



**AL KHALEEJ TAKAFUL GROUP Q.S.P.C.  
DOHA - QATAR**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS FOR THE SIX MONTH  
PERIOD ENDED JUNE 30, 2016  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REVIEW REPORT**

**AL KHALEEJ TAKAFUL GROUP Q.S.P.C.  
DOHA – QATAR**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS FOR THE SIX MONTH  
PERIOD ENDED JUNE 30, 2016**

**TABLE OF CONTENT**

Independent Auditor’s Review Report	--
	<b><u>Page</u></b>
Statement of Interim Condensed Consolidated Financial Position	1-2
Statement of Interim Condensed Consolidated Profit or Loss	3-4
Statement of Interim Condensed Consolidated Comprehensive Income	5
Statement of Interim Condensed Consolidated Changes in Participants’ Fund	6
Statement of Interim Condensed Consolidated Changes in Shareholders’ Equity	7
Statement of Interim Condensed Consolidated Cash Flows	8
Notes to the Interim Condensed Consolidated Financial Statements	9 - 17

## **INDEPENDENT AUDITOR'S REPORT**

**TO THE BOARD OF DIRECTORS  
AL KHALEEJ TAKAFUL GROUP Q.S.P.C.  
DOHA - QATAR**

### **Introduction**

We have reviewed the accompanying interim condensed consolidated financial statements of Al Khaleej Takaful Group Q.S.P.C. (the "Company") and its subsidiaries (together referred to as the "Group") as at 30 June 2016, comprising of the interim condensed consolidated statement of financial position as at 30 June 2016 and the related interim condensed consolidated statements of income, comprehensive income, changes in participants' fund, changes in shareholders' equity and cash flows for the six-month period then ended and the related explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the accounting policies disclosed in Note 2. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### **Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed 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.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with the accounting policies disclosed in Note 2.

**Rödl & Partner  
Middle East**

**Doha-Qatar  
August 1, 2016**

**Magdy Aboelkhier  
Member of Egyptian Society  
of Accountants and Auditors  
(License No.321)**

**AL KHALEEJ TAKAFUL GROUP Q.S.P.C.**  
**DOHA - QATAR**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2016**

	<u>Notes</u>	<u>June 30, 2016</u>	<u>December 31, 2015</u>
		<u>QR.</u>	<u>QR.</u>
<b>ASSETS</b>		<b>(Reviewed)</b>	<b>(Audited)</b>
<b>Policyholders' assets</b>			
Bank balances and cash		6,190,724	13,758,443
Available-for-sale investments	3	15,355,430	14,528,777
Takaful balances receivable		62,250,191	65,970,075
Retakaful balances receivable		38,553,772	36,022,750
Retakaful share of unearned contributions		66,775,091	67,095,018
Retakaful share of gross outstanding claims		91,408,407	84,375,307
Other receivables and prepayments		65,377,609	46,822,097
Investment property		31,649,160	31,658,452
Property and equipment		673,200	1,772,164
<b>Total policyholders' assets</b>		<b><u>378,233,584</u></b>	<b><u>362,003,083</u></b>
<b>Shareholders' assets</b>			
Bank balances and cash		39,246,710	63,576,232
Time deposits		100,000	100,000
Available-for-sale investments	3	306,134,215	320,454,702
Asset held for sale		21,454,007	21,454,007
Takaful balances receivable		202,349	-
Retakaful balances receivable		2,464,726	3,562,914
Retakaful share of gross outstanding claims		1,657,787	1,778,834
Other receivables and prepayments		3,497,931	8,212,079
Investment property		225,730,022	225,800,638
Property and equipment		13,725,759	14,322,753
Property under development		48,138,320	47,476,550
<b>Total shareholders' assets</b>		<b><u>662,351,826</u></b>	<b><u>706,738,709</u></b>
<b>TOTAL ASSETS</b>		<b><u>1,040,585,410</u></b>	<b><u>1,068,741,792</u></b>

The attached notes 1 to 7 form part of these interim condensed consolidated financial statements.

**AL KHALEEJ TAKAFUL GROUP Q.S.P.C.**  
**DOHA - QATAR**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30,  
2016 (CONTINUED)**

	<b>June 30, 2016</b>	<b>December 31, 2015</b>
<b>SHAREHOLDERS' EQUITY, PARTICIPANTS' FUND AND LIABILITIES</b>	<b>QR. (Reviewed)</b>	<b>QR. (Audited)</b>
<b>Shareholders' equity</b>		
Share capital	255,279,024	255,279,024
Statutory reserve	231,602,641	231,602,641
General reserve	75,477	75,477
Proposed cash dividends	-	25,527,902
Fair value reserve	19,078,485	48,110,372
Retained earnings	24,539,222	9,702,407
<b>Total shareholders' equity</b>	<b>530,574,849</b>	<b>570,297,823</b>
<b>Shareholders' liabilities</b>		
Liability arising from insurance contracts:		
Gross outstanding claims	<b>1,849,494</b>	1,656,761
Islamic bank facilities	93,604,058	95,521,600
Accounts payable and other liabilities	27,521,680	31,095,712
Retakaful and takaful balances payable	2,242,237	1,144,049
Employees' end of service benefits	6,559,508	7,022,764
	<b>129,927,483</b>	134,784,125
<b>Total shareholders' liabilities</b>	<b>131,776,977</b>	<b>136,440,886</b>
<b>Shareholders' equity and liabilities</b>	<b>662,351,826</b>	<b>706,738,709</b>
<b>Participants' fund</b>		
Deficit in participants' fund	(2,314,528)	(8,808,346)
Participants' fair value reserve	6,406,497	5,579,844
	<b>4,091,969</b>	(3,228,502)
<b>Policyholders' liabilities</b>		
Liabilities arising from insurance contracts:		
Unearned contributions	126,697,405	132,828,925
Gross outstanding claims	115,190,162	108,611,473
Claims incurred but not reported	4,069,153	3,657,440
	<b>245,956,720</b>	<b>245,097,838</b>
Accounts payable and other liabilities	78,398,611	88,105,185
Retakaful and takaful balances payable	49,786,284	32,028,562
	<b>128,184,895</b>	<b>120,133,747</b>
<b>Net participants' fund and liabilities</b>	<b>378,233,584</b>	<b>362,003,083</b>
<b>TOTAL SHAREHOLDERS' EQUITY, PARTICIPANTS' FUND AND LIABILITIES</b>	<b>1,040,585,410</b>	<b>1,068,741,792</b>

.....  
Saoud Bin Abdulla Mohd J. Al-Thani  
Chief Executive Officer

.....  
Abdulla Bin Ali Mohamed Al Ansari  
Board Member

The attached notes 1 to 7 form part of these interim condensed consolidated financial statements.

**AL KHALEEJ TAKAFUL GROUP Q.S.P.C.**  
**DOHA - QATAR**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (POLICY HOLDERS)**  
**for the Six Month Period Ended June 30, 2016**

	Note	Three Month Period Ended June		Six Month Period Ended June 30,	
		2016	2015	2016	2015
		QR. (Reviewed)	QR. (Reviewed)	QR. (Reviewed)	QR. (Reviewed)
<b>POLICYHOLDERS' REVENUES AND EXPENSES</b>					
Gross contributions		63,248,864	70,882,143	164,188,005	175,795,159
Retakaful share		(40,130,167)	(38,150,571)	(110,035,220)	(109,177,000)
Retained contributions		<b>23,118,697</b>	<b>32,731,572</b>	<b>54,152,785</b>	<b>66,618,159</b>
Movement in unearned contributions		4,014,017	(1,582,983)	4,916,830	(2,159,078)
Net retained contributions		<b>27,132,714</b>	<b>31,148,589</b>	<b>59,069,615</b>	<b>64,459,081</b>
Retakaful commission and other takaful income		4,761,069	6,127,075	13,053,545	14,518,843
<b>Total takaful revenues</b>		<b>31,893,783</b>	<b>37,275,664</b>	<b>72,123,160</b>	<b>78,977,924</b>
Claims Paid		(31,383,519)	(33,625,244)	(63,064,682)	(75,678,649)
Retakaful share of claims paid		12,635,223	15,243,830	27,106,242	35,679,168
Net claims paid		<b>(18,748,296)</b>	<b>(18,381,414)</b>	<b>(35,958,440)</b>	<b>(39,999,481)</b>
Movement in outstanding claims		1,070,447	(1,485,893)	454,410	(1,190,981)
IBNR		(60,677)	--	(419,356)	(677,334)
Commission and other takaful expenses		(5,771,513)	(6,730,839)	(13,371,505)	(14,876,862)
<b>Total takaful expenses</b>		<b>(23,510,039)</b>	<b>(26,598,176)</b>	<b>(49,294,891)</b>	<b>(56,744,658)</b>
<b>SURPLUS FROM TAKAFUL OPERATIONS</b>	4	<b>8,383,744</b>	<b>10,677,488</b>	<b>22,828,269</b>	<b>22,233,266</b>
Investment income of takaful policyholders		250,946	22,946	626,573	1,632,128
Deposits Income		68,785	--	68,785	--
Rental Property Income		816,000	--	816,000	--
<b>Total Investment and other income</b>		<b>9,519,475</b>	<b>10,700,434</b>	<b>24,339,627</b>	<b>23,865,394</b>
<b>OTHER EXPENSES</b>					
Wakala fees		(7,871,771)	(9,607,438)	(15,925,559)	(18,143,687)
Depreciation		(890,729)	--	(1,108,257)	--
Other expenses		336,340	--	(56,315)	--
Finance cost		--	11,035	--	--
Mudarib Expenses		(600,323)	38,401	(755,678)	(605,271)
<b>Total other expenses</b>		<b>(9,026,483)</b>	<b>(9,558,002)</b>	<b>(17,845,809)</b>	<b>(18,748,958)</b>
<b>SURPLUS (DEFICIT) FOR THE PERIOD</b>					
<b>TRANSFERRED TO PARTICIPANTS' FUND</b>		<b>492,992</b>	<b>1,142,432</b>	<b>6,493,818</b>	<b>5,116,436</b>

The attached notes 1 to 7 form part of these interim condensed consolidated financial statements

**AL KHALEEJ TAKAFUL GROUP Q.S.P.C.**  
**DOHA - QATAR**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (SHAREHOLDERS)**  
**for the Six Month Period Ended June 30, 2016 (Continued)**

	Note	Three Month Period Ended June 30,		Six Month Period Ended June 30,	
		2016 QR.	2015 QR.	2016 QR.	2015 QR.
<b>SHAREHOLDERS' REVENUES AND EXPENSES</b>		<b>(Reviewed)</b>	<b>(Reviewed)</b>	<b>(Reviewed)</b>	<b>(Reviewed)</b>
Claims paid		(221,480)	(395,445)	(330,370)	(395,698)
Retakaful's share of claims paid		--	345,289	107,026	362,841
Net claims paid		(221,480)	(50,156)	(223,344)	(32,857)
Movement in outstanding claims		(736,004)	(60,901)	(313,779)	2,981
<b>Total takaful expenses</b>		<b>(957,484)</b>	<b>(111,057)</b>	<b>(537,123)</b>	<b>(29,876)</b>
<b>(DEFICIT) FROM TAKAFUL OPERATIONS</b>		<b>(957,484)</b>	<b>(111,057)</b>	<b>(537,123)</b>	<b>(29,876)</b>
<b>INVESTMENT AND OTHER INCOME</b>					
Wakala income		7,871,771	9,607,438	15,925,559	--
Mudarib income		600,323	--	755,678	643,672
Income from deposits		14,813	2,678	25,855	15,655
Dividend income		2,515,034	--	14,975,937	--
Net realized gains on sale of available-for-sale investments		921,082	3,440,449	3,482,645	26,695,844
Revenue from sale of property & equipment		--	269	--	269
Revenue from sale of investment properties		--	1,595,325	--	1,595,325
Rent income		1,119,690	1,245,349	2,419,380	3,618,024
Other income		318,041	827,291	318,041	1,108,630
<b>Total investment and other income</b>		<b>13,360,754</b>	<b>16,718,799</b>	<b>37,903,095</b>	<b>51,821,106</b>
<b>EXPENSES</b>					
General and administrative expenses		(7,358,718)	(9,020,276)	(15,353,014)	(17,672,229)
Expense of investment property rental		(1,836,509)	--	(3,291,132)	--
Depreciation		(936,007)	(870,495)	(1,861,109)	(1,692,005)
Finance cost		(1,672,679)	(1,012,546)	(2,023,902)	(2,215,831)
<b>Total expenses</b>		<b>(11,803,913)</b>	<b>(10,903,317)</b>	<b>(22,529,157)</b>	<b>(21,580,065)</b>
<b>SHAREHOLDERS' PROFIT FOR THE PERIOD</b>		<b>599,357</b>	<b>5,704,425</b>	<b>14,836,815</b>	<b>30,211,165</b>
<b>Basic/Diluted Earnings Per Share</b>	5			<b>.58</b>	<b>1.18</b>

The attached notes 1 to 7 form part of these interim condensed consolidated financial statements

**AL KHALEEJ TAKAFUL GROUP Q.S.P.C.  
DOHA - QATAR**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
For the Six Month Period Ended June 30, 2016**

	Three Month Period Ended June 30,		Six Month Period Ended June 30,	
	2016 QR. (Reviewed)	2015 QR. (Reviewed)	2016 QR. (Reviewed)	2015 QR. (Reviewed)
<b>Shareholders' profit for the period</b>	599,357	5,704,425	14,836,815	30,211,165
<b>Other comprehensive income (loss) items</b>				
Net movement in fair value of available-for-sale investments	(19,455,226)	9,536,078	(29,031,887)	(13,076,990)
<b>Total other comprehensive (loss) income</b>	(19,455,226)	9,536,078	(29,031,887)	(13,076,990)
<b>TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD</b>	<b>(18,855,869)</b>	<b>15,240,503</b>	<b>(14,195,072)</b>	<b>17,134,175</b>

The attached notes 1 to 7 form part of these interim condensed consolidated financial statements.



**AL KHALEEJ TAKAFUL GROUP Q.S.P.C.  
DOHA - QATAR**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN PARTICIPANTS' FUNDS  
for the Six Month Period Ended June 30, 2016**

	<b>Participants' fund</b>	<b>Cumulative changes in fair values</b>	<b>Total</b>
	<b>QR.</b>	<b>QR.</b>	<b>QR.</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>	<b>(Reviewed)</b>
<b>Balance as at 1 January 2016</b>	<b>(8,808,346)</b>	<b>5,579,844</b>	<b>(3,228,502)</b>
Surplus for the period	6,493,818	--	6,493,818
Net movement in fair values of available for sale investment	--	826,653	826,653
<b>Balance as at 30 June 2016</b>	<b><u>(2,314,528)</u></b>	<b><u>6,406,497</u></b>	<b><u>4,091,969</u></b>
<b>Balance as at 1 January 2015</b>	<b>(24,243,800)</b>	<b>(54,957)</b>	<b>(24,298,757)</b>
Surplus for the period	5,116,436	--	5,116,436
Net movement in fair values of available for sale investment	--	8,624,565	8,624,565
<b>Balance as at 30 June 2015</b>	<b><u>(19,127,364)</u></b>	<b><u>8,569,608</u></b>	<b><u>(10,557,756)</u></b>

The attached notes 1 to 7 form part of these interim condensed consolidated financial statements.

**AL KHALEEJ TAKAFUL GROUP Q.S.P.C.**  
**DOHA - QATAR**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS'**  
**for the Six Month Period Ended June 30, 2016**

	<i>Share Capital</i>	<i>Statutory Reserve</i>	<i>General Reserve</i>	<i>Proposed Cash Dividends</i>	<i>Cumula change Fair Va</i>
	<i>QR.</i>	<i>QR.</i>	<i>QR.</i>	<i>QR.</i>	<i>QR.</i>
Balance at 1 January 2016	255,279,024	231,602,641	75,477	25,527,902	48,11
Profit attributable to shareholders	--	--	--	--	
Other comprehensive income for the period	--	--	--	--	(29,031
Total comprehensive income for the period	--	--	--	--	(29,031
Cash dividends paid loss	--	--	--	(25,527,902)	
<b>Balance at 30 June 2016</b>	<b>255,279,024</b>	<b>231,602,641</b>	<b>75,477</b>	--	<b>19,07</b>
Balance at 1 January 2015	221,981,760	229,422,376	48,971	33,297,264	143,17
Profit attributable to shareholders	--	--	--	--	
Other comprehensive loss for the period	--	--	--	--	(13,076
Total comprehensive income for the period	--	--	--	--	(13,076
Transfer to share capital	33,2917,264	--	--	--	
Cash dividends paid	--	--	--	(33,297,264)	
<b>Balance at 30 June 2015</b>	<b>255,279,024</b>	<b>229,422,376</b>	<b>48,971</b>	--	<b>130,10</b>

The attached notes 1 to 7 form part of these interim condensed consolidated financial statements.

**AL KHALEEJ TAKAFUL GROUP Q.S.P.C.**  
**DOHA – QATAR**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the Six Month Period Ended June 30, 2016**

	<b>Six Month Period Ended</b>	
	<b>30 June, 2016</b>	<b>30 June, 2015</b>
	<b>QR.</b>	<b>QR.</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>
<b>OPERATING ACTIVITIES</b>		
Participants' surplus for the period	6,493,818	5,116,436
Shareholders' profit for the period	14,836,815	30,211,165
	<b>21,330,633</b>	<b>35,327,601</b>
Adjustment for:		
Movement in unearned contributions (net)	(6,131,520)	2,170,728
Depreciation	2,969,366	1,692,004
Interest income	(94,640)	(15,654)
Net realised gain on sale of available-for-sale investments	(3,482,645)	(15,686,070)
Dividend income	(14,975,937)	(12,641,902)
Rental income	(2,419,380)	(3,618,024)
Mudarib income	(755,678)	(38,401)
Gains from sale of investment property	--	(1,595,325)
Gains from sale of property and equipment	--	(269)
Finance cost	2,023,902	2,215,831
Provision for employees' end of service benefits	507,432	602,887
	<b>(1,028,467)</b>	<b>8,413,406</b>
<b>Net Cash flows (used in) generated from activities</b>		
Takaful and retakaful balances receivable	2,084,701	(9,202,172)
Retakaful's share of gross outstanding claims	(6,912,053)	(6,985,320)
Retakaful's share of unearned contribution	319,927	-
Other receivables and prepayments	(13,841,364)	(40,324,596)
Gross outstanding claims	6,771,422	8,173,318
Claims incurred but not reported	411,713	665,688
Accounts payable and other liabilities	(13,280,606)	(9,496,491)
Retakaful and takaful balances payable	18,855,910	(10,038,985)
Employees' end of service benefits paid	(970,688)	(319,860)
	<b>(7,589,505)</b>	<b>(59,115,012)</b>
<b>Net cash (used in) operating activities</b>		
<b>INVESTING ACTIVITIES</b>		
Net movement in available-for-sale investments	(12,496,982)	(24,716,083)
Net movement in investment properties and property and	(1,193,497)	34,599,371
Capital work-in-progress	(661,770)	(3,868,000)
Interest received	94,640	15,654
Dividend received	14,975,937	12,641,902
Rental income received	2,419,380	3,618,024
Gains from sale of property and equipment	--	269
	<b>3,137,708</b>	<b>22,291,137</b>
<b>Net cash from investing activities</b>		
<b>FINANCING ACTIVITIES</b>		
Net movements in Islamic finance and borrowings	(1,917,542)	62,592,862
Dividend paid	(25,527,902)	(33,297,264)
Finance cost paid	--	(2,215,831)
	<b>(27,445,444)</b>	<b>27,079,767</b>
<b>Net cash (used in)/from financing activities</b>		
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(31,897,241)</b>	<b>(9,744,108)</b>
Cash and cash equivalents at 1 January	77,334,675	46,925,162
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>45,437,434</b>	<b>37,181,054</b>

The attached notes 1 to 7 form part of these interim condensed consolidated financial statements.

**AL KHALEEJ TAKAFUL GROUP Q.S.P.C.**  
**DOHA – QATAR**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**For the six month period ended June 30, 2016**

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**1. LEGAL STATUS AND ACTIVITIES**

Al Khaleej Takaful Group Q.S.P.C. (the “Company”) is a Qatari shareholding company registered and incorporated in the State of Qatar under Emiri Decree No. 53 issued on 21 December 1978 and listed on Qatar Exchange. The Company and its subsidiaries (together referred to as the “Group”) are engaged in the business of insurance, reinsurance, Takaful insurance and real estate investment.

The interim condensed consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. The subsidiaries are as follows:

<u><i>Name of Subsidiary</i></u>	<u><i>Ownership</i></u>	<u><i>Country of incorporation</i></u>	<u><i>Principal Activities</i></u>
Qatar Takaful Co. S.O.C. (QTC)	100%	Qatar	Primarily engaged in activities in accordance with Islamic Sharia’a principles on a non-usury basis in all areas of insurance.
Methaq Investments	100%	Qatar	Primarily engaged in investments.

The interim condensed consolidated financial statements were authorised for issue in accordance with the resolution of the directors on August 1, 2016

**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Basis of preparation**

The interim condensed consolidated financial statements are prepared in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions and the International Accounting Standard (IAS) 34 - *Interim Financial Reporting*. For matters for which no AAOIFI standards exist, the Group applies the relevant International Financial Reporting Standards (IFRS).

The interim condensed consolidated financial statements are presented in Qatari Riyals, which is the functional and presentation currency of the Group.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2015. The results for the six months period ended 30 June 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**For the six month period ended June 30, 2016**

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**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Significant Accounting Policies**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015 except for the new and amended conceptual framework financial accounting standards, which were prepared in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (the "AAOIFI") and applicable provisions of the Qatar Commercial Company's Law No. 11 of 2015. For matters which are not covered by AAOIFI standards, including "Interim Financial Reporting", the Group uses the International Financial Reporting Standards (the "IFRSs").

**a) New Standards And Amendments To The Standards**

The following amendments to standards have been applied by the Group in presentation of these interim condensed consolidated financial statements. The amendments to the below standards did not have any material impact to the Group, but they may result in additional disclosures at year end:

**- Amendments to Standards**

- IFRS 14 Regulatory Deferral Accounts (Effective 1 January 2016).
- Amendments to IFRS 11 Joint Agreements: Accounting for Acquisition of Interests (Effective 1 January 2016).
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (Effective 1 January 2016).
- Amendments to IAS 27: Equity Method in Separate Financial Statements (Effective 1 January 2016).
- Amendments to IAS 1: Disclosure Initiative (Effective 1 January 2016).
- Amendments to IFRS 10, IFRS 12 and IAS 28: Applying the Consolidation Exception (Effective 1 January 2016).
- Annual Improvements 2012 – 2014 Cycle

The adoption of the above did not result in any changes to previously reported net profit or equity of the Group.

**Standards Issued but not yet Effective**

The below mentioned standards, interpretations and amendments to standards are not yet effective.

The Group is currently evaluating the impact of these new standards. The Group will adopt these new standards on the respective effective dates.

- Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses (Effective 1 January 2017).
- Amendments to IAS 7 – Disclosures initiative (Effective 1 January 2017).
- IFRS 9 Financial Instruments (Effective 1 January 2018).
- IFRS 15 Revenue from Contracts with Customers (Effective 1 January 2018).
- IFRS 16 Leases (Effective 1 January 2019).

**AL KHALEEJ TAKAFUL GROUP Q.S.P.C.**  
**DOHA - QATAR**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**For the six month period ended June 30, 2016**

**3. AVAILABLE-FOR-SALE INVESTMENTS**

The carrying amounts of the Group's investments were as follows:

	<b>30 June 2016</b>	<b>31 December 2015</b>
	<b>QR</b>	<b>QR</b>
	<b>(Reviewed)</b>	<b>(Audited)</b>
<b>Policyholders</b>		
<b>Quoted investments</b>		
Local equity shares	12,389,499	11,466,567
Foreign equity shares	890,731	987,010
<b>Unquoted investments</b>		
Local equity shares	1,900,000	1,900,000
Foreign equity shares	175,200	175,200
	<b>15,355,430</b>	<b>14,528,777</b>
<b>Shareholders</b>		
<b>Quoted investments</b>		
Local equity shares	237,834,818	250,842,353
Foreign equity shares	21,353,553	23,294,739
Debt securities	360,855	360,855
<b>Unquoted investments</b>		
Local equity shares	40,452,614	39,824,380
Foreign equity shares	5,786,189	5,786,189
Mutual funds	346,186	346,186
	<b>306,134,215</b>	<b>320,454,702</b>

**4. SEGMENT INFORMATION**

For management purposes, the Group is organized into five business segments, Marine and Aviation, Fire, General Accident, Motor and TakafulInsurance.

Management monitors the operating results of the business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net underwriting results.

Other operations of the Group comprise investment and cash management for the Group's own account. There are no transactions between segments.

**AL KHALEEJ TAKAFUL GROUP Q.S.P.C.**  
**DOHA – QATAR**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**For the six month period ended June 30, 2016**

**4. SEGMENT INFORMATION (Continued)**

The data with respect to segment information is disclosed as follows. The data for the six months period ended 30 June 2016 relates to both the policyholders' and shareholders' operations.

	<b>Marine &amp; Aviation</b>	<b>Fire</b>	<b>General Accident</b>	<b>Motor</b>	<b>Takaful</b>	<b>Total</b>
	<b>June 2016</b>	<b>June 2016</b>	<b>June 2016</b>	<b>June 2016</b>	<b>June 2016</b>	<b>June 2016</b>
	<b>QR</b>	<b>QR</b>	<b>QR</b>	<b>QR</b>	<b>QR</b>	<b>QR</b>
<b>Revenues</b>						
Gross contributions	6,325,248	20,994,402	41,869,709	51,580,746	43,417,900	<b>164,188,005</b>
Retakaful share of gross contributions	(5,736,838)	(20,220,211)	(39,152,142)	(10,489,167)	(34,436,862)	<b>(110,035,220)</b>
Retained contributions	<b>588,410</b>	<b>774,191</b>	<b>2,717,567</b>	<b>41,091,579</b>	<b>8,981,038</b>	<b>54,152,785</b>
Movement in unearned contributions	28,999	(135,404)	31,577	5,302,824	(311,166)	<b>4,916,830</b>
Net retained contributions	<b>617,409</b>	<b>638,787</b>	<b>2,749,144</b>	<b>46,394,403</b>	<b>8,669,872</b>	<b>59,069,615</b>
Retakaful commission and other takaful income	1,313,252	2,682,833	5,583,996	2,868,733	604,731	<b>13,053,545</b>
<b>Total revenue</b>	<b>1,930,661</b>	<b>3,321,620</b>	<b>8,333,140</b>	<b>49,263,136</b>	<b>9,274,603</b>	<b>72,123,160</b>
<b>Expenses</b>						
Claims paid	(1,445,381)	(5,091,558)	(7,747,714)	(36,700,540)	(12,409,859)	<b>(63,395,052)</b>
Retakaful share of claims paid	1,207,818	4,549,138	5,316,928	5,206,136	10,933,248	<b>27,213,268</b>
Net claims	<b>(237,563)</b>	<b>(542,420)</b>	<b>(2,430,786)</b>	<b>(31,494,404)</b>	<b>(1,476,611)</b>	<b>(36,181,784)</b>
Movement in outstanding claims	185,045	(214,056)	853,212	(288,291)	(395,279)	<b>140,631</b>
IBNR	27,388	(34,387)	3,030	(348,452)	(66,935)	<b>(419,356)</b>
Commission and other takaful expenses	(352,788)	(553,655)	(1,381,720)	(5,670,132)	(5,413,210)	<b>(13,371,505)</b>
<b>Total expenses</b>	<b>(377,918)</b>	<b>(1,344,518)</b>	<b>(2,956,264)</b>	<b>(37,801,279)</b>	<b>(7,352,035)</b>	<b>(49,832,014)</b>
<b>Net underwriting results</b>	<b>1,552,743</b>	<b>1,977,102</b>	<b>5,376,877</b>	<b>11,461,857</b>	<b>1,922,568</b>	<b>22,291,146</b>

As the Group's activities are performed on an integrated basis, a segmental analysis of assets and liabilities between these segments would not be meaningful.

**AL KHALEEJ TAKAFUL GROUP Q.S.P.C.**  
**DOHA - QATAR**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**For the six month period ended June 30, 2016**

**4. SEGMENT INFORMATION (Continued)**

The data with respect to segment information is disclosed as follows. The data for the six months period ended 30 June 2016 relates to both the policyholders' and shareholders' operations.

	Marine & Aviation June 2015 QR	Fire June 2015 QR	General Accident June 2015 QR	Motor June 2015 QR	Takaful June 2015 QR	Total June 2015 QR
<b>Revenues</b>						
Gross contributions	6,363,117	19,389,045	48,335,678	68,911,174	32,796,145	175,795,159
Retakaful share of gross contributions	<u>(5,642,497)</u>	<u>(18,712,119)</u>	<u>(45,977,413)</u>	<u>(13,447,562)</u>	<u>(25,397,409)</u>	<u>(109,177,000)</u>
Retained contributions	<b>720,620</b>	<b>676,926</b>	<b>2,358,265</b>	<b>55,463,612</b>	<b>7,398,736</b>	<b>66,618,159</b>
Movement in unearned contributions	<u>(23,517)</u>	<u>(133,919)</u>	<u>578,825</u>	<u>(2,361,585)</u>	<u>(218,882)</u>	<u>(2,159,078)</u>
Net retained contributions	<b>697,103</b>	<b>543,007</b>	<b>2,937,090</b>	<b>53,102,027</b>	<b>7,179,854</b>	<b>64,459,081</b>
Retakaful commission and other takaful income	<u>1,548,945</u>	<u>2,352,842</u>	<u>5,737,851</u>	<u>3,941,120</u>	<u>938,085</u>	<u>14,518,843</u>
<b>Total revenue</b>	<b>2,246,048</b>	<b>2,895,849</b>	<b>8,674,941</b>	<b>57,043,147</b>	<b>8,117,939</b>	<b>78,977,924</b>
<b>Expenses</b>						
Claims paid	(1,131,880)	(2,720,329)	(3,002,990)	(43,273,234)	(25,945,914)	(76,074,347)
Retakaful share of claims paid	<u>1,132,853</u>	<u>2,555,286</u>	<u>2,365,092</u>	<u>6,399,782</u>	<u>23,588,996</u>	<u>36,042,009</u>
Net claims	<b>973</b>	<b>(165,043)</b>	<b>(637,898)</b>	<b>(36,873,452)</b>	<b>(2,356,918)</b>	<b>(40,032,338)</b>
Movement in outstanding claims	(414,407)	(64,111)	(709,638)	87,083	(86,927)	(1,188,000)
IBNR	(59,413)	(10,924)	(39,635)	(542,675)	(24,687)	(677,334)
Commission and other takaful expenses	<u>(402,015)</u>	<u>(516,297)</u>	<u>(1,338,696)</u>	<u>(7,448,026)</u>	<u>(5,171,828)</u>	<u>(14,876,862)</u>
<b>Total expenses</b>	<b>(874,862)</b>	<b>(756,375)</b>	<b>(2,725,867)</b>	<b>(44,777,070)</b>	<b>(7,640,360)</b>	<b>(56,774,534)</b>
<b>Net underwriting results</b>	<b>1,371,186</b>	<b>2,139,474</b>	<b>5,949,074</b>	<b>12,266,077</b>	<b>477,579</b>	<b>22,203,390</b>



**AL KHALEEJ TAKAFUL GROUP Q.S.P.C.**  
**DOHA – QATAR**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**For the six month period ended June 30, 2016**

**4. SEGMENT INFORMATION (Continued)**

Revenues, expenses, assets and liabilities of the Company and its subsidiaries for the six months period ended 30 June are as follows:

*30 June 2015*

As the Group's activities are performed on an integrated basis, a segmental analysis of assets and liabilities between these segments would not be meaningful.

	<i>Al Khaleej Takaful Insurance &amp; Reinsurance Company</i>		<i>Qatar Takaful Company</i>		<i>Methaq Holding Company</i>	<i>Total</i>		<i>Grand Total</i>
	<i>Policyholders</i>	<i>Shareholders</i>	<i>Policyholders</i>	<i>Shareholders</i>	<i>Shareholders</i>	<i>Policyholders</i>	<i>Shareholders</i>	
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	
<b>Revenues</b>								
Gross contributions	163,027,008	1,160,997	--	--	--	163,027,008	1,160,997	164,188,005
Retakaful share of gross contributions	(109,268,584)	(766,636)	--	--	--	(109,268,584)	(766,636)	(110,035,220)
Retained contributions	<b>53,758,424</b>	<b>394,361</b>	--	--	--	<b>53,758,424</b>	<b>394,361</b>	<b>54,152,785</b>
Movement in unearned contributions	4,916,830	-	--	--	--	4,916,830	--	4,916,830
Net retained contributions	<b>58,675,254</b>	<b>394,361</b>	--	--	--	<b>58,675,254</b>	<b>394,361</b>	<b>59,069,615</b>
Retakaful commissions and other takaful income	12,804,301	249,244	--	--	--	12,804,301	249,244	13,053,545
<b>Total takaful revenue</b>	<b>71,479,555</b>	<b>643,605</b>	--	--	--	<b>71,479,555</b>	<b>643,605</b>	<b>72,123,160</b>
<b>Expenses</b>								
Claims paid	(58,725,039)	(4,339,643)	(330,370)	--	--	(59,055,409)	(4,339,643)	(63,395,052)
Retakaful share of claims paid	26,766,707	339,535	107,026	--	--	26,873,733	339,535	27,213,268
Net claims paid	<b>(31,958,332)</b>	<b>(4,000,108)</b>	<b>(223,344)</b>	--	--	<b>(32,181,676)</b>	<b>(4,000,108)</b>	<b>(36,181,784)</b>
Movement in outstanding claims	(1,244,767)	1,699,177	(313,779)	--	--	(1,558,546)	1,699,177	140,631
Net movement in IBNR	(419,356)	--	--	--	--	(419,356)	--	(419,356)
Commission and other takaful expenses	(13,325,450)	(46,055)	--	--	--	(13,325,450)	(46,055)	(13,371,505)
<b>Total takaful expenses</b>	<b>(46,947,905)</b>	<b>(2,346,986)</b>	<b>(537,123)</b>	--	--	<b>(47,485,028)</b>	<b>(2,346,986)</b>	<b>(49,832,014)</b>
<b>Net underwriting results</b>	<b>24,531,650</b>	<b>(1,703,381)</b>	<b>(537,123)</b>	--	--	<b>23,994,527</b>	<b>(1,703,381)</b>	<b>22,291,146</b>

**AL KHALEEJ TAKAFUL GROUP Q.S.P.C.**  
**DOHA – QATAR**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**For the six month period ended June 30, 2016**

**4. SEGMENT INFORMATION (Continued)**

	<i>30 June 2015</i>							<i>Grand Total</i>
	<i>Al Khaleej Takaful Insurance &amp; Reinsurance Company</i>		<i>Qatar Takaful Company</i>		<i>Methaq Investments</i>	<i>Total</i>		
	<i>Policyholders</i>	<i>Shareholders</i>	<i>Policyholders</i>	<i>Shareholders</i>	<i>Shareholders</i>	<i>Policyholders</i>	<i>Shareholders</i>	
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	
<b>Revenues</b>								
Gross contributions	174,483,968	--	1,311,191	--	--	175,795,159	--	175,795,159
Retakaful share of gross contributions	(108,067,541)	--	(1,109,459)	--	--	(109,177,000)	--	(109,177,000)
Retained contributions	66,416,427	--	201,732	--	--	66,618,159	--	66,618,159
Movement in unearned contributions	(6,363,056)	--	4,203,978	--	--	(2,159,078)	--	(2,159,078)
Net retained contributions	<b>60,053,371</b>	--	<b>4,405,710</b>	--	--	<b>64,459,081</b>	--	<b>64,459,081</b>
Retakaful commissions and other takaful income	13,979,816	--	539,027	--	--	14,518,843	--	14,518,843
<b>Total takaful revenue</b>	<b>74,033,187</b>	--	<b>4,944,737</b>	--	--	<b>78,977,924</b>	--	<b>78,977,924</b>
<b>Expenses</b>								
Claims paid	(65,568,593)	(395,698)	(10,110,056)	--	--	(75,678,649)	(395,698)	(76,074,347)
Retakaful share of claims paid	34,009,414	362,841	1,669,754	--	--	35,679,168	362,841	36,042,009
Net claims paid	<b>(31,559,179)</b>	<b>(32,857)</b>	<b>(8,440,302)</b>	--	--	<b>(39,999,481)</b>	<b>(32,857)</b>	<b>(40,032,338)</b>
Movement in outstanding claims	(2,343,967)	2,981	1,152,986	--	--	(1,190,981)	2,981	(1,188,000)
Net movement in IBNR	(677,334)	--	--	--	--	(677,334)	--	(677,334)
Commission and other takaful expenses	(14,452,755)	--	(424,107)	--	--	(14,876,862)	--	(14,876,862)
<b>Total takaful expenses</b>	<b>(49,033,235)</b>	<b>(29,876)</b>	<b>(7,711,423)</b>	--	--	<b>(56,744,658)</b>	<b>(29,876)</b>	<b>(56,774,534)</b>
<b>Net underwriting results</b>	<b>24,999,952</b>	<b>(29,876)</b>	<b>(2,766,686)</b>	--	--	<b>22,233,266</b>	<b>(29,876)</b>	<b>22,203,390</b>

**AL KHALEEJ TAKAFUL GROUP Q.S.P.C.**  
**DOHA – QATAR**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**For the six month period ended June 30, 2016**

**4. SEGMENT INFORMATION (Continued)**

	<i>30 June 2016</i>				<i>31 December 2015</i>			
	<i>Al Khaleej Takaful Insurance &amp; Reinsurance Company QR.</i>	<i>Qatar Takaful Company QR.</i>	<i>Methaq Investments QR.</i>	<i>Total QR.</i>	<i>Al Khaleej Takaful Insurance &amp; Reinsurance Company QR.</i>	<i>Qatar Takaful Company QR.</i>	<i>Methaq Investments QR.</i>	<i>Total QR.</i>
<b>Assets</b>								
Total assets	<b>617,356,651</b>	<b>49,359,239</b>	<b>373,869,520</b>	<b>1,040,585,410</b>	638,113,932	58,144,461	372,483,399	1,068,741,792
<b>Liabilities</b>								
Insurance funds	358,868,359	44,472,910	--	403,341,269	349,741,958	47,049,021	--	396,790,979
Net deficit (surplus) attributable to Takaful policyholders	1,118,502	2,973,467	--	4,091,969	(8,869,148)	5,862,945	--	(3,006,203)
Liabilities (other than insurance funds)	6,365,547	--	96,211,776	102,577,323	6,816,436	--	97,842,757	104,659,193
<b>Total Liabilities</b>	<b>366,352,408</b>	<b>47,446,377</b>	<b>96,211,776</b>	<b>510,010,561</b>	347,689,246	52,911,966	97,842,757	498,443,969
<b>Net assets</b>	<b>251,004,243</b>	<b>1,912,862</b>	<b>277,657,744</b>	<b>530,574,849</b>	290,424,686	5,232,495	274,640,642	570,297,823

**AL KHALEEJ TAKAFUL GROUP Q.S.P.C.**  
**DOHA - QATAR**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**For the six month period ended June 30, 2016**

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**5. EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period.

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
	<u>(Reviewed)</u>	<u>(Reviewed)</u>
Profit for the period attributable to the shareholders (QR.)	<u>14,836,815</u>	<u>30,211,165</u>
Number of shares	<u>25,527,902</u>	<u>25,527,902</u>
<b>Basic/Diluted earnings per share (QR.)</b>	<b><u>.58</u></b>	<b><u>1.18</u></b>

There were no potentially dilutive shares outstanding at any time during the period. Therefore, the diluted earnings per share are equal to the basic earnings per share.

**6. QATAR TAKAFUL COMPANY S.P.C**

According to the decision of Qatar Central bank governor no (1) of 2014, the insurance policies of properties and responsibilities including all rights and all of its obligations should be transferred from Qatar Takaful company to Al Khaleej Takaful Group company.

The required procedures are in process and in accordance with the plan submitted by the company to the Central Bank of Qatar.

**7. COMPARATIVE INFORMATION**

Certain prior year figures have been reclassified to conform to current period's presentation. The changes have been made to improve the quality of information presented and does not affect the previously reported net profit or equity.