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

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2014

Building a better
working world

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF QATAR GENERAL INSURANCE AND REINSURANCE COMPANY S.A.Q.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Qatar General Insurance and Reinsurance Company S.A.Q. (the 'Company') and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2014 and the consolidated statement of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2014 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF QATAR GENERAL INSURANCE AND REINSURANCE COMPANY S.A.Q. (CONTINUED)

Report on Legal and Other Regulatory Matters

Furthermore, in our opinion proper books of account have been kept by the Group and the consolidated financial statements comply with the Qatar Commercial Companies' Law No. 5 of 2002 and the Company's Articles of Association. We have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above mentioned law or the Articles of Association having occurred during the year which might have had a material effect on the business of the Group or on its financial position.

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

Date: 5 February 2015
Doha

ERNST & YOUNG
Doha
محاسبون قانونيون
الدوحة
ارنست ويونغ

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2014

	Notes	2014 QR '000	2013 QR '000
Assets			
Property and equipment	4	70,220	63,626
Investment properties	5	5,005,196	4,277,199
Equity accounted investees	6	370,711	392,366
Financial assets:			
Available-for-sale financial assets	7(a)	1,176,331	1,023,184
Financial assets at fair value through profit or loss	7(b)	199,396	171,623
Receivables from related parties	7(c)	804	9,141
Insurance receivables	7(d)	198,331	228,843
Reinsurance assets	8	545,776	483,770
Takaful participants' assets	9(a)	298,464	205,119
Other assets	10	186,882	105,938
Cash and cash equivalents	11	501,627	151,083
Total assets		8,553,738	7,111,892
Equity and liabilities			
Equity attributable to equity holders of the Parent			
Issued share capital	12	691,753	576,461
Retained earnings		3,844,630	3,224,192
Legal reserve	13	440,499	348,497
Revaluation reserves	14	698,919	628,433
		5,675,801	4,777,583
Non-controlling interests	17	2,114	1,847
Total equity		5,677,915	4,779,430
Liabilities			
Insurance contract liabilities	18	769,321	688,322
Financial liabilities:			
Borrowings	19	1,303,680	982,994
Derivative financial instruments	20	34,853	39,129
Payables to related parties	21	3,360	53
Insurance payables	22	272,445	295,653
Employees' end-of-service benefits	23	27,584	28,908
Takaful participants' liabilities	9(a)	298,464	205,119
Other liabilities	24	166,116	92,284
Total liabilities		2,875,823	2,332,462
Total equity and liabilities		8,553,738	7,111,892

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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 43 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the Year Ended 31 December 2014

	Notes	2014 QR '000	2013 QR '000
Gross premiums	26(a)	616,454	560,255
Change in unearned premiums provision	26(a)	(56,053)	(42,103)
Gross earned premiums	26(a)	560,401	518,152
Premiums ceded to reinsurers	26(b)	(362,396)	(312,163)
Net earned premiums		198,005	205,989
Fees and commission income	27	17,926	15,562
Investment income	28	192,450	70,201
Net realised gains	29	64,981	22,280
Fair value gains	30	724,273	2,039,284
Other operating revenue	31	14,364	12,182
Other revenue		1,013,994	2,159,509
Total revenue		1,211,999	2,365,498
Gross claims paid	32(a)	(206,019)	(231,249)
Claims ceded to reinsurers	32(b)	87,989	105,999
Gross change in insurance contract liabilities	32(c)	(24,946)	(23,152)
Change in insurance contract liabilities ceded to reinsurers	32(d)	(1,304)	7,265
Net claims		(144,280)	(141,137)
Finance costs	33	(39,868)	(16,886)
Other operating and administrative expenses	34	(126,715)	(101,136)
Other expenses		(166,583)	(118,022)
Total expenses		(310,863)	(259,159)
Profit before share of profits of associates		901,136	2,106,339
Share of profits of associates	6	18,887	24,646
Profit for the year		920,023	2,130,985
Profit attributable to:			
Equity holders of the Parent		919,756	2,130,433
Non-controlling interests		267	552
		920,023	2,130,985
Earnings per share			
Basic and diluted profit for the year attributable to ordinary equity holders of the Parent (in Qatari Riyals per share)	35	13.30	30.80

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 December 2014

	Note	2014 QR '000	2013 QR '000
Profit for the year		**920,023**	2,130,985
Other comprehensive income			
Exchange differences on translating foreign operations	**6**	**(36,352)**	(20,600)
Net gain on cash flow hedging		**4,276**	11,900
Net gain on available-for-sale financial assets		**102,562**	130,570
Other comprehensive income for the year		**70,486**	121,870
Total comprehensive income for the year		**990,509**	2,252,855
Total comprehensive income attributable to:			
Equity holders of the Parent		**990,242**	2,252,303
Non-controlling interests		**267**	552
		990,509	2,252,855

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2014

		Equity attributable to equity holders of the Parent									
					Revaluation reserves						
	Notes	Issued share capital	Retained earnings	Legal reserve	Available-for-sale financial assets	Revaluation surplus	Cash flow hedging	Foreign currency translation reserve	Total ordinary shareholders' equity	Non-controlling interests	Total equity
		QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000
At 1 January 2014		576,461	3,224,192	348,497	637,549	77,355	(39,129)	(47,342)	4,777,583	1,847	4,779,430
Profit for the year		-	919,756	-	-	-	-	-	919,756	267	920,023
Other comprehensive income		-	-	-	102,562	-	4,276	(36,352)	70,486	-	70,486
Total comprehensive income		-	919,756	-	102,562	-	4,276	(36,352)	990,242	267	990,509
Bonus shares issued during the year	12	115,292	(115,292)	-	-	-	-	-	-	-	-
Transfer to legal reserve	13	-	(92,002)	92,002	-	-	-	-	-	-	-
Dividends paid during the year	15	-	(86,469)	-	-	-	-	-	(86,469)	-	(86,469)
Contribution to social and sports activities fund	16	-	(5,555)	-	-	-	-	-	(5,555)	-	(5,555)
At 31 December 2014		691,753	3,844,630	440,499	740,111	77,355	(34,853)	(83,694)	5,675,801	2,114	5,677,915

The attached notes 1 to 43 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
For the Year Ended 31 December 2014

		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 hedging	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 2013		501,270	1,433,648	135,399	506,979	77,355	(51,029)	(26,742)	2,576,880	1,295	2,578,175
Profit for the year		-	2,130,433	-	-	-	-	-	2,130,433	552	2,130,985
Other comprehensive income		-	-	-	130,570	-	11,900	(20,600)	121,870	-	121,870
Total comprehensive income		-	2,130,433	-	130,570	-	11,900	(20,600)	2,252,303	552	2,252,855
Bonus shares issued during the year	12	75,191	(75,191)	-	-	-	-	-	-	-	-
Transfer to legal reserve	13	-	(213,098)	213,098	-	-	-	-	-	-	-
Dividends paid during the year	15	-	(50,127)	-	-	-	-	-	(50,127)	-	(50,127)
Contribution to social and sports activities fund	16	-	(1,473)	-	-	-	-	-	(1,473)	-	(1,473)
At 31 December 2013		576,461	3,224,192	348,497	637,549	77,355	(39,129)	(47,342)	4,777,583	1,847	4,779,430

The attached notes 1 to 43 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 31 December 2014

	Notes	2014 QR '000	2013 QR '000
Operating activities			
Profit for the year		**920,023**	2,130,985
Adjustment for:			
Net change in operating assets	**36**	**(104,484)**	5,538
Net change in operating liabilities	**36**	**129,374**	103,880
Non-cash items included in profit for the year			
Fair value gains	**30**	**(724,273)**	(2,039,284)
Impairment losses (recoveries)	**34**	**382**	(7,367)
Share of profits of associates	**6**	**(18,887)**	(24,646)
Gain from sale of property and equipment		**(12)**	-
Gain from sale of equity accounted investees	**29**	**(5,210)**	-
Gain from sale of investment properties	**29**	**(29,275)**	-
Depreciation of property and equipment	**34**	**4,632**	4,614
Employees' end-of-service benefits		**(1,324)**	2,033
Net cash flows from operating activities		**170,946**	175,753
Investing activities			
Purchase of property and equipment	**4**	**(11,238)**	(7,607)
Proceeds from sale of property and equipment		**24**	-
Purchase of investment properties	**5**	**(62,004)**	(96,745)
Proceeds from sale of investment properties		**61,089**	-
Investments in equity accounted investees	**6**	**(12,785)**	(11,668)
Proceeds from sale of equity accounted investees		**5,255**	-
Dividends received from equity accounted investees	**6**	**17,038**	10,867
Net change in available-for-sale financial assets		**(50,691)**	(14,159)
Net change in financial assets at fair value through profit or loss		**(1,307)**	(2,339)
Net cash flows used in investing activities		**(54,619)**	(121,651)
Financing activities			
Movement on bank loans		**357,159**	123,063
Finance costs paid on bank loans	**33**	**(38,126)**	(14,618)
Dividends paid to equity holders of the Parent	**15**	**(86,469)**	(50,127)
Net cash flows from financing activities		**232,564**	58,318
Net increase in cash and cash equivalents		**348,891**	112,420
Cash and cash equivalents at 1 January		**154,676**	42,256
Cash and cash equivalents at 31 December	**11**	**503,567**	154,676
Operational cash flows from interest and dividends			
Interest paid	**33**	**38,367**	14,927
Interest received		**11,739**	12,808
Dividend received		**44,163**	45,513

The attached notes 1 to 43 form part of these consolidated financial statements.

1 CORPORATE INFORMATION

Qatar General Insurance and Reinsurance Company S.A.Q. (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. 5 of 2002. 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 and investment management. 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 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 S.P.C.	100%	State of Qatar	Primarily engaged in managing investments of the Group.
General Takaful Company S.P.C.	100%	State of Qatar	Primarily engaged in Islamic insurance.
General Real Estate Company S.P.C.	100%	State of Qatar	Primarily engaged in real estate investment and management.
World Trade Center – Qatar S.P.C.	100%	State of Qatar	Official recognized licensee of the World Trade Center Association.
Mozoon Insurance Marketing Services S.P.C.	100%	State of Qatar	Insurance marketing services.
Mozoon Real Estate Company W.L.L.	50%	State of Qatar	Real estate investment and development.
General Company for Water and Beverages W.L.L.	60%	State of Qatar	Water bottling and foodstuff trading.
General Tower for Real Estate Investments S.P.C.	100%	State of Qatar	Real estate investment and development.

These consolidated financial statements of the Group for the year ended 31 December 2014 were authorized for issue by the Board of Directors on 5 February 2015.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

Statement of compliance
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and applicable provisions of the Qatar Commercial Companies' Law No. 5 of 2002.

Basis of measurement
The consolidated financial statements are prepared under the historical cost convention, except for the following material items in the consolidated statement of financial position which are carried at fair value:

- derivative financial instruments;
- non derivative financial instruments carried at fair value through profit or loss;
- available-for-sale financial assets;
- investment properties.

The methods used to measure fair values are disclosed in Note 3.

Functional and presentation currency
The consolidated financial statements are presented in Qatari Riyal (QR), which is the Group's functional currency. All financial information presented in Qatari Riyal has been rounded to the nearest thousands (QR '000) except where otherwise indicated.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosure of contingent liabilities at the reporting date. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Information about significant areas of estimates and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are included under Note 41 and 42.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised.

2.3 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective as of 1 January 2014:

Standard	***Content***
IFRS 10, IFRS 12, IAS 27	Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
IAS 32	Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting - Amendments to IAS 39
IAS 36	Recoverable Amount Disclosures for Non-Financial Assets - Amendments to IAS 36
IFRIC 21	IFRIC 21 Levies

The nature and the impact of each new standard or amendment is described below:

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group.

Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32
These amendments clarify the meaning of “currently has a legally enforceable right to set-off” and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no impact on the Group.

Novation of Derivatives and Continuation of Hedge Accounting - Amendments to IAS 39
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments have no impact on the Group as the Group has not novated its derivatives during the current or prior years.

Recoverable Amount Disclosures for Non-Financial Assets - Amendments to IAS 36
These amendments remove the unintended consequences of IFRS 13 Fair Value Measurement on the disclosures required under IAS 36 Impairment of Assets. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognised or reversed during the year. These disclosures have no impact on the Group.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Changes in accounting policies and disclosures (continued)

IFRIC 21 Levies
IFRIC 21 is applicable to all levies other than outflows that are within the scope of other standards (e.g., IAS 12) and fines or other penalties for breaches of legislation. The interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability is recognized before the specified minimum threshold is reached. These amendments have no impact on the Group.

2.4 Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are listed below. This listing of standards and interpretations issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

The Group is currently considering the implications of the new IFRSs which are effective for future accounting periods and has not early adopted any of the new Standards as listed below:

IFRS 9 Financial Instruments
In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

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-timeadoption 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 other comprehensive income. The standard requires disclosures on 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.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions
IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. These amendments are not expected to have a material impact on the Group as none of the entities within the Group participate in defined benefit plans with contributions from employees or third parties.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Annual Improvements

Annual Improvements 2010-2012 Cycle
These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Group. They include:

IFRS 2 Share-based Payment
This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- a performance condition must contain a service condition;
- a performance target must be met while the counterparty is rendering service;
- a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group;
- a performance condition may be a market or non-market condition; and
- if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

IFRS 3 Business Combinations
The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

IFRS 8 Operating Segments
The amendments are applied retrospectively and clarify that an entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'. The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

IAS 16 Property, Plant and Equipment – IAS 38 Intangible Assets
The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

IAS 24 Related Party Disclosures
The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual Improvements 2011-2013 Cycle
These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Group. They include:

IFRS 3 Business Combinations
The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that joint arrangements, not just joint ventures, are outside the scope of IFRS 3. This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

IFRS 13 Fair Value Measurement
The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Annual Improvements (continued)

IAS 40 Investment Property
The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact that this standard would have on its financial position and performance.

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 principles for business combinations 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 while 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 are not expected to have any impact on the Group.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is 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 are not expected to have any impact on the Group.

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. 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 produce that grow 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 are not expected to have any impact on the Group.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Annual Improvements (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 its separate financial statements will have to apply that change retrospectively.

For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they 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 will not have any impact on the Group's consolidated financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied by the Group consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

Basis of consolidation
The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2014.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, recognized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interests;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- reclassifies the Parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

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

The consolidated financial statements comprise the financial statements of Qatar General Insurance and Reinsurance Company S.A.Q and its subsidiary companies as at 31 December 2014. The financial statements of the subsidiary companies are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

Investment in subsidiary companies (continued)
One of the Group's subsidiaries, General Takaful Company S.P.C, is an operator of Islamic insurance business operating under Islamic Shari'a principles. In accordance with applicable Shari'a principles, participants' (policyholders') funds are maintained seperately from the operator's (shareholders') funds. Accordingly, the participants' assets and liabilities including the fund balances are shown separately as 'Takaful participants' assets' and 'Takaful participants' liabilities' respectively in the consolidated statement of financial position as supplementary information. Takaful participants' fund accounts comprising of statement of financial position and statement of comprehensive income (policyholders) is set out in Note 9. The Group manages the Takaful funds on behalf of the policyholders under the Hybrid model.

The Hybrid model uses the principles of both Wakala and Mudaraba, whereby the operator receives a fixed Wakala fee of 15% (2013: 15%) of gross insurance premiums, in addition to the 70% share in the realised investment gains on the policyholders' contributions. The administrative costs of underwriting are covered by the Wakala fee and borne by the shareholder.

Investment in associate companies
Associate companies are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases.

All subsequent changes to the Group's share of interest in the equity of the associate are recognised in the Group's carrying amount of the investment. Changes resulting from the profit and loss generated by the associate are reported in the consolidated statement of profit or loss and therefore affect net results of the Group.

Amounts reported in the financial statements of associates have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long term investments, is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Foreign currency

Foreign operations
For the purpose of the consolidated financial statements, the results and financial position of the foreign branch is expressed in the functional currency of the Parent Company at the exchange rate prevailing at the reporting date. Income and expenses are translated at the average exchange rates for the year unless exchange rates fluctuated significantly during the year in which case the exchange rates at the dates of the transactions are used. Investment in foreign associates is translated at the closing exchange rates. Foreign currency translation differences are recognised directly in other comprehensive income. When a foreign operation is disposed of in part or full, the relevant amount in the reserve is transferred to the consolidated statement of profit or loss for the corresponding period.

Foreign currency transactions
Foreign currency transactions are initially recorded in Qatari Riyals at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to Qatari Riyal at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to Qatari Riyal at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transactions. The resultant exchange differences are included in the consolidated statement of profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments
Financial instruments represent the Group's financial assets and liabilities. Financial assets include cash and cash equivalents, insurance and other receivables, receivables from related parties, reinsurance assets and investments. Financial liabilities include insurance payables, borrowings, derivative financial instruments, insurance contract liabilities, payables to related parties and other liabilities.

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

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

De-recognition
The Group derecognises the financial asset when the contractual rights to receive cash flows from that asset expire or it transfers the right to receive the contractual cash flow of that asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred.

The Group also derecognizes certain assets when it expenses balances pertaining to assets deemed to be uncollectible. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Measurement

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

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

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less as on the consolidated statement of financial position date. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Insurance and other receivables
Insurance and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the consolidated statement of profit or loss when there is objective evidence of that the asset is impaired.

Reinsurance assets
The Group cedes insurance risk in the normal course of business for its businesses. Reinsurance assets represent balances recoverable from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurers' policies and are in accordance with the related reinsurance contract.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement (continued)

Insurance contract liabilities
Insurance contract liabilities include the outstanding claims provision, provision for claims incurred but not reported and the provision for unearned premium.

Amounts payable for insurance claims reported up to the reporting period end and the amount payable to reinsurance companies are accrued as a provision for outstanding claims. The insurance claims are accrued on the basis of the actual losses reported against the policies underwritten by the Group during the year.

Provision for claims incurred but not reported are computed based on actuarial review after considering current assumptions, historical trends and empirical data which is not discounted for the time value of money.

Unearned premiums represent the portion of net premiums written relating to the unexpired period of coverage calculated on the actual number of days method (daily pro rata basis). The change in the provision for unearned premium is taken to the consolidated statement of profit or loss in the order that revenue is recognised over the period of risk.

Borrowings
All borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After the initial recognition, borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the profit or loss when liabilities are derecognised.

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

Derivative financial instruments
The Group uses interest rate swap contracts to hedge its risk associated with interest rate fluctuations relating to the interest payments on the Group's term loan. These interest rate swap contracts are stated at fair value. The Group classifies a hedge as a cash flow hedge where it hedges the exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction. The interest rate swap contract has been classified as a cash flow hedge and meets the conditions for hedge accounting.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each consolidated statement of financial position date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Cash flow hedging
The effective portion of changes to the fair value of derivatives that are designated and qualify as cash flow hedging are deferred in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated statement of profit or loss.

Fair value measurement
The Group measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each consolidated financial position date. Fair value related disclosures for financial instruments and non-financial instruments that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- investment properties in Note 5
- available-for-sale financial assets and financial assets at fair value through profit or loss in Note 7(a) and (b)
- derivative financial instruments in Note 20
- quantitative disclosures of fair value measurement hierarchy in Note 39
- disclosures for valuation methods, significant estimates and assumptions in Note 42

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (continued)
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines the policies and procedures for both recurring fair value measurement such as unquoted available-for-sale financial assets, and for non-recurring measurement.

External valuers are involved in the valuation of significant assets, such as investment properties, and significant liabilities. Involvement of external valuers is decided upon annually by the Group after discussion with and approval by the Group’s Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group decides, after discussions with the Group’s external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group’s accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group, in conjunction with the Group’s external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial assets at fair value through profit or loss and available-for-sale financial assets
The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the statement of financial position date. If the fair value cannot be measured reliably using any of the methods mentioned, then these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the investment or the amount received on issuing the financial liability until a reliable measure of the fair value is available. All transaction costs directly attributable to the acquisition are also included in the cost of the investment (Refer to Note 39 for fair value hierarchy).

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (continued)

Investment properties
The fair value of an investment property is determined by independent real estate valuation experts with recent experience in the location and category of the property being valued. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein parties had each acted knowledgeably.

Transfers are made to or from investment property only when there is a change in use evidenced by the end of owner-occupation, commencement of an operating lease to another party or completion of construction or development. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use.

Interest rate swap agreements
The fair value of interest rate swap contracts is calculated by discounting the expected future cash flows at the prevailing interest rate based on broker's quotes.

Impairment

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

For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognized in the consolidated statement of profit or loss. For an investment in equity security classified under available-for-sale, a significant or prolonged decline in its fair value below its cost provides objective evidence of impairment. Reversal of impairment losses in respect of equity investments classified as available-for-sale are treated as increases in fair value through the consolidated statement of comprehensive income. Reversal of impairment losses on debt instruments are done through the consolidated statement of profit or loss, when the increase in fair value can be objectively related to an event occurring after the impairment loss was recognised in the consolidated statement of profit or loss.

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

For assets carried at amortised cost, impairment is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment properties
Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business or use in the production or supply of goods and services or for administrative purposes. Investments in property are measured by applying the fair value model.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other cost directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing cost. These properties are constructed for future use as investment properties and hence are considered as investment properties and accounted at fair value.

Any gain or loss on disposal of any investment property (calculated as a difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Property and equipment

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

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognised net within other income in profit or loss.

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

Depreciation
Depreciation is calculated on a straight-line method over the estimated useful lives of property and equipment other than land which is determined to have an indefinite life as follows:

Buildings	20 years
Furniture and fixtures	4 years
Computers	3 – 5 years
Motor vehicles	3 – 5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Provisions
Provisions are recognised in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits

Local employees
With respect to local employees, the Group makes contributions to the government pension fund to the respective local regulatory authorities as a percentage of the employees' salaries in accordance with the requirements of respective local laws pertaining to retirement and pensions, wherever required. The Group's share of contributions to these schemes, which are defined contribution schemes under International Accounting Standard (IAS) – 19 Employee Benefits are charged to the consolidated statement of profit or loss in the year to which they relate.

Expatriate employees
For the expatriate employees, the Group provides for employees' end-of-service benefits determined in accordance with the requirements of respective local laws of Group entities pertaining to retirement and pensions, wherever required. These unfunded charges are made by the Group on the basis of employees' salaries and the number of years of service at the consolidated statement of financial position date. Although the expected costs of these benefits are accrued over the period of employment, these are paid to employees only on completion of their term of employment with the Group.

Share capital

Ordinary share capital
Ordinary shares are classified as equity. The bonus shares issued during the year are shown as an addition to the share capital and deducted from the accumulated retained earnings of the Group.

Dividends on ordinary share capital
Dividends on ordinary shares are recognised as a liability and deducted from retained earnings when they are approved by the Company's shareholders. Dividends for the year that are approved after the consolidated statement of financial position date are dealt with as an event after the consolidated statement of financial position date.

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

Income recognition

Gross premiums
Gross premiums comprise total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period and are recognised on the date on which the policy commences.

Net earned premiums
Premiums, net of reinsurance, are recognizd in the consolidated statement of profit or loss over the terms of the related contracts or policies. The portion of premium received on in-force contracts that relates to unexpired risks at the consolidated statement of financial position date is reported as the unearned premium liability. Unearned premiums are calculated principally on the actual number of day's method (daily pro rata basis).

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

In the ordinary course of business, the Group assumes and cedes reinsurance. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income recognition (continued)

Reinsurance arrangements (continued)
A significant portion of reinsurance is affected under treaty, facultative and excess-of-loss reinsurance contracts. Amounts payable to reinsurance companies are accrued on the basis of reinsurance premium payable on an individual policy basis. Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the consolidated statement of financial position date and are deferred over the term of the underlying direct insurance policies.

Net commission income
A proportionate amount of reinsurance premium paid to reinsurance companies is paid back to the Group as commission for undertaking the business. This commission percentage is agreed according to reinsurance contracts entered per individual line of business with different reinsurance companies. The amount of commission is recognised according to the reinsurance commission receivable on an individual policy basis.

Fees
Insurance contract policyholders are charged for policy administration services, management services and other contract fees. This income is recognised during the period when the policy is underwritten or the service is provided.

Investment income
Rental income from investment properties is recognised in the consolidated statement of profit or loss on a straight line basis over the period of the lease. Investment income also includes dividends, which are recognised when the right to receive the same is established. Interest income is recognised in the consolidated statement of profit or loss as it accrues.

Income from associate companies is recognised as per the equity accounting method. Changes resulting from the profit or loss generated by the associates is recognised under the consolidated statements of profit or loss.

Claims and related expenses

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

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

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

Movement in outstanding claims

Claims reported but not settled (RBNS)
Provision for outstanding claims is recognized at the date the claims are known and covers the liability for loss and loss adjustment expenses based on loss reports from independent loss adjusters and management's best estimate.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Claims and related expenses (continued)

Claims incurred but not reported (IBNR)
Claims provision also includes a liability for claims incurred but not reported as at the consolidated statement of financial position date. An independent actuarial firm is appointed every subsequent year to assess the adequacy of reserves to meet future outstanding liabilities. The liability is generally calculated at the reporting date, which is within the range of 13% to 15% of gross claims outstanding, after considering the independent actuarial report, historic trends, empirical data and current assumptions that may include a margin for adverse deviations. The liability is not discounted for the time value of money.

Reserve for unexpired risks
The reserve for unexpired risk represents the estimated portion of net premium income which relates to periods of insurance subsequent to the consolidated statement of financial position date. The reserve is calculated using the actual number of day's method.

The reinsurers' share on estimated liability of RBNS, IBNR and unexpired insurance premium is separately classified as reinsurance assets in the consolidated statement of financial position.

Earnings per share
The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary equity holders of the Parent by the weighted number of ordinary shares outstanding during the year.

Segment reporting
Segment results that are reported to senior management includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and head office expenses.

Finance costs
The finance costs incurred on qualified assets are capitalised being part of cost of construction. All other finance costs are recognised on an accrual basis in the consolidated statement of profit or loss during the year in which they arise.

Events after the reporting period
The consolidated financial statements are adjusted to reflect events that occurred between the consolidated statement of financial position date and the date when the consolidated financial statements are authorised for issue, provided they give evidence of conditions that existed at the consolidated statement of financial position date. There were no subsequent events which required either adjustments or disclosures in the consolidated financial statements except for the proposed dividend.

4 PROPERTY AND EQUIPMENT

	Freehold land	**Buildings**	**Furniture and fixtures**	**Computers**	**Motor Vehicles**	**Total 2014**	Total 2013
	QR '000	**QR '000**	**QR '000**	**QR '000**	**QR '000**	**QR '000**	QR '000
Cost:							
At 1 January	**39,154**	**41,676**	**12,732**	**13,689**	**575**	**107,826**	141,090
Transfers to investment properties	**-**	**-**	**-**	**-**	**-**	**-**	(40,871)
Additions	**-**	**7,503**	**1,011**	**2,547**	**177**	**11,238**	7,607
Disposals	**-**	**-**	**(12)**	**(21)**	**(109)**	**(142)**	-
At 31 December	**39,154**	**49,179**	**13,731**	**16,215**	**643**	**118,922**	107,826
Accumulated depreciation:							
At 1 January	**-**	**20,760**	**11,956**	**10,948**	**536**	**44,200**	41,008
Depreciation for the year	**-**	**2,135**	**828**	**1,628**	**41**	**4,632**	4,614
Transfers to investment properties	**-**	**-**	**-**	**-**	**-**	**-**	(1,422)
Disposals	**-**	**-**	**(11)**	**(10)**	**(109)**	**(130)**	-
At 31 December	**-**	**22,895**	**12,773**	**12,566**	**468**	**48,702**	44,200
Net carrying amounts:							
At 31 December 2014	**39,154**	**26,284**	**958**	**3,649**	**175**	**70,220**	
At 31 December 2013	39,154	20,916	776	2,741	39		63,626

5 INVESTMENT PROPERTIES

	Note	2014 QR '000	2013 QR '000
At 1 January		**4,277,199**	2,139,173
Additions		**62,004**	96,745
Disposals		**(31,814)**	-
Reclassifications		**-**	39,449
Fair value gains	**30**	**697,807**	2,001,832
At 31 December		**5,005,196**	4,277,199

As at 31 December 2014, the fair values of the properties are based on valuations performed by accredited independent valuers who are specialists in valuing these types of investment properties. The valuation models used are in accordance with recommended industry practice.

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

The fair value of the investment properties were estimated based on fair valuation techniques and assumptions with reference to recent sales transactions of similar properties in an active market, as well as, discounted cash flows valuation techniques with reference to rental income.

6 EQUITY ACCOUNTED INVESTEES

	2014 QR '000	2013 QR '000
At 1 January	**392,366**	288,903
Investments in equity accounted investees	**12,785**	11,668
Sale of share in equity accounted investee	**(45)**	-
Increase in investment in equity accounted investee	**-**	98,616
Share of profits of associates	**18,887**	24,646
Share of other comprehensive income of associates	**108**	-
Dividends received from equity accounted investees	**(17,038)**	(10,867)
Exchange differences on translating foreign operations	**(36,352)**	(20,600)
At 31 December	**370,711**	392,366

6 EQUITY ACCOUNTED INVESTEES (CONTINUED)

The following table illustrates summarised financial information of the Group's equity accounted investees:

	2014	2013
	QR '000	QR '000
Share of the associates statement of financial position:		
Non-current assets	**334,876**	214,047
Current assets	**499,376**	592,287
Non-current liabilities	**(54,779)**	(41,828)
Current liabilities	**(408,762)**	(372,140)
Net assets	**370,711**	392,366
Share of the associates revenues and profit:		
Revenues	**58,005**	37,957
Profit	**18,887**	24,646

7 FINANCIAL ASSETS

		2014	2013
	Notes	**QR '000**	QR '000
Available-for-sale financial assets	**(a)**	**1,176,331**	1,023,184
Financial assets at fair value through profit or loss	**(b)**	**199,396**	171,623
Receivables from related parties	**(c)**	**804**	9,141
Insurance receivables	**(d)**	**198,331**	228,843
		1,574,862	1,432,791

(a) Available-for-sale financial assets

	2014	2013
	QR '000	QR '000
Equity securities	**952,110**	835,851
Debt securities	**192,422**	148,112
Managed funds	**31,799**	39,221
	1,176,331	1,023,184

Available-for-sale financial assets carried at cost amount to QR 2.99 million (2013: QR 2.92 million).

(b) Financial assets at fair value through profit or loss

	2014	2013
	QR '000	QR '000
Equity securities	**199,396**	171,623

7 FINANCIAL ASSETS (CONTINUED)

(c) Receivables from related parties

	2014	2013
	QR '000	QR '000
Trust International Insurance Company (Cyprus) Ltd – Amman	**-**	3,798
Gulf Petroleum Limited	**-**	3,571
International Financial Securities	**9**	7
Others	**795**	1,765
	804	9,141

(d) Insurance receivables

	Notes	**2014**	2013
		QR '000	QR '000
Due from policyholders		**149,070**	202,222
Due from insurers and reinsurers	*	**39,383**	16,053
Due from agents, brokers and intermediaries		**5,046**	4,794
Claims recoveries		**4,832**	5,774
	(e)	**198,331**	228,843

* Due from insurers and reinsurers includes amounts due from related parties as follows:

	2014	2013
	QR '000	QR '000
Trust International Insurance Company (Cyprus) Ltd – Amman*	**83**	269
Trust Re – Bahrain	**91**	91
Others	**1**	1
	175	361

* Trust International Insurance Company (Cyprus) Ltd– Amman acts as a reinsurance administrator through whom transactions are directed to various reinsurance service providers.

(e) Impairment of receivables

As at the reporting date, the aging of unimpaired insurance receivables was as follows:

	Total	**Neither past due nor impaired**	**Past due but not impaired**		
			< 3 months	**3 – 9 months**	**> 9 months**
	QR '000	**QR '000**	**QR '000**	**QR '000**	**QR '000**
31 December 2014	**198,331**	**53,593**	**28,396**	**54,989**	**61,353**
31 December 2013	228,843	18,454	23,350	78,348	108,691

Unimpaired receivables are expected to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and the vast majority is therefore unsecured.

7 FINANCIAL ASSETS (CONTINUED)

(f) Determination of fair value and fair values hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within Level 1 of the fair value hierarchy whereby the fair value is determined according to quoted market prices in an active market (that are unadjusted) for identical assets or liabilities (Note 39).

8 REINSURANCE ASSETS

	Note	2014 QR '000	2013 QR '000
Reinsurance of insurance contracts	**18**	**545,776**	483,770

9 TAKAFUL PARTICIPANTS' FUND ACCOUNTS

(a) Statement of financial position – Policyholders

	2014 QR '000	2013 QR '000
Assets		
Investment properties	**65,961**	98,383
Furniture and equipment	**2,611**	1,044
Available-for-sale financial assets	**65,270**	28,288
Receivables from shareholders	**43,865**	13,908
Insurance receivables	**48,308**	38,086
Reinsurance assets	**57,456**	13,705
Other assets	**6,160**	7,140
Cash and cash equivalents	**8,833**	4,565
	298,464	205,119
Liabilities		
Insurance contract liabilities	**222,034**	151,813
Payables to a related party	**266**	604
Insurance payables	**45,069**	24,870
Employees' end-of-service benefits	**3,777**	3,393
Other liabilities	**18,791**	9,739
Fair value reserve	**3,661**	(640)
	293,598	189,779
Surplus at 31 December	**4,866**	15,340
	298,464	205,119

9 TAKAFUL PARTICIPANTS' FUND ACCOUNTS (CONTINUED)

(b) Statement of revenues and expenses – Policyholders

	2014	2013
	QR '000	QR '000
Gross contributions	**248,303**	202,649
Change in unearned contributions provision	**(20,150)**	(27,481)
Gross earned contributions	**228,153**	175,168
Contributions ceded to reinsurers	**(28,722)**	(21,243)
Net earned contributions	**199,431**	153,925
Fees and commission expense	**(11,119)**	(7,038)
Investment income	**4,480**	919
Other operating income	**830**	402
Total revenue	**193,622**	148,208
Gross claims paid	**(156,896)**	(110,319)
Claims ceded to reinsurers	**3,938**	3,698
Gross change in insurance contract liabilities	**(50,072)**	(9,604)
Change in insurance contract liabilities ceded to reinsurers	**37,208**	34
Net claims	**(165,822)**	(116,191)
Impairment loss on receivables	**(1,029)**	-
Other expense	**(1,029)**	-
Surplus for the year before wakala fee	**26,771**	32,017
Wakala fee	**(37,245)**	(30,397)
(Deficit) surplus for the year	**(10,474)**	1,620
Add: shareholders net results	**37,391**	12,913
Total profit for the year (shareholders and policyholders)	**26,917**	14,533

10 OTHER ASSETS

		2014	2013
	Note	**QR '000**	QR '000
Accrued rent	*	**79,387**	120
Advance payments against investments		**84,176**	63,452
Accrued interest		**2,564**	2,075
Prepayments and advances		**3,439**	3,728
Staff receivables		**402**	1,097
Other receivables		**16,914**	35,466
		186,882	105,938

* Accrued rent includes an amount of QR 79.24 million (2013: Nil) which pertains to the leasing of a tower in the Doha Corniche area.

11 CASH AND CASH EQUIVALENTS

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

	Note	**2014** QR '000	2013 QR '000
Cash and cash equivalents		**501,627**	151,083
Bank overdrafts	**19**	**1,940**	3,593
		503,567	154,676

12 ISSUED SHARE CAPITAL

Authorized, issued and fully paid up share capital of 69,175,260 shares of QR 10 each (2013: 57,646,050 shares of QR 10 each).

	2014 QR '000	2013 QR '000
	691,753	576,461

During the year, the Group issued 11,529,210 bonus shares of QR 10 each (2013: 7,519,050 shares of QR 10 each).

13 LEGAL RESERVE

The Qatar Commercial Companies' Law No.5 of 2002 requires that 10% of the net profit for each year should be appropriated to a legal reserve until the balance therein equals to 50% of the paid up capital. During the year, the Group has transferred an amount of QR 92.00 million (2013: QR 213.10 million) from retained earnings to the legal reserve. The Group's legal reserve exceeds 50% of share capital. However, in accordance with Qatar Central Bank's Law No. 13 of 2012 as amended, 10% of net profit is required to be transferred to legal reserve until the legal reserve equals 100% of the paid up capital. The balance under this reserve is not available for distribution, except in the circumstances specified in the above law and after Qatar Central Bank approval.

14 REVALUATION RESERVES

	Notes	**2014** QR '000	2013 QR '000
Available-for-sale financial assets	**(a)**	**740,111**	637,549
Revaluation surplus	**(b)**	**77,355**	77,355
Cash flow hedging	**(c)**	**(34,853)**	(39,129)
Foreign currency translation reserve	**(d)**	**(83,694)**	(47,342)
		698,919	628,433

14 REVALUATION RESERVES (CONTINUED)

(a) Available-for-sale financial assets

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired. The movement in the balances is as follows:

	2014	2013
	QR '000	QR '000
At 1 January	**637,549**	506,979
Fair value change during the year	**132,631**	152,219
Transferred to the consolidated statement of profit or loss upon sale of investments	**(30,069)**	(21,649)
At 31 December	**740,111**	637,549

(b) Revaluation surplus

One of the associate companies of the Group has revalued its properties and a revaluation surplus was directly recognized in the statement of other comprehensive income of the associate. The Group has recognized its proportionate share of the revaluation surplus amounting to QR 77.36 million in equity under the revaluation reserve.

(c) Cash flow hedging

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging related to hedge transactions that have not yet affected profit or loss.

(d) Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of investments in foreign associates, at the closing exchange rates.

15 DIVIDENDS

The Board of Directors has proposed a cash dividend of 20% of the nominal share value (QR 2.00 per share) and a bonus share of 15% of the share capital for the year ended 31 December 2014 (2013: cash dividend of 15% of the nominal share value (QR 1.50 per share) and a bonus share of 20% of the share capital were approved and paid). The amounts are subject to the approval of the general assembly.

16 CONTRIBUTION TO SOCIAL AND SPORTS ACTIVITIES FUND

Pursuant to the Qatar Law No. 13 of 2008 and the related clarifications issued in 2012, which is applicable for all Qatari listed shareholding companies with publicly traded shares, the Group has made an appropriation of 2.5% of its net profit for the year resulting in a net amount of QR 5.56 million being its contribution to the social and sports activities fund for the year 2014 (2013: QR 1.47 million).

17 NON-CONTROLLING INTERESTS

The non-controlling interests relate to the subsidiaries Mozoon Real Estate Company W.L.L. and General Company for Water and Beverages W.L.L.

18 INSURANCE CONTRACT LIABILITIES

		2014			2013		
		Insurance contract liabilities	**Reinsurance of liabilities**	**Net**	Insurance contract liabilities	Reinsurance of liabilities	Net
	Notes	**QR '000**	**QR '000**	**QR '000**	QR '000	QR '000	QR '000
Provision for reported claims by policyholders		**417,495**	**(306,507)**	**110,988**	403,671	(319,226)	84,445
Provision for claims IBNR		**64,198**	**(36,859)**	**27,339**	53,076	(25,444)	27,632
Outstanding claims provision	**(a)**	**481,693**	**(343,366)**	**138,327**	456,747	(344,670)	112,077
Provision for unearned premiums	**(b)**	**287,628**	**(202,410)**	**85,218**	231,575	(139,100)	92,475
		769,321	**(545,776)**	**223,545**	688,322	(483,770)	204,552

(a) Outstanding claims provision

		2014			2013		
		Insurance contract liabilities	**Reinsurance of liabilities**	**Net**	Insurance contract liabilities	Reinsurance of liabilities	Net
	Note	**QR '000**	**QR '000**	**QR '000**	QR '000	QR '000	QR '000
At 1 January		**456,747**	**(344,670)**	**112,077**	433,595	(337,405)	96,190
Gross / ceded change in contract liabilities	**32**	**24,946**	**1,304**	**26,250**	23,152	(7,265)	15,887
At 31 December		**481,693**	**(343,366)**	**138,327**	456,747	(344,670)	112,077

18 INSURANCE CONTRACT LIABILITIES (CONTINUED)

(b) Provision for unearned premiums

		2014			2013		
		Insurance contract liabilities	**Reinsurance of liabilities**	**Net**	Insurance contract liabilities	Reinsurance of liabilities	Net
	Note	**QR '000**	**QR '000**	**QR '000**	QR '000	QR '000	QR '000
At 1 January		**231,575**	**(139,100)**	**92,475**	189,472	(98,804)	90,668
Premiums written during the year	**26**	**616,454**	**(425,706)**	**190,748**	560,255	(352,459)	207,796
Premiums earned during the year	**26**	**(560,401)**	**362,396**	**(198,005)**	(518,152)	312,163	(205,989)
At 31 December		**287,628**	**(202,410)**	**85,218**	231,575	(139,100)	92,475

18 INSURANCE CONTRACT LIABILITIES (CONTINUED)

Claims development 2014

The following table shows the estimate cumulative incurred claims, including both claims notified and IBNR for each successive accident year at the end of each reporting period, together with cumulative payments to date:

	Accident year					
	2010 and before	2011	2012	2013	2014	Total
	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000
Estimate of cumulative claims						
At end of the accident year	873,906	125,565	143,924	160,031	162,598	
One year later	875,204	120,741	134,317	149,219	-	
Two years later	866,955	119,647	130,865	-	-	
Three years later	904,520	120,257	-	-	-	
Four years later	907,436	-	-	-	-	
Current estimate of cumulative claims	907,436	120,257	130,865	149,219	162,598	1,470,375
Cumulative payments to date	(892,545)	(117,042)	(121,465)	(124,872)	(76,124)	(1,332,048)
Total cumulative claims recognized in the consolidated statement of financial position as at 31 December 2014	14,891	3,215	9,400	24,347	86,474	138,327

18 INSURANCE CONTRACT LIABILITIES (CONTINUED)

Claims development 2013

The following table shows the estimate cumulative incurred claims, including both claims notified and IBNR for each successive accident year at the end of each reporting period, together with cumulative payments to date:

	Accident year					
	2009 and before	2010	2011	2012	2013	Total
	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000
Estimate of cumulative claims						
At end of the accident year	815,238	123,702	125,565	143,924	160,032	
One year later	813,517	130,049	120,741	134,317	-	
Two years later	808,547	129,093	119,648	-	-	
Three years later	801,250	132,607	-	-	-	
Four years later	835,299	-	-	-	-	
Current estimate of cumulative claims	835,299	132,607	119,648	134,317	160,032	1,381,903
Cumulative payments to date	(826,399)	(128,926)	(115,787)	(114,965)	(83,749)	(1,269,826)
Total cumulative claims recognized in the consolidated statement of financial position as at 31 December 2013	8,900	3,681	3,861	19,352	76,283	112,077

19 BORROWINGS

	Note	2014 QR '000	2013 QR '000
Term loans		**1,305,620**	986,587
Bank overdrafts	11	**(1,940)**	(3,593)
		1,303,680	982,994

(a) Current borrowings

	Note	2014 QR '000	2013 QR '000
Term loans		**360,205**	19,602
Bank overdrafts	11	**(1,940)**	(3,593)
		358,265	16,009

(b) Non-current borrowings

	2014 QR '000	2013 QR '000
Term loans	**945,415**	966,985

20 DERIVATIVE FINANCIAL INSTRUMENTS

	2014			2013		
	Assets	**Liabilities**	**Notional amount**	Assets	Liabilities	Notional amount
	QR '000	**QR '000**	**QR '000**	QR '000	QR '000	QR '000
Derivatives held as cash flow hedging:						
Interest rate swap	**-**	**34,853**	**526,969**	-	39,129	456,250
Derivatives held as trading:						
Put options	-	-	-	-	-	4,944

Interest rate swaps
The Group entered into interest rate swap contracts designated as a hedge of expected future LIBOR interest rate payable. Under the terms of the interest rate swap contracts, the Group pays a fixed rate of interest and receives floating LIBOR rates. The terms of the interest rate swap contracts have been negotiated to match the terms of the underlying commitments. As at 31 December 2014, the measurement of the fair value of the hedge resulted in an amount of QR 34.85 million (2013: QR 39.13 million) being recognized in equity as a cash flow hedging reserve.

Options
Options are contractual agreements that convey the right, but not the obligation, for the purchaser either to buy or sell a specified amount of a financial instrument at a fixed price, either at a fixed future date or at any time within a specified period.

The Group purchases and sells options through regulated exchanges and in the over–the–counter markets. Options purchased by the Group provide the Group with the opportunity to purchase (call options) or sell (put options) the underlying asset at an agreed–upon value either on or before the expiration of the option. The Group is exposed to credit risk on purchased options only to the extent of their carrying amount, which is their fair value.

Options written by the Group provide the purchaser the opportunity to purchase from or sell to the Group the underlying asset at an agreed–upon value either on or before the expiration of the option.

The put options expired in January 2014 and were not exercised.

21 PAYABLES TO RELATED PARTIES

	2014	2013
	QR '000	QR '000
Trust International Insurance Company (Cyprus) Ltd – Amman	**1,949**	-
Trust Re – Bahrain	**148**	53
Alsari Trading Company	**1,263**	-
	3,360	53

22 INSURANCE PAYABLES

	Note	2014	2013
		QR '000	QR '000
Due to policyholders		**103,536**	139,785
Due to insurers and reinsurers	*	**154,699**	140,097
Due to agents, brokers and intermediaries		**14,210**	15,771
		272,445	295,653

* Due to insurers and reinsurers includes amounts due to related parties as follows:

	2014	2013
	QR '000	QR '000
Trust International Insurance Company (Cyprus) Ltd – Amman*	**4,017**	2,093
Trust Re – Bahrain	**(952)**	8,317
Others	**(1,199)**	(829)
	1,866	9,581

* Trust International Insurance Company (Cyprus) Ltd – Amman acts as a reinsurance administrator through whom transactions are directed to various reinsurance service providers.

23 EMPLOYEES' END-OF-SERVICE BENEFITS

	2014	2013
	QR '000	QR '000
At 1 January	**28,908**	26,875
Provided during the year	**2,519**	2,560
Paid during the year	**(3,843)**	(527)
At 31 December	**27,584**	28,908

24 OTHER LIABILITIES

	2014	2013
	QR '000	QR '000
Staff payables	**3,393**	5,272
Accrued interest	**3,132**	3,210
Accrued expenses	**54,744**	8,751
Other payables	**104,847**	75,051
	166,116	92,284

25 SEGMENT INFORMATION

Segment consolidated statement of financial position at 31 December 2014:

	Conventional insurance	Takaful insurance	Investments including real estate	Adjustments and eliminations	Total
	QR '000	QR '000	QR '000	QR '000	QR '000
Assets					
Property and equipment	16,678	-	53,542	-	70,220
Investment properties	12,782	65,830	4,926,584	-	5,005,196
Equity accounted investees	4,940	-	365,771	-	370,711
Investments in subsidiaries	130,000	-	-	(130,000)	-
Financial assets:					
Available-for-sale financial assets	753,884	12,644	409,803	-	1,176,331
Financial assets at fair value through profit or loss	124,559	-	74,837	-	199,396
Receivables from related parties	542	-	262	-	804
Insurance receivables	198,331	-	-	-	198,331
Reinsurance assets	545,776	-	-	-	545,776
Takaful participants' assets	-	298,464	-	-	298,464
Other assets	1,405,459	19,312	166,168	(1,404,057)	186,882
Cash and cash equivalents	442,585	47,491	11,551	-	501,627
Total assets	3,635,536	443,741	6,008,518	(1,534,057)	8,553,738

25 SEGMENT INFORMATION (CONTINUED)

Segment consolidated statement of financial position at 31 December 2014 (continued):

	Conventional insurance	Takaful insurance	Investments including real estate	Adjustments and eliminations	Total
	QR '000	**QR '000**	**QR '000**	**QR '000**	**QR '000**
Equity and liabilities					
Equity attributable to equity holders of the Parent					
Issued share capital	691,753	50,000	100,000	(150,000)	691,753
Retained earnings	216,814	42,761	3,631,797	(46,742)	3,844,630
Legal reserve	440,499	-	50,000	(50,000)	440,499
Revaluation reserves	435,665	2,402	144,110	116,742	698,919
	1,784,731	95,163	3,925,907	(130,000)	5,675,801
Non-controlling interests	-	-	2,114	-	2,114
Total equity	1,784,731	95,163	3,928,021	(130,000)	5,677,915
Liabilities					
Insurance contract liabilities	769,321	-	-	-	769,321
Financial liabilities:					
Borrowings	773,020	-	530,660	-	1,303,680
Derivative financial instruments	-	-	34,853	-	34,853
Payables to related parties	2,097	-	1,405,320	(1,404,057)	3,360
Insurance payables	272,445	-	-	-	272,445
Employees' end-of-service benefits	24,887	-	2,697	-	27,584
Takaful participants' liabilities	-	298,464	-	-	298,464
Other liabilities	9,035	50,114	106,967	-	166,116
Total liabilities	1,850,805	348,578	2,080,497	(1,404,057)	2,875,823
Total equity and liabilities	3,635,536	443,741	6,008,518	(1,534,057)	8,553,738

25 SEGMENT INFORMATION (CONTINUED)

Segment consolidated statement of financial position at 31 December 2013:

	Conventional insurance	Takaful insurance	Investments including real estate	Adjustments and eliminations	Total
	QR '000	QR '000	QR '000	QR '000	QR '000
Assets					
Property and equipment	13,874	-	49,752	-	63,626
Investment properties	43,367	34,178	4,199,654	-	4,277,199
Equity accounted investees	4,074	-	388,292	-	392,366
Investments in subsidiaries	130,000	-	-	(130,000)	-
Financial assets:					
Available-for-sale financial assets	618,540	14,697	389,947	-	1,023,184
Financial assets at fair value through profit or loss	110,028	-	61,595	-	171,623
Receivables from related parties	4,371	-	4,770	-	9,141
Insurance receivables	228,843	-	-	-	228,843
Reinsurance assets	483,770	-	-	-	483,770
Takaful participants' assets	-	205,119	-	-	205,119
Other assets	1,458,449	7,112	93,043	(1,452,666)	105,938
Cash and cash equivalents	127,897	20,142	3,044	-	151,083
Total assets	3,223,213	281,248	5,190,097	(1,582,666)	7,111,892

25 SEGMENT INFORMATION (CONTINUED)

Segment consolidated statement of financial position at 31 December 2013 (continued):

	Conventional insurance	Takaful insurance	Investments including real estate	Adjustments and eliminations	Total
	QR '000	QR '000	QR '000	QR '000	QR '000
Equity and liabilities					
Equity attributable to equity holders of the Parent					
Issued share capital	576,461	30,000	100,000	(130,000)	576,461
Retained earnings	463,838	25,370	2,806,748	(71,764)	3,224,192
Legal reserve	348,497	-	50,000	(50,000)	348,497
Revaluation reserves	347,052	3,142	156,475	121,764	628,433
	1,735,848	58,512	3,113,223	(130,000)	4,777,583
Non-controlling interests	-	-	1,847	-	1,847
Total equity	1,735,848	58,512	3,115,070	(130,000)	4,779,430
Liabilities					
Insurance contract liabilities	688,322	-	-	-	688,322
Financial liabilities:					
Borrowings	462,255	-	520,739	-	982,994
Derivative financial instruments	-	-	39,129	-	39,129
Payables to related parties	53	-	1,452,666	(1,452,666)	53
Insurance payables	295,653	-	-	-	295,653
Employees' end-of-service benefits	26,202	-	2,706	-	28,908
Takaful participants' liabilities	-	205,119	-	-	205,119
Other liabilities	14,880	17,617	59,787	-	92,284
Total liabilities	1,487,365	222,736	2,075,027	(1,452,666)	2,332,462
Total equity and liabilities	3,223,213	281,248	5,190,097	(1,582,666)	7,111,892

25 SEGMENT INFORMATION (CONTINUED)

Segment consolidated statement of profit or loss for the year ended 31 December 2014:

	Conventional insurance	Takaful insurance	Investments including real estate	Adjustments and eliminations	Total
	QR '000	QR '000	QR '000	QR '000	QR '000
Gross premiums	**616,454**	-	-	-	**616,454**
Change in unearned premiums provision	**(56,053)**	-	-	-	**(56,053)**
Gross earned premiums	**560,401**	-	-	-	**560,401**
Premiums ceded to reinsurers	**(362,396)**	-	-	-	**(362,396)**
Net earned premiums	**198,005**	-	-	-	**198,005**
Fees and commission income	**17,926**	-	-	-	**17,926**
Investment income	32,014	2,413	159,870	(1,847)	192,450
Net realised gains	13,927	21,721	24,311	5,022	64,981
Fair value gains	16,025	1,349	706,899	-	724,273
Other operating revenue	1,834	12,523	7	-	14,364
Other revenue	81,726	38,006	891,087	3,175	1,013,994
Total revenue	279,731	38,006	891,087	3,175	1,211,999

25 SEGMENT INFORMATION (CONTINUED)

Segment consolidated statement of profit or loss for the year ended 31 December 2014 (continued):

	Conventional insurance	Takaful insurance	Investments including real estate	Adjustments and eliminations	Total
	QR '000	QR '000	QR '000	QR '000	QR '000
Gross claims paid	**(206,019)**	-	-	-	**(206,019)**
Claims ceded to reinsurers	**87,989**	-	-	-	**87,989**
Gross change in insurance contract liabilities	**(24,946)**	-	-	-	**(24,946)**
Change in insurance contract liabilities ceded to reinsurers	**(1,304)**	-	-	-	**(1,304)**
Net claims	**(144,280)**	-	-	-	**(144,280)**
Finance costs	(4,305)	(615)	(34,948)	-	(39,868)
Other operating and administrative expenses	(78,980)	-	(49,582)	1,847	(126,715)
Other expenses	(83,285)	(615)	(84,530)	1,847	**(166,583)**
Total expenses	(227,565)	(615)	(84,530)	1,847	**(310,863)**
Profit before share of profits of associates	52,166	37,391	806,557	5,022	**901,136**
Share of profits of associates	127	-	18,760	-	**18,887**
Profit for the year	52,293	37,391	825,317	5,022	**920,023**

25 SEGMENT INFORMATION (CONTINUED)

Segment consolidated statement of profit or loss for the year ended 31 December 2013:

	Conventional insurance	Takaful Insurance	Investments including real estate	Adjustments and eliminations	Total
	QR '000	QR '000	QR '000	QR '000	QR '000
Gross premiums	560,255	-	-	-	560,255
Change in unearned premiums provision	(42,103)	-	-	-	(42,103)
Gross earned premiums	518,152	-	-	-	518,152
Premiums ceded to reinsurers	(312,163)	-	-	-	(312,163)
Net earned premiums	205,989	-	-	-	205,989
Fees and commission income	15,562	-	-	-	15,562
Investment income	35,929	2,001	34,118	(1,847)	70,201
Net realised gains	8,859	1,734	8,399	3,288	22,280
Fair value gains	27,273	-	2,012,011	-	2,039,284
Other operating revenue	2,495	9,687	-	-	12,182
Other revenue	90,118	13,422	2,054,528	1,441	2,159,509
Total revenue	296,107	13,422	2,054,528	1,441	2,365,498

25 SEGMENT INFORMATION (CONTINUED)

Segment consolidated statement of profit or loss for the year ended 31 December 2013 (continued):

	Conventional insurance	Takaful insurance	Investments including real estate	Adjustments and eliminations	Total
	QR '000	QR '000	QR '000	QR '000	QR '000
Gross claims paid	(231,249)	-	-	-	(231,249)
Claims ceded to reinsurers	105,999	-	-	-	105,999
Gross change in insurance contract liabilities	(23,152)	-	-	-	(23,152)
Change in insurance contract liabilities ceded to reinsurers	7,265	-	-	-	7,265
Net claims	(141,137)	-	-	-	(141,137)
Finance costs	(5,916)	(509)	(10,461)	-	(16,886)
Other operating and administrative expenses	(74,254)	-	(28,729)	1,847	(101,136)
Other expenses	(80,170)	(509)	(39,190)	1,847	(118,022)
Total expenses	(221,307)	(509)	(39,190)	1,847	(259,159)
Profit before share of profits of associates	74,800	12,913	2,015,338	3,288	2,106,339
Share of profits of associates	1,707	-	22,939	-	24,646
Profit for the year	76,507	12,913	2,038,277	3,288	2,130,985

26 NET PREMIUMS

(a) Gross earned premiums

	Note	2014 QR '000	2013 QR '000
Insurance contracts	**18(b)**	**616,454**	560,255
Change in unearned premiums provision		**(56,053)**	(42,103)
	18(b)	**560,401**	518,152

(b) Premiums ceded to reinsurers

	Note	2014 QR '000	2013 QR '000
Insurance contracts	**18(b)**	**(425,706)**	(352,459)
Change in unearned premiums provision		**63,310**	40,296
	18(b)	**(362,396)**	(312,163)
Net earned premiums		**198,005**	205,989

27 FEES AND COMMISSION INCOME

	2014 QR '000	2013 QR '000
Reinsurance commission income	**16,996**	15,201
Policyholders administration fees	**930**	361
	17,926	15,562

28 INVESTMENT INCOME

	2014 QR '000	2013 QR '000
Investment properties		
Rental income	**136,548**	11,880
Available-for-sale financial assets		
Dividend income	**35,645**	39,021
Interest income	**10,394**	9,555
Financial assets at fair value through profit or loss		
Dividend income	**8,518**	6,492
Cash and cash equivalents		
Interest income	**1,345**	3,253
	192,450	70,201

29 NET REALISED GAINS

	2014	2013
	QR '000	QR '000
Investment properties	29,275	-
Available-for-sale financial assets		
Equity securities	28,110	17,540
Debt securities	1,959	4,109
Financial assets at fair value through profit or loss		
Equity securities	427	631
Equity accounted investees	5,210	-
	64,981	22,280

30 FAIR VALUE GAINS

	Note	2014	2013
		QR '000	QR '000
Investment properties	5	697,807	2,001,832
Financial assets at fair value through profit or loss		26,466	37,452
		724,273	2,039,284

31 OTHER OPERATING REVENUE

	2014	2013
	QR '000	QR '000
Shareholder’s income from Takaful operations	12,523	9,688
Miscellaneous income	1,841	2,494
	14,364	12,182

32 NET CLAIMS

	Note	2014 QR '000	2013 QR '000
(a) Gross claims paid			
Gross claims paid		**238,858**	254,021
Claims recoveries		**(32,839)**	(22,772)
		206,019	231,249
(b) Claims ceded to reinsurers			
Claims ceded to reinsurers		**(87,989)**	(105,999)
(c) Gross change in insurance contract liabilities			
Provision for reported claims by policyholders		**13,823**	26,598
Provision for claims IBNR		**11,123**	(3,446)
	18(a)	**24,946**	23,152
(d) Change in insurance contract liabilities ceded to reinsurers			
Provision for reported claims by policyholders	**18(a)**	**1,304**	(7,265)
Net claims		**144,280**	141,137

33 FINANCE COSTS

	2014 QR '000	2013 QR '000
Interest expense	**38,126**	14,618
Interest on reinsurance premium reserves	**241**	309
	38,367	14,927
Bank charges	**1,501**	1,959
	39,868	16,886

34 OTHER OPERATING AND ADMINISTRATIVE EXPENSES

	2014	2013
	QR '000	QR '000
Employee benefits expenses	**82,810**	72,851
Occupancy expenses	**5,483**	3,963
Board of Directors' remuneration	**5,368**	5,953
Depreciation of property and equipment	**4,632**	4,614
Marketing expenses	**4,306**	2,678
Net foreign exchange adjustments	**4,140**	53
Consultancy expenses	**3,315**	2,608
Travel expenses	**2,158**	1,127
Impairment losses (recoveries)	**382**	(7,367)
Other expenses	**14,121**	14,656
	126,715	101,136

35 EARNINGS PER SHARE

	2014	2013
Profit attributable to the ordinary equity holders of the Parent (QR '000)	**919,756**	2,130,433
Weighted average number of shares	**69,175**	69,175
Earnings per share (in Qatari Riyals)	**13.30**	30.80

36 CASH GENERATED FROM OPERATING ASSETS AND LIABILITIES

	2014	2013
	QR '000	QR '000
Net change in receivables from related parties	**(4,549)**	(7,765)
Net change in insurance receivables	**(34,419)**	(16,146)
Net change in reinsurance assets	**62,006**	47,561
Net change in other assets	**81,446**	(29,188)
Net change in operating assets	**104,484**	(5,538)
Net change in insurance contract liabilities	**80,999**	65,255
Net change in payables to related parties	**3,307**	(15)
Net change in insurance payables	**(23,208)**	68,538
Net change in other liabilities	**68,276**	(29,898)
Net change in operating liabilities	**129,374**	103,880

37 RELATED PARTY DISCLOSURES

Related party transactions
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.

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

	2014	2013
The Parent Company and its subsidiaries	**QR '000**	QR '000
Gross premiums	**13,186**	5,069
Premiums ceded to reinsurers	**(19,826)**	(17,077)
Gross claims paid	**(9,799)**	(397)
Claims ceded to reinsurers	**2,970**	3,055
Fees and commission income	**1,463**	1,500
Other operating and administrative expenses	**(1,702)**	(1,330)

Transactions with related parties included in the statement of revenues and expenses - Policyholders under Takaful participants fund accounts were as follows:

	2014	2013
General Takaful Company	**QR '000**	QR '000
Contributions ceded to reinsurers	**(2,749)**	(976)
Claims ceded to reinsurers	**1,243**	78
Fees and commission income	**470**	158

Payables to related parties included in the statement of financial position - Policyholders are as follows:

	2014	2013
General Takaful Company	**QR '000**	QR '000
Insurance payables	**81**	99

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

	2014	2013
	QR '000	QR '000
Board of Directors' remuneration	**5,368**	5,953
Salaries and other short-term benefits	**33,809**	22,316
End-of-service benefits	**564**	778
	39,741	29,047

Related party balances
Receivables from and payables to related parties of the Parent Company and its subsidiaries are disclosed in Note 7(c) and Note 21, respectively. Insurance receivables from and payables to related parties are disclosed in Note 7(d) and Note 22, respectively. These amounts are unsecured, interest free and settlement normally occurs in cash. There have been no guarantees provided or received for any related party receivables.

38 CONTINGENT LIABILITIES AND COMMITMENTS

	2014	2013
	QR '000	QR '000
(a) Contingent liabilities		
Letters of guarantee	**10,753**	11,430
(b) Lease commitments		
Operating lease commitments are payable as follows:		
Less than one year	**1,853**	1,763
Between one and five years	**910**	2,738
	2,763	4,501

39 FAIR VALUE MEASUREMENT

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

31 December 2014	**Notes**	**Date of valuation**	**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	**5**	**31 December 2014**	**-**	**-**	**5,005,196**	**5,005,196**
Available-for-sale	**7(a)**	**31 December 2014**	**1,151,614**	**21,724**	**-**	**1,173,338**
At fair value through profit or loss	**7(b)**	**31 December 2014**	**199,396**	**-**	**-**	**199,396**
			1,351,010	**21,724**	**5,005,196**	**6,377,930**
Liability measured at fair value:						
Derivative financial instruments	**20**	**31 December 2014**	**-**	**34,853**	**-**	**34,853**

31 December 2013	Notes	Date of valuation	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	5	31 December 2013	-	-	4,277,199	4,277,199
Available-for-sale	7(a)	31 December 2013	998,464	21,800	-	1,020,264
At fair value through profit or loss	7(b)	31 December 2013	171,623	-	-	171,623
			1,170,087	21,800	4,277,199	5,469,086
Liability measured at fair value:						
Derivative financial instruments	20	31 December 2013	-	39,129	-	39,129

40 RISK MANAGEMENT

The Group, in the normal course of business, derives its revenue mainly from assuming and managing insurance, investments and investment properties. The Group's lines of business are exposed to the following risks:

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

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

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors approves the Group risk management policies and meets regularly. These policies define the Group's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the corporate goals, and specify reporting requirements. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

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

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

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur when the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

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

Risks are accepted based on an evaluation of pricing and prior underwriting experience in accordance with underwriting guidelines that have been laid out for each line of business. Underwriting guidelines are constantly reviewed and updated to take account of market developments, performance and opportunities. Accumulation limits are set to control exposures to natural hazards and catastrophes. Various underwriting and approval limits are specified for accepting risks. The reinsurance strategy of the Group is designed to protect exposures to individual and event risks based on current risk exposures through cost effective reinsurance arrangements. The recoverable amounts from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts.

40 RISK MANAGEMENT (CONTINUED)

Insurance risk (continued)

Even though the Group has reinsurance arrangements, the direct obligation to its policyholders is shown as a liability and thus to the extent the reinsurer is not able to meet its obligations under the reinsurance arrangement, a credit exposure exists. The management ensures that the Group's reinsurance placement is diversified within a range of reinsurers and is not concentrated or dependent on any single reinsurer.

Frequency and severity of claims
The frequency and severity of claims can be determined after consideration of several factors as follows:

- past experience of the claims;
- economic level;
- laws and regulations; and
- public awareness

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

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

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

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

Sources of uncertainty in the estimation of future claim payments
Claims on general insurance contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, a larger element of the claims provision relates to incurred but not reported claims (IBNR) which are settled over a short to medium term period.

There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures adopted. The compensation paid on these contracts is the monetary awards granted for the loss suffered by the policyholders or third parties (for third party liability covers).

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

In calculating the estimated cost of unpaid claims (both reported and not), the Group's estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a particular financial year in relation to such claims) and an estimate based upon actual claims experience using predetermined formula where greater weight is given to actual claims experience as time passes. An actuarial valuation is done every subsequent year to ensure the adequacy of the reserves.

40 RISK MANAGEMENT (CONTINUED)

Insurance risk (continued)

Claims development
The Group maintains strong reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are generally resolved within one year (Note 18).

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

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

The table below sets out the concentration of outstanding claims provision by type of contract:

	2014			2013		
	Gross reserves	**Reinsurance reserves**	**Net reserves**	Gross reserves	Reinsurance reserves	Net reserves
	QR '000	**QR '000**	**QR '000**	QR '000	QR '000	QR '000
Motor	**113,674**	**(7,776)**	**105,898**	94,518	(9,247)	85,271
Non-Motor	**368,019**	**(335,590)**	**32,429**	362,229	(335,423)	26,806
	481,693	**(343,366)**	**138,327**	456,747	(344,670)	112,077

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

		2014		2013	
	Change in assumptions	**Impact on net profit**	**Impact on equity**	Impact on net profit	Impact on equity
		QR '000	**QR '000**	QR '000	QR '000
Loss ratio	**+5%**	**(9,900)**	**(9,900)**	(10,299)	(10,299)
	-5%	**9,900**	**9,900**	10,299	10,299

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

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

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

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the consolidated statement of financial position date.

40 RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

The Group continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

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

The table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position:

	2014	2013
	QR '000	QR '000
Credit risk exposure by financial asset type:		
Available-for-sale financial assets (debt securities)	**192,422**	148,112
Insurance receivables	**198,331**	228,843
Reinsurance recoverable on outstanding claims	**306,507**	319,226
Cash and cash equivalents	**501,392**	150,582
Total credit risk exposure	**1,198,652**	846,763

Impaired financial assets
As at 31 December 2014, the impaired insurance and reinsurance assets amount to QR 37.15 million (2013: QR 41.05 million) and other assets amount to QR 9.03 million (2013: QR 4.74 million). The Group records all impairment allowances in separate impairment allowances accounts.

A reconciliation of all the allowances for impairment losses are as follows:

	2014	2013	**2014**	2013
	Impairment on insurance and reinsurance assets		**Impairment on other receivables**	
	QR '000	QR '000	**QR '000**	QR '000
At 1 January	**41,053**	49,156	**4,738**	4,002
Charge for the year	**1,691**	20,091	**4,290**	736
Reversals	**(5,599)**	(28,194)	**-**	-
At 31 December	**37,145**	41,053	**9,028**	4,738

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

The Group maintains cash and marketable securities to meet its liquidity requirements for up to 90-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell medium to long-term financial assets.

40 RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

Contractual maturity of the Group's liabilities as at 31 December 2014 are summarised below:

	Current			**Non-current**			
	Within 6 months	**6 to 12 months**	**Total current**	**1 to 5 years**	**More than 5 years**	**Total non-current**	**Total**
	QR '000	**QR '000**	**QR '000**	**QR '000**	**QR '000**	**QR '000**	**QR '000**
Insurance payables and other liabilities	**326,806**	**42,967**	**369,773**	**63,299**	**5,489**	**68,788**	**438,561**
Derivative financial instruments - interest rate swap	**-**	**34,853**	**34,853**	**-**	**-**	**-**	**34,853**
Insurance contract liabilities	**249,261**	**212,333**	**461,594**	**297,324**	**10,403**	**307,727**	**769,321**
Payables to related parties	**-**	**2,097**	**2,097**	**-**	**1,263**	**1,263**	**3,360**
Borrowings	**340,824**	**37,752**	**378,576**	**918,774**	**63,642**	**982,416**	**1,360,992**
	916,891	**330,002**	**1,246,893**	**1,279,397**	**80,797**	**1,360,194**	**2,607,087**

This compares to the maturity of the Group's financial liabilities as at 31 December 2013:

	Current			Non-current			
	Within 6 months	6 to 12 months	Total current	1 to 5 years	More than 5 years	Total non-current	Total
	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000
Insurance payables and other liabilities	143,208	76,387	219,595	168,342	-	168,342	387,937
Derivative financial instruments - interest rate swap	-	39,129	39,129	-	-	-	39,129
Insurance contract liabilities	223,017	189,977	412,994	266,020	9,308	275,328	688,322
Payables to a related party	-	53	53	-	-	-	53
Borrowings	1,647	27,803	29,450	869,315	164,594	1,033,909	1,063,359
	367,872	333,349	701,221	1,303,677	173,902	1,477,579	2,178,800

The above contractual maturities reflect the gross cash flows, which may differ to the carrying values of the liabilities at the consolidated statement of financial position date.

Market risk

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

Currency risk

Most of the Group's transactions are carried out in Qatari Riyals. Exposures to currency exchange rates arise from the Group's overseas investments. The Qatari Riyal is effectively pegged to the United States Dollar and thus currency risk occurs only in respect of currencies other than the United States Dollar.

40 RISK MANAGEMENT (CONTINUED)

Market risk (continued)

Currency risk (continued)

Foreign currency denominated financial assets and liabilities, translated into Qatari Riyals at the closing rate, are as follows:

	2014		2013	
Nominal amounts	**Euro**	**Other**	Euro	Other
	QR '000	**QR '000**	QR '000	QR '000
Financial assets	**1,283**	**42,321**	1,096	42,359
Short-term exposure	**1,283**	**42,321**	1,096	42,359
Financial assets	**7,532**	**-**	8,639	-
Financial liabilities	**(8,460)**	**-**	(9,598)	-
Long-term exposure	**(928)**	-	(959)	-

The impact that exchange rates fluctuations would have on the Group's net results is considered to be not significant. The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit and equity due to changes in the fair value of currency sensitive monetary assets and liabilities including insurance contract claim liabilities.

		2014		2013	
	Changes in variables	**Impact on profit**	**Impact on equity**	Impact on profit	Impact on equity
		QR '000	**QR '000**	QR '000	QR '000
Currency					
EUR	**+10%**	**(718)**	**753**	(850)	864
Others	**+10%**	**16**	**4,216**	331	3,905
Total		**(702)**	**4,969**	(519)	4,769
EUR	**-10%**	**718**	**(753)**	850	(864)
Others	**-10%**	**(16)**	**(4,216)**	(331)	(3,905)
Total		**702**	**(4,969)**	519	(4,769)

Interest rate risk

The Group's policy is to minimise interest rate risk exposures on term financing. The Group is exposed to changes in the market interest rates through its financial assets and liabilities which are subject to variable interest rates.

	Carrying amounts	
	2014	2013
	QR '000	QR '000
Fixed and variable rate instruments		
Financial assets	**704,876**	320,861
Financial liabilities	**1,338,533**	1,022,123

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets at fair value through profit or loss, and the Group does not designate interest rate swaps as hedging instruments under the fair value hedge accounting model. Therefore a change in interest rate at the reporting date would not affect profit or loss.

40 RISK MANAGEMENT (CONTINUED)

Market risk (continued)

Currency risk (continued)

Cash flow sensitivity analysis for variable rate instruments
A change of 50 basis points in interest rate at the reporting date would have increased (decreased) profit or loss by the amount shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss	
	50 bps increase	**50 bps decrease**
	QR '000	**QR '000**
31 December 2014		
Variable rate instruments	**(6,528)**	**6,528**
Interest rate swap	**2,635**	**(2,635)**
Cash flow sensitivity (net)	**(3,893)**	**3,893**
31 December 2013		
Variable rate instruments	(4,933)	4,933
Interest rate swap	2,281	(2,281)
Cash flow sensitivity (net)	(2,652)	2,652

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

		2014		2013	
	Changes in variables	**Impact on profit**	**Impact on other comprehensive income**	Impact on profit	Impact on other comprehensive income
		QR '000	**QR '000**	QR '000	QR '000
Qatar Market	**+10%**	**19,688**	**82,595**	16,874	79,792
International Markets	**+10%**	**252**	**5,024**	288	22,527
Qatar Market	**-10%**	**(19,688)**	**(82,595)**	(16,874)	(79,792)
International Markets	**-10%**	**(252)**	**(5,024)**	(288)	(22,527)

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

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

40 RISK MANAGEMENT (CONTINUED)

Market risk (continued)

Capital management (continued)

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

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the consolidated statement of financial position. The Group's goal in capital management is to maintain a capital-to-overall financing structure ratio of 1:1.5. Capital for the reporting periods under review is summarized as follows:

	2014	2013
	QR '000	QR '000
Equity excluding cash flow hedging reserve	**5,712,768**	4,818,559
Less: cash and cash equivalents	**(501,627)**	(151,083)
Capital	**5,211,141**	4,667,476
Equity	**5,677,915**	4,779,430
Add: borrowings	**1,303,680**	982,994
Overall financing	**6,981,595**	5,762,424
Capital to overall financing	**1:1.34**	1:1.23

41 CRITICAL JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

In the process of preparing these consolidated financial statements, management has made use of a number of judgments relating to the application of accounting policies which are described in Note 2. Those which have the most significant effect on the reported amounts of assets, liabilities, income and expense are listed below (apart from those involving estimations which are dealt with in Note 42).

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

Classification of investments

Quoted securities could be classified either as available-for-sale or at fair value through profit or loss. The Group invests substantially in quoted securities either locally or overseas and management has primarily decided to account for these investments based on their potential for long term growth rather than on the short term profit basis. Consequently, the majority of such investments are recognized as available-for-sale rather than at fair value through profit or loss. Financial assets are classified as fair value through profit or loss where the assets are either held for trading or initially designated at fair value through profit or loss.

Impairment of financial assets

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

42 KEY SOURCES OF ESTIMATES AND UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimating uncertainty at the consolidated statement of financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

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

Unearned premiums
The provision for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged, and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract. Unearned premiums are calculated on a daily pro rata basis.

Impairment of insurance and other receivables
An estimate of the collectible amount of insurance and other receivables is made when collection of the full amount is no longer probable. The determination of whether insurance and other receivables are impaired, involves the Group evaluating, the credit and liquidity position of the policyholders and the insurance companies, historical recovery rates including detailed investigations carried out during 2014 and feedback received from the legal department. The difference between the estimated collectible amount and the book amount is recognized as an expense in the consolidated statement of profit or loss. Any difference between the amounts actually collected in future periods and the amounts expected will be recognized in the consolidated statement of profit or loss at the time of collection.

Useful lives, residual values and depreciation charges of property and equipment
The Group's management determines the estimated useful lives, residual values and related depreciation charges of its property and equipment. These estimates are determined after considering the expected usage of the asset, physical wear and tear and technical or commercial obsolescence.

Liability adequacy test
At each consolidated statement of financial position date, liability adequacy tests are performed to ensure the adequacy of insurance contract liabilities. The Group makes use of the best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities in evaluating the adequacy of the liability. Any deficiency is immediately charged to the consolidated statement of profit or loss.

Interest rate swap valuation
The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instruments and include adjustments to take account of the credit risk of the Group and counterparty when appropriate.

Investment property valuation
The fair value of investment property is determined by independent real estate valuation experts with recent experience in the location and category of property being valued. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein parties had each acted knowledgeably.

43 RECLASSIFICATION OF COMPARATIVE AMOUNTS

Certain comparative figures have been reclassified to conform to the presentation in the current year's 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:

	Reclassified 31 December 2013	Previous 31 December 2013	Amount of the reclassification
	QR '000	QR '000	QR '000
Other assets	105,938	118,113	(12,175)
Other liabilities	(92,284)	(104,459)	12,175