

**DOHA INSURANCE GROUP Q.P.S.C.
DOHA - QATAR**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE NINE - MONTH PERIOD ENDED
SEPTEMBER 30, 2019**

DOHA INSURANCE GROUP Q.P.S.C.

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REVIEW REPORT**

For the nine - month period ended September 30, 2019

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QR. 31249

RN: 0331/MMS/FY2020

INDEPENDENT AUDITOR'S REVIEW REPORT

**To the Board of Directors
Doha Insurance Group Q.P.S.C.
Doha – Qatar**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Doha Insurance Group Q.P.S.C. (the "Company") and its subsidiaries (together the "Group"), as at September 30, 2019, and the related interim condensed consolidated statements of profit or loss and comprehensive income for the three and nine - month periods then ended and the related interim condensed consolidated statements of changes in equity and cash flows for the nine - month period then ended and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on the interim condensed consolidated financial statements based on our review.

Scope of review

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

Basis for Qualified Conclusion

The Group is still in the process of determining the full impact of implementing IFRS 16 "Leases" on its interim condensed consolidated financial statements. It is not possible to determine the exact impact of IFRS 16 and as such, we are unable to quantify the effect on the interim condensed financial statements and related opening balances.

Other matter

We draw attention to the fact that we have not reviewed the accompanying interim condensed consolidated statements of profit or loss and comprehensive income for the three and nine - month periods ended September 30, 2018 and the interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity for the nine - month then ended and any of the related notes to the interim condensed consolidated financial statements. These have been presented in the accompanying financial statements for comparative purposes only.

INDEPENDENT AUDITOR'S REVIEW REPORT (CONTINUED)

Qualified conclusion

Based on our review, except for the possible effect of matters disclosed in the basis of qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

**Doha – Qatar
October 29, 2019**

**For Deloitte & Touche
Qatar Branch**



**Midhat Salha
Partner
License No. 257
QFMA Audit Registration 120156**

DOHA INSURANCE GROUP Q.P.S.C.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at September 30, 2019

| | Notes | September 30, 2019 QR (Reviewed) | December 31, 2018 QR (Audited) |
|--|-------|---|---|
| ASSETS | | | |
| Cash and bank balances | 4 | 396,076,866 | 438,304,524 |
| Financial investments | 5 | 496,753,140 | 512,992,437 |
| Reinsurance contract assets | 6 | 1,096,727,983 | 509,465,888 |
| Insurance and other receivables | | 363,409,219 | 269,464,373 |
| Investments in associates | 15 | 16,538,579 | 16,069,469 |
| Investment properties | 9 | 294,635,059 | 269,973,893 |
| Properties and equipment | | 30,707,100 | 20,428,524 |
| TOTAL ASSETS | | 2,694,847,946 | 2,036,699,108 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 7 | 500,000,000 | 500,000,000 |
| Legal reserve | 8 | 365,270,841 | 365,270,841 |
| Fair value reserve | | (64,578,094) | (65,860,607) |
| Foreign currency translation reserve | | (3,385,158) | (1,236,479) |
| Retained earnings | | 266,512,903 | 265,919,490 |
| Total equity | | 1,063,820,492 | 1,064,093,245 |
| Liabilities | | | |
| Insurance contract liabilities | 6 | 1,365,242,972 | 773,226,066 |
| Provisions, insurance and other payables | | 198,958,843 | 128,001,703 |
| Borrowings | 11 | 51,271,414 | 56,017,196 |
| Employees' end of service benefits | | 15,554,225 | 15,360,898 |
| Total liabilities | | 1,631,027,454 | 972,605,863 |
| TOTAL EQUITY AND LIABILITIES | | 2,694,847,946 | 2,036,699,108 |

These interim condensed consolidated financial statements were approved by the Board of Directors on October 29, 2019


Nawaf Bin Nasser Bin Khaled Al Thani
Chairman


Jassim Ali A. Al-Moftah
Chief Executive Officer

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF AND SHOULD BE READ IN CONJUNCTION WITH THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

DOHA INSURANCE GROUP Q.P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three and nine - month period ended September 30, 2019

| | Notes | For the three - month period ended September 30, | | For the nine - month period ended September 30, | |
|---|-------|---|--------------------|--|--------------------|
| | | 2019 | 2018 | 2019 | 2018 |
| | | QR (Reviewed) | QR (Unreviewed) | QR (Reviewed) | QR (Unreviewed) |
| Gross premiums | 14 | 192,200,645 | 172,413,069 | 507,669,001 | 490,828,578 |
| Reinsurers' share of gross premiums | 14 | (137,165,472) | (114,958,869) | (324,611,039) | (284,944,669) |
| Net premiums | | 55,035,173 | 57,454,200 | 183,057,962 | 205,883,909 |
| Change in unexpired risk reserve | 14 | 3,181,290 | 7,037,617 | (8,824,804) | (26,027,161) |
| Underwriting revenue | | 58,216,463 | 64,491,817 | 174,233,158 | 179,856,748 |
| Claims paid | 14 | (64,884,470) | (59,960,756) | (234,549,738) | (134,859,927) |
| Reinsurers' share of claims | 14 | 24,614,076 | 14,297,153 | 128,845,560 | 33,590,367 |
| Change in outstanding claims reserve | 14 | 6,340,116 | (997,853) | 5,105,404 | (11,286,823) |
| Commissions received | 14 | 6,770,191 | 4,896,062 | 20,655,257 | 23,718,502 |
| Commissions paid | 14 | (8,410,887) | (8,430,977) | (25,535,831) | (33,792,142) |
| Other technical expenses | 14 | (213,967) | (812,255) | (1,145,245) | (2,569,485) |
| Net underwriting results | | 22,431,522 | 13,483,191 | 67,608,565 | 54,657,240 |
| Dividend income | | 157,643 | 518,055 | 16,384,415 | 19,628,772 |
| Interest income | | 3,834,513 | 3,412,018 | 11,280,712 | 10,279,186 |
| Rental income from investment properties | | 2,857,250 | 2,813,530 | 8,761,459 | 8,415,828 |
| Share of results of associates | 15 | (149,891) | -- | 451,415 | (376,719) |
| Net gain on sale of financial assets | | 891,199 | 154,289 | 2,569,024 | 465,099 |
| Unrealised gain / (loss) on investments in financial assets at fair value through profit or loss | | (234,163) | 449,624 | 3,200,528 | 177,315 |
| Other income (expense) | | 9,205 | 256 | 55,186 | (11,587) |
| Investment and other income | | 7,365,756 | 7,347,772 | 42,702,739 | 38,577,894 |
| General and administrative expenses | 12 | 23,153,304 | 18,993,892 | 63,511,049 | 54,778,593 |
| Depreciation of investment properties | | 776,805 | 663,546 | 2,474,724 | 2,019,846 |
| Depreciation of properties and equipment | | 619,186 | 623,304 | 1,929,704 | 1,764,164 |
| Finance cost | | 263,727 | 192,921 | 869,768 | 602,430 |
| Total expenses | | 24,813,022 | 20,473,663 | 68,785,245 | 59,165,033 |
| Profit for the period before allocation to Takaful operation's policyholders | | 4,984,256 | 357,300 | 41,526,059 | 34,070,101 |
| Net (surplus) / deficit attributable to Takaful operation's policyholders | 19 | (363,934) | 100,746 | (1,514,379) | 1,319,960 |
| Profit attributable to shareholders | | 4,620,322 | 458,046 | 40,011,680 | 35,390,061 |
| Basic and diluted earnings per share (restated) | 13 | 0.01 | 0.00 | 0.08 | 0.07 |

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF AND SHOULD BE READ IN CONJUNCTION WITH THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

DOHA INSURANCE GROUP Q.P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three and nine - month period ended September 30, 2019

| | For the three - month period ended September 30, | | For the nine - month period ended September 30, | |
|---|---|--------------------|--|--------------------|
| | 2019 | 2018 | 2019 | 2018 |
| | QR | QR | QR | QR |
| | (Reviewed) | (Unreviewed) | (Reviewed) | (Unreviewed) |
| Profit attributable to shareholders of the Parent | 4,620,322 | 458,046 | 40,011,680 | 35,390,061 |
| Other comprehensive income | | | | |
| <i>Items that may be subsequently reclassified to statement of profit or loss</i> | | | | |
| Share of other comprehensive loss of associate | (61,225) | -- | (72,267) | (66,969) |
| Net change in fair value of debt instruments at fair value through other comprehensive income (FVTOCI) | 473,922 | (500,895) | 2,701,816 | (1,155,594) |
| Exchange differences on translating foreign operations | (1,602,481) | (770,020) | (2,148,679) | (770,020) |
| | <u>(1,189,784)</u> | <u>(1,270,915)</u> | <u>480,870</u> | <u>(1,992,583)</u> |
| <i>Items that will not be subsequently reclassified to statement of profit or loss</i> | | | | |
| Net change in fair value of equity instrument designated at fair value through other comprehensive income (FVTOCI) | <u>(10,889,676)</u> | 13,684,804 | <u>(765,303)</u> | 6,381,898 |
| Other comprehensive loss for the period | <u>(12,079,460)</u> | 12,413,889 | <u>(284,433)</u> | 4,389,315 |
| Total comprehensive (loss) / income for the period | <u>(7,459,138)</u> | <u>12,871,935</u> | <u>39,727,247</u> | <u>39,779,376</u> |

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF AND SHOULD BE READ IN CONJUNCTION
WITH THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

DOHA INSURANCE GROUP Q.P.S.C

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine - month period ended September 30, 2019

| | Share capital | Legal reserve | Fair value reserve | Foreign currency translation reserve | Retained earnings | Total |
|---|--------------------|--------------------|---------------------|--------------------------------------|--------------------|----------------------|
| | QR | QR | QR | QR | QR | QR |
| Balance at January 1, 2018 (Audited) | 500,000,000 | 359,244,913 | (459,983) | 738,314 | 178,713,005 | 1,038,236,249 |
| Adjustments on adoption of IFRS 9 | -- | -- | (66,765,943) | -- | 66,471,582 | (294,361) |
| Balance at January 1, 2018 (restated) | 500,000,000 | 359,244,913 | (67,225,926) | 738,314 | 245,184,587 | 1,037,941,888 |
| Profit attributable to shareholders | -- | -- | -- | -- | 35,390,061 | 35,390,061 |
| Other comprehensive loss for the period | | | 5,159,335 | (770,020) | (332,562) | 4,389,315 |
| Gain on sale of investment | | | | | (37,500,000) | (37,500,000) |
| Cash dividends paid (Note 9) | | | | | | |
| Balance at September 30, 2018 (Unreviewed) | 500,000,000 | 359,244,913 | (62,066,591) | (31,706) | 242,742,086 | 1,039,888,702 |
| Balance at January 1, 2019 (Audited) | 500,000,000 | 365,270,841 | (65,860,607) | (1,236,479) | 265,919,490 | 1,064,093,245 |
| Profit attributable to shareholders | -- | -- | -- | -- | 40,011,680 | 40,011,680 |
| Other comprehensive gain (loss) for the period | | | 1,864,246 | (2,148,679) | -- | (284,433) |
| Gain on sale of investment | -- | -- | (581,733) | | 581,733 | -- |
| Cash dividends paid (Note 10) | -- | -- | -- | -- | (40,000,000) | (40,000,000) |
| Balance at September 30, 2019 (Reviewed) | 500,000,000 | 365,270,841 | (64,578,094) | (3,385,158) | 266,512,903 | 1,063,820,492 |

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF AND SHOULD BE READ IN CONJUNCTION WITH THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

DOHA INSURANCE GROUP Q.P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine - month period ended September 30, 2019

| | For the nine - month period ended September 30, | |
|--|--|---------------------|
| | 2019 | 2018 |
| | QR (Reviewed) | QR (Unreviewed) |
| OPERATING ACTIVITIES | | |
| Profit attributable to shareholders of the Parent | 40,011,680 | 35,390,061 |
| <i>Adjustments for:</i> | | |
| Depreciation of properties and equipment | 1,929,704 | 1,140,860 |
| Depreciation of investment properties | 2,474,724 | 1,356,300 |
| Provision for employees' end of service benefits | 1,561,180 | 1,544,379 |
| Unrealised gain on investments held at fair value through profit or loss | (3,200,528) | -- |
| Share in results of associates | (451,415) | 272,309 |
| Reinsurers' share of unearned premium | (26,110,544) | 10,800,782 |
| Movement in unearned premium | 34,935,346 | (40,262,404) |
| Net gain on sale of financial investments | (2,569,024) | (879,460) |
| Dividend income | (16,384,415) | (19,110,717) |
| Interest income | (11,280,712) | (6,867,168) |
| Finance cost | 869,768 | 409,509 |
| | <u>21,785,764</u> | <u>(16,205,549)</u> |
| Movements in working capital | | |
| Insurance and other receivables | (93,944,846) | (34,041,388) |
| Insurance reserves | (4,069,991) | 73,485,996 |
| Provisions, insurance and other payables | 72,319,503 | (6,369,864) |
| Cash generated by operations | <u>(3,909,570)</u> | <u>16,869,195</u> |
| Payment for employees' end of service benefits | (2,402,175) | (3,508,571) |
| Net cash (used) / generated in by operating activities | <u>(6,311,745)</u> | <u>13,360,624</u> |
| INVESTING ACTIVITIES | | |
| Dividends received | 16,384,415 | 22,576,893 |
| Proceeds from disposal of financial investments | 45,423,024 | 15,118,137 |
| Interest received | 11,280,712 | 6,867,168 |
| Short-term deposits | 14,929,637 | 15,000,000 |
| Purchase of properties and equipment | (12,208,280) | (1,845,973) |
| Purchase of financial investments | (21,477,662) | (50,498,917) |
| Purchase of investment properties | (32,007,265) | (4,113,113) |
| Net cash generated by investing activities | <u>22,324,581</u> | <u>3,104,195</u> |

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF AND SHOULD BE READ IN CONJUNCTION WITH THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

DOHA INSURANCE GROUP Q.P.S.C.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the nine - month period ended September 30, 2019

| | Note | For the nine- month period ended September 30, | |
|---|------|---|--------------------|
| | | 2019 | 2018 |
| | | QR | QR |
| | | (Reviewed) | (Unreviewed) |
| FINANCING ACTIVITIES | | | |
| Repayment of bank loan | | (2,113,048) | 31,730,086 |
| Dividends paid | | (40,328,041) | (29,511,907) |
| Interest expense paid | | (869,768) | (134,476) |
| Cash used in financing activities | | (43,310,857) | 2,083,703 |
| Net decrease in cash and cash equivalents | | (27,298,021) | 18,548,522 |
| Effect of foreign currency difference on cash and cash equivalent | | -- | 1,968,987 |
| Cash and cash equivalents at the beginning of period | | 96,643,456 | 516,025,395 |
| CASH AND CASH EQUIVALENTS AT THE END OF PERIOD | 4 | 69,345,435 | 536,542,904 |

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF AND SHOULD BE READ IN CONJUNCTION WITH THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

DOHA INSURANCE GROUP Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine - month period ended September 30, 2019

1. INCORPORATION AND ACTIVITIES

Doha Insurance Group Q.P.S.C. (the "Company") (previously known as "Doha Insurance Company Q.S.C"), is a Qatari public shareholding company registered and incorporated in the State of Qatar under Emiri Decree No. 30 issued on October 2, 1999. It is engaged in the business of insurance and reinsurance in State of Qatar. The shares of the Company are listed on Qatar Exchange Doha. The Company, by a resolution passed in Extraordinary General Assembly held on March 7, 2017, changed its name to "Doha Insurance Group Q.P.S.C".

The interim condensed consolidated financial statements of the Group consolidates the assets, liabilities and operational performance of the Company and its subsidiaries (collectively referred as "the Group") detailed below.

- i. On October 21, 2015, MENA RE Underwriters Limited, a limited liability company engaged in insurance intermediation and management, was incorporated in Dubai, UAE with a registration number of CL1984. The registered and paid up capital of the Subsidiary is wholly subscribed and owned by the Company.
- ii. On December 21, 2016, the Company invested 100% in share capital of Barzan Technology Solutions, a company incorporated in Jordan having business activities of providing information technology solutions and also engaged in real estate and investment activities. The subsidiary has commenced its operations during the second half of the year 2017.
- iii. On December 27, 2016, the Company invested 100% in the equity of Schwenke Zentrum S.a.r.l., a company duly incorporated under the laws of Grand Duchy of Luxembourg. The subsidiary is engaged in real estate holding and leasing operations for a property located in Germany.
- iv. In 2006, the Company established an Islamic Takaful branch under the brand name Doha Takaful to carry out insurance and reinsurance activities in accordance with Islamic Sharia principles on a non-usury basis in all areas of insurance. On March 28, 2018, the Company has registered Doha Takaful into a separate limited liability company as Doha Takaful L.L.C., which is 100% owned by the Company. The Company also prepares a separate set of financial statements of Doha Takaful L.L.C. as per the requirement of FAS - 12 General Presentation and Disclosure in the Financial Statements of Islamic Insurance Companies issued by the AAOIFI. The Doha Takaful L.L.C.s financial statements are then converted into International Financial Reporting Standards (IFRSs) compliant financial statements and included in these financial statements.
- v. On August 10, 2018, the Company invested 100% in the equity of Logistics Centre S.a.r.l., a company duly incorporated under the laws of Grand Duchy of Luxembourg. The subsidiary is engaged in real estate holding and leasing operations for a property located in Germany.
- vi. On March 4, 2018, a representative office in Beirut-Lebanon under the name of "Mena Re Life" was established which aims to extend the Group's reinsurance reach in the International arena. It is part of the DIG's strategy of geographic expansion to open new markets and build on its strong credit and financial rating. It is worth mentioning that the Group has completed all the formal procedures of establishing the office in accordance with the laws of the Lebanese Republic.

The interim condensed consolidated financial statements of the Group for the nine month period ended September 30, 2019 were authorised for issue by the Board of Directors on October 29, 2019.

The comparative figures for three - month and nine - month period ended September 30, 2018 are disclosed for presentation purposes only and are not audited nor reviewed based on management accounts.

DOHA INSURANCE GROUP Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine - month period ended September 30, 2019

2. BASIS OF PREPARATION

(a) Statement of compliance

The interim condensed consolidated financial statements for the nine - months ended September 30, 2019 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) and in conformity with Qatar Commercial Companies Law.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at December 31, 2018. In addition, results for the nine month period ended September 30, 2019 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2019.

(b) Basis of measurement

The interim condensed consolidated financial statements are prepared under the historical cost convention, except for certain financial investments which are carried at fair value. The methods used to measure fair values are discussed further in Note 18.

(c) Functional and presentational currency

The interim condensed consolidated financial statements are prepared in Qatari Riyal (“QR”) which is the Group’s functional and presentation currency.

Judgments, estimates and risk management

The preparation of the interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group’s annual consolidated financial statements for the year ended 31 December 2018, except as mentioned below.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of this interim condensed consolidated financial statements are consistent with those used in the preparation of the Group’s annual financial statements for the year ended 31 December 2018, and the notes attached thereto, except for the adoption of certain new and revised standards, that became effective in the current period as set out below.

(i) New and amended standards adopted by the Group

The impact of IFRS 16 cannot be determined in the interim condensed consolidated financial statements of the Group since the management have not yet performed a detailed analysis of the impact of the application of this Standard and hence have not yet quantified the extent of the impact.

DOHA INSURANCE GROUP Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine - month period ended September 30, 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Revised standards

Effective for annual periods beginning on or after January 1, 2019

| |
|--|
| Amendments to IFRS 9 <i>Prepayment Features with Negative Compensation and Modification of financial liabilities</i> |
| Amendments to IAS 28 <i>Investment in Associates and Joint Ventures</i> : Relating to long-term interests in associates and joint ventures. |
| Annual Improvements to IFRSs 2015-2017 <i>Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs</i> |
| Amendments to IAS 19 <i>Employee Benefits Plan Amendment, Curtailment or Settlement</i> |
| IFRIC 23 <i>Uncertainty over Income Tax Treatments</i> |

(iii) New and revised standards and interpretations but not yet effective

Effective for annual periods beginning after January 1, 2020

| |
|--|
| Amendments regarding the definition of material |
| Amendments to clarify the definition of a business |
| IFRS 17: Insurance Contracts |
| Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i> (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture. |
| Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework |

DOHA INSURANCE GROUP Q.P.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**For the nine - month period ended September 30, 2019

4. CASH AND CASH EQUIVALENTS

| | September 30, 2019 | December 31, 2018 |
|--|-------------------------------|----------------------|
| | QR | QR |
| | (Reviewed) | (Audited) |
| Bank balances and short term deposits | 395,820,395 | 438,165,003 |
| Cash on hand | 355,919 | 238,969 |
| Less: Loss allowance | (99,448) | (99,448) |
| Cash and bank balances | 396,076,866 | 438,304,524 |
| Less: Short term deposits maturing in more than 3 months | (326,731,431) | (341,661,068) |
| Cash and cash equivalents | 69,345,435 | 96,643,456 |

Short-term deposits consist of fixed deposits bearing interest at the rate of 0.75% to 8.00% per annum (December 31, 2018: 1.00% to 8.46% per annum) with original maturity period of one to 12 months.

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, management of the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, the management of the Group has assessed adequacy of loss allowance and have concluded that no further loss allowance is required.

DOHA INSURANCE GROUP Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine - month period ended September 30, 2019

5. FINANCIAL INVESTMENTS

The carrying amounts of financial investments were as follows:

| | September 30, 2019 | December 31, 2018 |
|---|-------------------------------|------------------------------|
| | QR | QR |
| | (Reviewed) | (Audited) |
| Investments held at fair value through profit or loss | | |
| Quoted shares | 4,859,100 | 4,308,000 |
| Mutual funds | 60,554,847 | 67,890,636 |
| Investments held at fair value through other comprehensive income | | |
| - Quoted shares | 314,513,864 | 328,982,690 |
| - Private equity funds and unquoted shares | 66,171,255 | 70,149,691 |
| - Debt securities with fixed interest rate | 50,913,369 | 41,920,715 |
| Allowance for impairment (ECL) | <u>(259,295)</u> | <u>(259,295)</u> |
| | <u>496,753,140</u> | <u>512,992,437</u> |

6. INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS

| | September 30, 2019 | December 31, 2018 |
|--|-------------------------------|------------------------------|
| | QR | QR |
| | (Reviewed) | (Audited) |
| Gross | | |
| Insurance contract liabilities: | | |
| Claims reported unsettled | 984,453,339 | 428,407,189 |
| Claims incurred but not reported | 60,510,340 | 60,510,340 |
| Unearned premiums | 309,227,200 | 274,291,854 |
| Deferred commissions | 11,052,093 | 10,016,683 |
| | <u>1,365,242,972</u> | <u>773,226,066</u> |
| Recoverable from reinsurers: | | |
| Claims reported unsettled | 869,643,234 | 308,491,684 |
| Claims incurred but not reported | 38,549,748 | 38,549,747 |
| Re- insurers' share in unearned premiums | 188,535,001 | 162,424,457 |
| | <u>1,096,727,983</u> | <u>509,465,888</u> |
| Net | | |
| Claims reported unsettled | 114,810,105 | 119,915,505 |
| Claims incurred but not reported | 21,960,592 | 21,960,593 |
| Unearned premiums | 120,692,199 | 111,867,396 |
| Deferred commissions | 11,052,093 | 10,016,683 |
| | <u>268,514,989</u> | <u>263,760,177</u> |

DOHA INSURANCE GROUP Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine - month period ended September 30, 2019

6. INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS (CONTINUED)

(a) Outstanding claims provision

| | September 30, 2019 (Reviewed) | | December 31, 2018 (Audited) | |
|--|-------------------------------|----------------------------|-----------------------------|----------------------------|
| | Gross QR | Reinsurers' share QR | Gross QR | Reinsurers' share QR |
| At the beginning of the period / year | 428,407,189 | 119,915,505 | 315,428,268 | (220,775,523) |
| Claims reported and unsettled | 60,510,340 | 21,960,593 | 56,149,936 | (34,189,343) |
| Claims incurred but not reported | 488,917,529 | (347,041,431) | 371,578,204 | (254,964,866) |
| Insurance claims paid during the period/year | (234,549,738) | 128,845,560 | (184,794,271) | 52,608,255 |
| Incurred during the period/year | 790,595,888 | (689,997,111) | 302,133,596 | (144,684,820) |
| At the end of the period / year | <u>1,044,963,679</u> | <u>(908,192,982)</u> | <u>488,917,529</u> | <u>(347,041,431)</u> |

(b) Analysis of outstanding claims

| | September 30, 2019 (Reviewed) | | December 31, 2018 (Audited) | |
|----------------------------------|-------------------------------|----------------------------|-----------------------------|----------------------------|
| | Gross QR | Reinsurers' share QR | Gross QR | Reinsurers' share QR |
| Claims reported and unsettled | 984,453,339 | (869,643,234) | 428,407,189 | (308,491,684) |
| Claims incurred but not reported | 60,510,340 | (38,549,748) | 60,510,340 | (38,549,747) |
| At the end of the period/year | <u>1,044,963,679</u> | <u>(908,192,982)</u> | <u>488,917,529</u> | <u>(347,041,431)</u> |

DOHA INSURANCE GROUP Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine - month period ended September 30, 2019

6. INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS (CONTINUED)

(c) Unearned premium reserve

| | September 30, 2019 (Reviewed) | | December 31, 2018 (Audited) | |
|--|-------------------------------|----------------------|-----------------------------|----------------------|
| | Reinsurers' | | Reinsurers' | |
| | Gross QR | share QR | Gross QR | share QR |
| At the beginning of the period / year | 274,291,854 | (162,424,457) | 251,612,681 | (151,725,136) |
| Gross premiums during the period/year | 507,669,001 | (324,611,039) | 623,927,920 | (367,621,787) |
| Earned insurance premiums during the period/year | (472,733,655) | 298,500,495 | (601,248,747) | 356,922,465 |
| At the end of the period / year | <u>309,227,200</u> | <u>(188,535,001)</u> | <u>274,291,854</u> | <u>(162,424,458)</u> |
| | | | | <u>Net QR</u> |
| | | | | 99,887,546 |
| | | | | 256,306,133 |
| | | | | (244,326,282) |
| | | | | <u>111,867,397</u> |

DOHA INSURANCE GROUP Q.P.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the nine - month period ended September 30, 2019

7. SHARE CAPITAL

| | September 30, 2019 | December 31, 2018 |
|--|-------------------------------|------------------------------|
| | QR | QR |
| | (Reviewed) | (Audited) |
| Authorized, issued and fully paid up share capital 500,000,000 shares of QR 1 each effective July 1, 2019 (prior to that: 50,000,000 shares of QR 10 each) | 500,000,000 | 500,000,000 |

8. LEGAL RESERVE

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.

The Group did not make any transfer from the profit of the period as the required amount will be transferred by year end.

9. INVESTMENT PROPERTIES

| | September 30, 2019 | December 31, 2018 |
|--|-------------------------------|------------------------------|
| | QR | QR |
| | (Reviewed) | (Audited) |
| Net carrying value at the beginning of the period/ year | 269,973,893 | 214,430,303 |
| Additions | 32,007,265 | 65,218,696 |
| Disposals | -- | (4,167,866) |
| Depreciation for the period | (2,474,724) | (3,008,885) |
| Exchange adjustments | (4,871,375) | (2,498,355) |
| Net carrying value at the end of the period | 294,635,059 | 269,973,893 |

- i.) Investment properties as of September 30, 2019 include an amount of QR 48,666,318 (December 31, 2018: QR 52,162,562), which represents a property in Germany acquired in 2017 by a subsidiary, Schwenke Zentrum S.a.r.l. The Company has recognized rental income of QR 3,690,601 (September 30, 2018: QR 3,956,780) relating to the said property. Management, using internal review, deemed that the fair value of the property approximates its cost.
- ii.) In 2018, the Group purchased additional property in Germany by a new subsidiary, Logistic Centre S.a.r.l. with the net book value of QR 43,698,373 (December 31, 2018: QR 46,930,233). The Company recognized rental income of QR 2,581,933 relating to the said property. As at reporting date, the fair value of the property approximates its cost.

DOHA INSURANCE GROUP Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine - month period ended September 30, 2019

9. INVESTMENT PROPERTIES (CONTINUED)

iii.) In addition to the investment properties mention in (i) and (ii) above, the Group has investment properties in the State of Qatar with a carrying value of QR 202,270,368 (December 31, 2018: 170,881,098) as of September 30, 2019. The fair value of the investment properties as of December 31, 2018 amounted to QR 220,752,901 and has been arrived on the basis of a valuation carried out by an independent valuer not related to the Group between 2017 and 2018. The independent valuer is a qualified consultant and has appropriate qualifications and relevant experience in the valuation of properties in the relevant locations. The basis used in determining the fair value of investment properties reflects actual market state and circumstances as of the reporting date. The fair value estimate usually reflects, amongst other things, rental income from current leases and reasonable and supportable assumptions that represent the market view of what knowledgeable, willing parties would assume about rental income from future leases in light of current market conditions.

10. DIVIDENDS

The Board of Directors proposed in its meeting held on February 13, 2019 to distribute a cash dividend of 8% of the share capital amounting to QR 0.8 per share (calculated on the basis of pre-split number of shares) totalling to QR 40,000,000 for the year ended December 31, 2018 which were duly approved by the General Assembly of the Company's Shareholders on March 25, 2019 (2017: QR 0.75 per share totalling to QR 37,500,000).

11. BORROWINGS

Borrowings as of September 30, 2019 amounts to QR 51,271,414 with the following details:

- i. In 2017, a loan was taken to purchase an investment property in Germany, by a subsidiary, Schwenke Zentrum S.a.r.l., which bears interest of 2.65%. It is repayable over a period of 256 months. The non-current portion of the loan as at period end amounted to QR 25,976,459. The loan is secured by a mortgage on the investment property amounting to QR 48,666,318.
- ii. Additional loan in 2018 was taken also to purchase an investment property in Germany, by a new subsidiary, Logistic Centre S.a.r.l. with the rate of 1,73% annually payable in monthly instalments until July 31, 2028. The non-current portion of the loan as at period end amounted to QR 22,590,428. The loan is secured by a mortgage on the investment property amounting to QR 43,698,373.

DOHA INSURANCE GROUP Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine - month period ended September 30, 2019

12. GENERAL AND ADMINISTRATIVE EXPENSES

| | For the three - month period ended September 30, | | For the nine - month period ended September 30, | |
|---------------------------------------|---|-------------------|--|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| | QR | QR | QR | QR |
| | (Reviewed) | (Unreviewed) | (Reviewed) | (Unreviewed) |
| Salaries, wages and other benefits | 17,476,387 | 13,853,886 | 46,372,221 | 40,873,345 |
| Rent, maintenance and office expenses | 345,172 | 1,036,898 | 3,557,972 | 3,018,559 |
| Legal and consultation fees | 573,926 | 622,537 | 2,494,000 | 2,160,681 |
| Advertisement and business promotion | 508,465 | 163,587 | 1,230,540 | 1,112,245 |
| Board of Director's remuneration | 652,500 | 750,000 | 1,947,500 | 750,000 |
| Government fees | 268,784 | 243,493 | 674,084 | 554,213 |
| Business travel | 296,450 | 336,931 | 1,058,490 | 864,846 |
| Printing and stationery | 51,864 | (108,389) | 188,071 | 216,732 |
| Miscellaneous expenses | 2,979,756 | 2,094,949 | 5,988,181 | 5,227,972 |
| | <u>23,153,304</u> | <u>18,993,892</u> | <u>63,511,049</u> | <u>54,778,593</u> |

13. EARNINGS PER SHARE - RESTATED

| | For the three - month period ended September 30, | | For the nine - month period ended September 30, | |
|--|---|--------------------|--|--------------------|
| | 2019 | 2018 | 2019 | 2018 |
| | QR | QR | QR | QR |
| | (Reviewed) | (Unreviewed) | (Reviewed) | (Unreviewed) |
| Profit attributable to the shareholders | <u>4,620,322</u> | <u>458,046</u> | <u>40,011,680</u> | <u>35,390,061</u> |
| Weighted average number of shares outstanding during the period (2018 restated to reflect the stock split) | <u>500,000,000</u> | <u>500,000,000</u> | <u>500,000,000</u> | <u>500,000,000</u> |
| Basic and diluted earnings per share | <u>0.01</u> | <u>0.00</u> | <u>0.08</u> | <u>0.07</u> |

On February 13, 2019, the Extraordinary General Meeting of the Company approved the par value of the ordinary share to be QR.1 instead of QR.10, as per the instructions of Qatar Financial Markets Authority, and amendment of the related Articles of Association. The share split is effective from July 1, 2019 and the total number of shares have been increased from 50,000,000 to 500,000,000 ordinary shares. Unless otherwise noted, impacted amounts and share information included in the interim condensed consolidated financial statements and notes thereto have been retroactively adjusted for the stock split, as if such stock split occurred at the beginning of the earliest period presented

a) Diluted Earnings Per Share

No separate diluted earnings per share were calculated since the diluted earnings per share were equal to the basic earnings per share.

14. SEGMENT INFORMATION

For management purposes, the Group is organised into three business segments, marine and aviation, motor, and fire and general accident. These segments are the basis on which the Group reports its primary segment information. Other operations of the Group comprise investment and cash management for the Group's own account. There are no material transactions between segments.

DOHA INSURANCE GROUP Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine - month period ended September 30, 2019

14. SEGMENT INFORMATION (CONTINUED)

The Group operates primarily in the State of Qatar and the rest of operations outside Qatar are to support the core insurance and investment operations of the Company in the State of Qatar.

| For the nine - months ended September 30, 2019 | Motor | | Marine and Aviation | | Fire and General Accident | | Total | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|---------------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2019 | September 30, 2018 | September 30, 2019 | September 30, 2018 | September 30, 2019 | September 30, 2018 | September 30, 2019 | September 30, 2018 |
| | QR (Reviewed) | QR (Unreviewed) | QR (Reviewed) | QR (Unreviewed) | QR (Reviewed) | QR (Unreviewed) | QR (Reviewed) | QR (Unreviewed) |
| Gross premiums | 111,197,404 | 101,086,393 | 128,146,157 | 114,764,995 | 268,325,440 | 274,977,190 | 507,669,001 | 490,828,578 |
| Reinsurers' share of gross premiums | (10,973,713) | (6,769,166) | (114,239,080) | (101,327,947) | (199,398,246) | (176,847,556) | (324,611,039) | (284,944,669) |
| Net premiums | 100,223,691 | 94,317,227 | 13,907,077 | 13,437,048 | 68,927,194 | 98,129,634 | 183,057,962 | 205,883,909 |
| Change in unexpired risk reserve | (4,058,050) | 477,041 | (2,890,181) | (3,336,121) | (1,876,573) | (23,168,081) | (8,824,804) | (26,027,161) |
| Underwriting revenue | 96,165,641 | 94,794,268 | 11,016,896 | 10,100,927 | 67,050,621 | 74,961,553 | 174,233,158 | 179,856,748 |
| Claims paid | (69,311,916) | (60,007,508) | (1,679,550) | (4,692,821) | (163,558,272) | (70,159,598) | (234,549,738) | (134,859,927) |
| Reinsurers' share of claims | 1,050,254 | 1,355,595 | 1,192,995 | 3,716,424 | 126,602,311 | 28,518,348 | 128,845,560 | 33,590,367 |
| Change in outstanding claims reserve | 6,033,785 | (2,773,720) | 240,602 | 370,149 | (1,168,983) | (8,883,252) | 5,105,404 | (11,286,823) |
| Commissions received | 759,931 | 1,479,983 | 3,344,380 | 2,912,177 | 16,550,946 | 19,326,342 | 20,655,257 | 23,718,502 |
| Commissions paid | (8,610,936) | (8,301,651) | (2,576,935) | (1,304,070) | (14,347,960) | (24,186,421) | (25,535,831) | (33,792,142) |
| Other technical expenses | (331,564) | (788,816) | (287,933) | (365,923) | (525,748) | (1,414,746) | (1,145,245) | (2,569,485) |
| Net underwriting results | 25,755,195 | 25,758,151 | 11,250,455 | 10,736,863 | 30,602,915 | 18,162,226 | 67,608,565 | 54,657,240 |
| Investment and other income | | | | | | | 42,702,739 | 38,577,894 |
| Total expenses | | | | | | | (68,785,245) | (59,165,033) |
| Net surplus attributable to Takaful operation's policyholders | | | | | | | (1,514,379) | 1,319,960 |
| Profit for the period | | | | | | | 40,011,680 | 35,390,061 |

DOHA INSURANCE GROUP Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine - month period ended September 30, 2019

14. SEGMENT INFORMATION (CONTINUED)

| For the three - month ended September 30, 2019 | Motor | | Marine and Aviation | | Fire and General Accident | | Total | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|---------------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2019 | September 30, 2018 | September 30, 2019 | September 30, 2018 | September 30, 2019 | September 30, 2018 | September 30, 2019 | September 30, 2018 |
| | QR (Reviewed) | QR (Unreviewed) | QR (Reviewed) | QR (Unreviewed) | QR (Reviewed) | QR (Unreviewed) | QR (Reviewed) | QR (Unreviewed) |
| Gross premiums | 32,467,658 | 29,350,622 | 78,079,758 | 65,608,492 | 81,653,229 | 77,453,955 | 192,200,645 | 172,413,069 |
| Reinsurers' share of gross premiums | (1,323,094) | (653,803) | (74,325,096) | (62,912,832) | (61,517,282) | (51,392,234) | (137,165,472) | (114,958,869) |
| Net premiums | 31,144,564 | 28,696,819 | 3,754,662 | 2,695,660 | 20,135,947 | 26,061,721 | 55,035,173 | 57,454,200 |
| Change in unexpired risk reserve | 2,405,558 | 3,106,897 | 610,643 | 1,247,884 | 165,089 | 2,682,836 | 3,181,290 | 7,037,617 |
| Underwriting revenue | 33,550,122 | 31,803,716 | 4,365,305 | 3,943,544 | 20,301,036 | 28,744,557 | 58,216,463 | 64,491,817 |
| Claims paid | (23,247,213) | (20,038,045) | (520,563) | (1,562,537) | (41,116,692) | (38,360,175) | (64,884,470) | (59,960,756) |
| Reinsurers' share of claims | 119,878 | 607,636 | 391,149 | 1,491,316 | 24,103,049 | 12,198,201 | 24,614,076 | 14,297,153 |
| Change in outstanding claims reserve | 1,135,943 | (3,290,900) | (267,250) | (178,152) | 5,471,423 | 2,471,199 | 6,340,116 | (997,853) |
| Commissions received | 14,844 | 135,845 | 1,428,545 | 1,139,663 | 5,326,802 | 3,620,554 | 6,770,191 | 4,896,062 |
| Commissions paid | (2,731,465) | (2,689,390) | (1,352,449) | (556,179) | (4,326,973) | (5,185,408) | (8,410,887) | (8,430,977) |
| Other technical expenses | (84,897) | (321,800) | (41,507) | (145,511) | (87,563) | (344,945) | (213,967) | (812,255) |
| Net underwriting results | 8,757,212 | 6,207,062 | 4,003,230 | 4,132,144 | 9,671,082 | 3,143,983 | 22,431,522 | 13,483,191 |
| Investment and other income | | | | | | | 7,365,756 | 7,347,772 |
| Total expenses | | | | | | | (24,813,022) | (20,473,663) |
| Net deficit attributable to Takaful operation's policyholders | | | | | | | (363,934) | 100,746 |
| Profit for the period | | | | | | | 4,620,322 | 458,046 |

DOHA INSURANCE GROUP Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine - month period ended September 30, 2019

14. SEGMENT INFORMATION (CONTINUED)

The Group operates in the State of Qatar, UAE, Luxembourg and Jordan. The associate companies operate in the State of Qatar and the Republic of Yemen.

| | September 30, 2019 (Reviewed) | | December 31, 2018 (Audited) | | | |
|---|-------------------------------|---------------------|-----------------------------|--------------------|---------------------|----------------------|
| | Qatar QR | International QR | Total QR | Qatar QR | International QR | Total QR |
| Asset | | | | | | |
| Total assets | 2,567,255,273 | 127,592,673 | 2,694,847,946 | 1,887,751,961 | 148,947,147 | 2,036,699,108 |
| Liabilities | | | | | | |
| Insurance contract liabilities | (1,350,698,325) | (14,544,647) | (1,365,242,972) | (756,927,293) | (16,298,774) | (773,226,067) |
| Net surplus attributable to Islamic Takaful policyholders | (8,731,880) | -- | (8,731,880) | (7,217,501) | -- | (7,217,501) |
| Other liabilities | (201,285,828) | (55,766,774) | (257,052,602) | (130,017,757) | (62,144,538) | (192,162,295) |
| Net assets | <u>1,006,539,240</u> | <u>57,281,252</u> | <u>1,063,820,492</u> | <u>993,589,410</u> | <u>70,503,835</u> | <u>1,064,093,245</u> |

DOHA INSURANCE GROUP Q.P.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the nine - month period ended September 30, 2019

15. INVESTMENTS IN ASSOCIATES

The Group has following investment in associates:

| | <i>Country of incorporation</i> | <i>Percentage of ownership</i> | | <i>Principal activity</i> |
|--|-------------------------------------|--------------------------------|------------------------------|-------------------------------|
| | | September 30, 2019 | December 31, 2018 | |
| | | (Reviewed) | (Audited) | |
| Yemeni Qatari Insurance Company | Republic of Yemen | 40% | 40% | Insurance |
| Qatar unified Insurance Bureau W.L.L. | State of Qatar | 25% | 25% | Insurance |

The summarized financial information of the Group's investments in associates are as follows:

| | September 30, 2019 | December 31, 2018 |
|---|-------------------------------|-------------------------------|
| | QR. | QR. |
| | (Reviewed) | (Audited) |
| Share in the associates' statement of financial position: | | |
| Total assets | 15,066,944 | 15,113,355 |
| Total liabilities | (4,794,326) | (5,309,847) |
| Net assets | 10,272,618 | 9,803,508 |
| Additional consideration paid in excess of share in net assets | 6,265,961 | 6,265,961 |
| | 16,538,579 | 16,069,469 |
| | September 30, 2019 | September 30, 2018 |
| | QR. | QR. |
| | (Reviewed) | (Unreviewed) |
| Share in the associates' revenue and results | | |
| Revenues | 853,529 | 91,044 |
| Share of results | 451,415 | (376,719) |

DOHA INSURANCE GROUP Q.P.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

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15. INVESTMENT ASSOCIATES (CONTINUED)

The carrying amounts of these investment are as follows:

| | September 30, 2019 | December 31, 2018 |
|---------------------------------------|-------------------------------|----------------------|
| | QR. | QR. |
| | (Reviewed) | (Audited) |
| Yemeni Qatari Insurance Company | 8,130,902 | 7,552,746 |
| Qatar Unified Insurance Bureau W.L.L. | 8,407,677 | 8,516,723 |
| | <u>16,538,579</u> | <u>16,069,469</u> |

Movements in the investment in associates are as follows:

| | September 30, 2019 | December 31, 2018 |
|--|-------------------------------|----------------------|
| | QR. | QR. |
| | (Reviewed) | (Audited) |
| Net carrying value at the beginning of the period | 16,069,469 | 19,583,559 |
| Equity share in net earnings | 451,415 | (217,863) |
| Cash dividends received | -- | (3,332,238) |
| Share of other comprehensive loss of associate | (72,267) | (31,060) |
| Foreign currency translation difference | 89,962 | 67,071 |
| Net carrying value at the ending of the period | <u>16,538,579</u> | <u>16,069,469</u> |

16. RELATED PARTY DISCLOSURES**Related party transactions**

Related parties represent major shareholders, directors 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.

Related party transactions

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

| | September 30, 2019 (Reviewed) | | December 31, 2018 (Audited) | |
|--------------------|--------------------------------------|-------------------------|-----------------------------|----------------|
| | Premiums | Claims | Premiums | Claims |
| | QR | QR | QR | QR |
| Major shareholders | <u>17,480,416</u> | <u>6,374,154</u> | <u>20,166,608</u> | <u>535,581</u> |

DOHA INSURANCE GROUP Q.P.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the nine - month period ended September 30, 2019

16. RELATED PARTY DISCLOSURES (CONTINUED)

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

| | <u>September 30, 2019 (Reviewed)</u> | | <u>December 31, 2018 (Audited)</u> | |
|--------------------|--------------------------------------|----------------------------|------------------------------------|----------------------------|
| | <u>Receivables</u> | <u>Claims and payables</u> | <u>Receivables</u> | <u>Claims and payables</u> |
| | <u>QR</u> | <u>QR</u> | <u>QR</u> | <u>QR</u> |
| Major shareholders | <u>13,427,003</u> | <u>197,064</u> | <u>5,545,864</u> | <u>1,414,272</u> |

Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

| | <u>September 30,</u> | <u>September 30,</u> |
|-----------------------------------|----------------------|----------------------|
| | <u>2019</u> | <u>2018</u> |
| | <u>QR</u> | <u>QR</u> |
| | <u>(Reviewed)</u> | <u>(Reviewed)</u> |
| Short-term benefits | <u>3,285,000</u> | <u>3,285,000</u> |
| End of service and other benefits | <u>393,750</u> | <u>393,750</u> |
| | <u>3,678,750</u> | <u>3,678,750</u> |

17. CONTINGENCIES AND COMMITMENTS**Guarantees**

At September 30, 2019, the Group had contingent liabilities in respect of tender guarantees and other guarantees from which it is anticipated that no material liabilities will arise, amounting to QR 11,550,624 (December 31, 2018: QR. 6,477,670).

Legal claims

The Group is subject to litigations in the normal course of its business. The Group does not believe that the outcome of these court cases will have a material impact on the Group's income or financial position.

DOHA INSURANCE GROUP Q.P.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the nine - month period ended September 30, 2019

18. FINANCIAL INSTRUMENTS

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique: Level 1: Quoted prices (unadjusted) prices in active markets for identical assets or liabilities that the Group can access at the measurement date; Level 2: Inputs other than quoted prices included within level 1 that are observable for the assets of liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. The following table provides the fair value measurement hierarchy of the Group's financial asset and liabilities at September 30, 2019 and December 31, 2018:

| | September 30, 2019 | Level 1 | Level 2 | Level 3 |
|--------------------------------------|-----------------------|--------------------|-------------------|---------|
| | QR. | QR. | QR. | QR. |
| | (Reviewed) | | | |
| <i>Assets measured at fair value</i> | | | | |
| Investments in financial assets | <u>496,753,140</u> | <u>430,581,885</u> | <u>66,171,255</u> | -- |
| | December 31, 2018 | Level 1 | Level 2 | Level 3 |
| | QR. | QR. | QR. | QR. |
| | (Audited) | | | |
| <i>Assets measured at fair value</i> | | | | |
| Investments in financial assets | <u>512,992,437</u> | <u>442,842,746</u> | <u>70,149,691</u> | -- |

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18. FINANCIAL INSTRUMENTS (CONTINUED)

| | <i>FVTPL</i> | <i>Mandatorily measured as</i> | <i>FVOCI - debt</i> | <i>FVOCI - equity</i> | <i>Amortised cost</i> | <i>Total carrying amount</i> | <i>Fair value</i> |
|--------------------------------------|--------------|--------------------------------|---------------------|-----------------------|-----------------------|------------------------------|----------------------|
| | QR | QR | QR | QR | QR | QR | QR |
| <i>September 30, 2019 (Reviewed)</i> | | | | | | | |
| Cash and bank balances | -- | -- | -- | -- | 396,076,866 | 396,076,866 | 396,076,866 |
| Investments in financial assets | 60,554,847 | 4,859,100 | 50,654,074 | 380,685,119 | 496,753,140 | 496,753,140 | 496,753,140 |
| Reinsurance contract assets | -- | -- | -- | -- | 1,096,727,983 | 1,096,727,983 | 1,096,727,983 |
| Insurance and other receivables | 60,554,847 | 4,859,100 | 50,654,074 | 380,685,119 | 363,409,219 | 363,409,219 | 363,409,219 |
| | | | | | 1,856,214,068 | 2,352,967,208 | 2,352,967,208 |
| Insurance contract liabilities | -- | -- | -- | -- | 1,365,242,972 | 1,365,242,972 | 1,365,242,972 |
| Borrowings | -- | -- | -- | -- | 51,271,414 | 51,271,414 | 51,271,414 |
| | | | | | 1,416,514,386 | 1,416,514,386 | 1,416,514,386 |
| <i>December 31, 2018 (Audited)</i> | | | | | | | |
| Cash and bank balances | -- | -- | -- | -- | 438,304,524 | 438,304,524 | 438,304,524 |
| Investments in financial assets | 67,890,636 | 4,308,000 | 41,661,420 | 399,132,381 | 512,992,436 | 512,992,436 | 512,992,436 |
| Reinsurance contract assets | -- | -- | -- | -- | 509,465,888 | 509,465,888 | 509,465,888 |
| Insurance and other receivables | 67,890,636 | 4,308,000 | 41,661,420 | 399,132,381 | 269,464,373 | 269,464,373 | 269,464,373 |
| | | | | | 1,217,234,785 | 1,730,227,221 | 1,730,227,221 |
| Insurance contract liabilities | -- | -- | -- | -- | 773,226,066 | 773,226,066 | 773,226,066 |
| Borrowings | -- | -- | -- | -- | 56,017,196 | 56,017,196 | 56,017,196 |
| | | | | | 829,243,262 | 829,243,262 | 829,243,262 |

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18. FINANCIAL INSTRUMENTS (CONTINUED)**Fair value measurements**

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Valuation techniques and assumptions applied for the purposes of measuring fair value.

Fair value measurements recognised in the interim condensed consolidated statement of financial position.

Investments in financial assets that are presented in level 1 has active markets, thus, corresponding fair value are determinable while investments presented in level 2 has used net asset valuations and discounted future cash flows based on observable market data.

19. OTHER INFORMATION: DOHA TAKAFUL L.L.C. (ISLAMIC INSURANCE)

The interim condensed statement of financial position and interim condensed statement of profit or loss of the Doha Takaful L.L.C. are presented below:

(i) Interim condensed statement of financial position as at period / year end

| | September 30, 2019 | December 31, 2018 |
|---|-------------------------------|------------------------------|
| | QR | QR |
| | (Reviewed) | (Audited) |
| Policyholder's assets | | |
| Cash on hand | 4,668 | 8,906 |
| Bank balances (Islamic banks) | 59,173,625 | 50,811,152 |
| Reinsurance contract assets | 7,920,681 | 6,417,088 |
| Due from policyholders, insurance and reinsurance companies | 16,910,441 | 14,937,462 |
| Prepayments and other assets | 12,980,916 | 431,236 |
| Total policyholder's assets | 96,990,331 | 72,605,844 |
| Shareholder's assets | | |
| Bank balances | 96,528,656 | 64,139,415 |
| Financial investments FVTPL | 3,350,001 | -- |
| Due from policyholders | 22,446,689 | 11,695,392 |
| Fixed asset, net | 201,769 | 228,246 |
| Other assets | 1,440,289 | 1,132,453 |
| Total shareholder's assets | 123,967,404 | 77,195,506 |
| Total assets | 220,957,735 | 149,801,350 |

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For the nine - month period ended September 30, 2019

**19. OTHER INFORMATION: DOHA TAKAFUL L.L.C. (A ISLAMIC TAKAFUL)
(CONTINUED)**

(i) Interim condensed statement of financial position as at period / year end (continued)

| | September 30, 2019 | December 31, 2018 |
|--|-------------------------------|------------------------------|
| | QR | QR |
| | (Reviewed) | (Audited) |
| Shareholder's equity | | |
| Capital | 110,000,000 | 70,000,000 |
| Legal reserve | 635,044 | 635,044 |
| Retained earnings | 11,146,681 | 5,715,394 |
| Total shareholder's equity | 121,781,725 | 76,350,438 |
| Shareholder's liability | | |
| Accrued expenses | 2,185,679 | 845,068 |
| Total shareholder's equity and liability | 123,967,404 | 77,195,506 |
| Policyholders' funds | | |
| Policyholders' equity | 8,731,880 | 7,217,501 |
| Policyholder Liabilities | | |
| Insurance contract liabilities | 49,715,207 | 44,078,323 |
| Due to shareholders | 22,446,689 | 11,695,392 |
| Provisions, insurance and other payables | 16,096,555 | 9,614,628 |
| Total Policyholder Liabilities | 88,258,451 | 65,388,343 |
| Total policyholder's equity and liabilities | 96,990,331 | 72,605,844 |
| Total policyholder's funds and liabilities and total shareholder's equity and liability | 220,957,735 | 149,801,350 |

(ii) Interim condensed statement of profit or loss for the period

| | Three month period ended September 30, | | Nine month period ended September 30, | |
|--|---|---------------------|--|---------------------|
| | 2019 | 2018 | 2019 | 2018 |
| | QR | QR | QR | QR |
| | (Reviewed) | (Unreviewed) | (Reviewed) | (Unreviewed) |
| Policyholder's revenue and expense | | | | |
| Revenue | | | | |
| Net takaful loss / gain | 284,880 | (84,734) | 1,265,834 | (1,446,490) |
| Other income | 367,682 | 259,125 | 1,140,985 | 734,265 |
| | <u>652,562</u> | <u>174,391</u> | <u>2,406,819</u> | <u>(712,224)</u> |
| Expenses | | | | |
| General and administrative expenses | (288,628) | (275,137) | (892,440) | (607,736) |
| Net surplus for the year transferred to policyholder's fund | 363,934 | (100,747) | 1,514,379 | (1,319,960) |

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For the nine - month period ended September 30, 2019

19. OTHER INFORMATION: DOHA TAKAFUL L.L.C. (A ISLAMIC TAKAFUL) (CONTINUED)**(ii) Interim condensed statement of profit or loss for the period**

| | Three month period ended September 30, | | Nine month period ended September 30 | |
|-------------------------------------|---|----------------------------|---|----------------------------|
| | 2019 QR (Reviewed) | 2018 QR (Unreviewed) | 2019 QR (Reviewed) | 2018 QR (Unreviewed) |
| Revenue | | | | |
| Wakala fees | 3,453,440 | 5,850,627 | 9,952,607 | 8,320,491 |
| Mudarabah fees | 257,378 | 348,406 | 798,690 | 513,986 |
| Investment income | 875,980 | -- | 3,052,144 | -- |
| Other Income | -- | -- | 23,579 | -- |
| | <u>4,586,798</u> | <u>6,199,033</u> | <u>13,827,020</u> | <u>8,834,477</u> |
| Expenses | | | | |
| General and administrative expenses | <u>(2,924,094)</u> | <u>(3,769,261)</u> | <u>(8,395,733)</u> | <u>(3,769,261)</u> |
| Net income to shareholder | <u>1,662,704</u> | <u>2,429,772</u> | <u>5,431,287</u> | <u>5,065,215</u> |