</u>	<u>-</u>