

**AL KHALEEJ TAKAFUL INSURANCE COMPANY Q.P.S.C.
(FORMERLY AL KHALEEJ TAKAFUL GROUP)
DOHA - QATAR**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS AS AT AND
FOR THE NINE MONTH
PERIOD ENDED SEPTEMBER 30, 2017
TOGETHER WITH
INDEPENDENT AUDITOR'S REVIEW REPORT**

**AL KHALEEJ TAKAFUL INSURANCE COMPANY Q.P.S.C.
(FORMERLY AL KHALEEJ TAKAFUL GROUP)
DOHA - QATAR**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS AS AT AND
FOR THE NINE MONTH
PERIOD ENDED SEPTEMBER 30, 2017**

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

**TO THE BOARD OF DIRECTORS
AL KHALEEJ TAKAFUL INSURANCE COMPANY Q.P.S.C.**

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Al Khaleej Takaful Insurance Q.P.S.C. (the "Company") and its subsidiaries (together referred to as the "Group") as at and for the nine month period ended 30 September 2017, comprising of the interim consolidated statement of financial position as at 30 September 2017 and the related interim consolidated statement of profit or loss, interim consolidated statement of comprehensive income, interim consolidated statement of changes in participants' fund, interim consolidated statement of changes in shareholders' equity and interim consolidated statement of cash flows for the nine month period then ended and the related explanatory notes.

The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the financial accounting standards issued by the accounting and auditing organization for Islamic Financial institutions (AAOIFI) and IAS 34 "Interim Financial Reporting ". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with 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 the auditing standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions. 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 financial accounting standards issued by the accounting and auditing organization for Islamic Financial institutions (AAOIFI) and IAS 34 "Interim Financial Reporting ".

Other matters

The interim condensed consolidated financial statements for the period ended September 30, 2016 have been prepared by the management and were not audited or reviewed.

**Rödl & Partner
Certified Public Accountants**


Hikmat Mukhaimer, FCCA (UK)

License No.297

QFMA Registration Auditor's No. 120151



**Doha-Qatar
October 26, 2017**

AL KHALEEJ TAKAFUL INSURANCE COMPANY Q.P.S.C.
DOHA - QATAR

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2017

	<u>Note</u>	<u>September 30,</u> <u>2017</u> <u>QR.</u> <u>(Reviewed)</u>	<u>December 31,</u> <u>2016</u> <u>QR.</u> <u>(Audited)</u>
ASSETS			
Policyholders' assets			
Bank balances and cash		2,742,974	4,693,655
Investments classified at fair value through equity	3	18,616,099	20,460,680
Takaful balances receivable		60,819,178	50,899,071
Retakaful balances receivable		54,183,416	45,410,329
Retakaful share of unearned contributions		66,128,850	66,861,602
Retakaful share of gross outstanding claims		88,085,749	89,687,233
Other receivables and prepayments		51,181,883	69,247,346
Investment property		30,366,350	31,100,274
Property and equipment		757,350	1,009,800
Total policyholders' assets		<u>372,881,849</u>	<u>379,369,990</u>
Shareholders' assets			
Bank balances and cash		33,467,182	50,096,736
Time deposits		100,000	100,000
Investments classified at fair value through equity	3	255,823,073	308,851,286
Asset held for sale		21,454,007	21,454,007
Investment in associate		6,870,000	6,870,000
Takaful balances receivable		370,118	705,900
Retakaful balances receivable		384,821	384,821
Retakaful share of gross outstanding claims		1,613,823	1,617,439
Other receivables and prepayments		26,061,190	19,733,214
Investment property		225,873,542	225,082,937
Property and equipment		11,522,611	12,843,420
Property under development		47,740,961	46,909,235
Total shareholders' assets		<u>631,281,328</u>	<u>694,648,995</u>
TOTAL ASSETS		<u>1,004,163,177</u>	<u>1,074,018,985</u>

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

AL KHALEEJ TAKAFUL INSURANCE COMPANY Q.P.S.C.
DOHA - QATAR

**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
SEPTEMBER 30, 2017 (CONTINUED)**

	September 30, 2017 QR. (Reviewed)	December 31, 2016 QR. (Audited)
SHAREHOLDERS' EQUITY, PARTICIPANTS' FUND AND LIABILITIES		
Shareholders' equity		
Share capital	255,279,024	255,279,024
Legal reserve	232,931,770	232,931,770
General reserve	75,477	75,477
Proposed cash dividends	--	15,316,741
Fair value reserve	(11,703,350)	31,326,979
Retained earnings	21,419,279	4,786,403
Total shareholders' equity	498,002,200	539,716,394
Shareholders' liabilities		
Liability arising from takaful contracts:		
Gross outstanding claims	1,411,152	1,414,780
Islamic bank facilities	78,116,779	90,788,036
Accounts payable and other liabilities	47,230,462	55,522,782
Retakaful and takaful balances payable	372,668	372,668
Employees' end of service benefits	6,148,067	6,834,335
Total shareholders' liabilities	131,867,976	153,517,821
	133,279,128	154,932,601
Shareholders' equity and liabilities	631,281,328	694,648,995
Participants' fund		
Surplus in participants' fund	23,848,452	8,562,036
Fair value reserve	4,689,455	6,037,954
	28,537,907	14,599,990
Policyholders' liabilities		
Liabilities arising from takaful contracts:		
Unearned contributions	117,561,152	118,552,916
Gross outstanding claims	106,266,012	112,289,796
Claims incurred but not reported	3,510,539	4,116,998
	227,337,703	234,959,710
Accounts payable and other liabilities	60,955,789	74,388,723
Retakaful and takaful balances payable	56,050,450	55,421,567
Total policyholders' liabilities	117,006,239	129,810,290
Participants' fund and policy holders liabilities	372,881,849	379,369,990
TOTAL SHAREHOLDERS' EQUITY, PARTICIPANTS' FUND AND LIABILITIES	1,004,163,177	1,074,018,985



 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 INSURANCE COMPANY Q.P.S.C.
DOHA - QATAR

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (POLICY HOLDERS)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2017

	Note	Three Month period ended September 30,		Nine Month period ended September 30,	
		2017	2016	2017	2016
		QR. (Reviewed)	QR. (Un audited) (Un reviewed)	QR. (Reviewed)	QR. (Un audited) (Un reviewed)
POLICYHOLDERS' REVENUES AND EXPENSES					
Gross contributions		63,169,548	62,717,657	223,143,660	226,905,662
Retakaful share		(38,774,509)	(39,379,694)	(148,005,447)	(149,414,914)
Retained contributions		24,395,039	23,337,963	75,138,213	77,490,748
Movement in unearned contributions		(706,170)	4,773,466	(572,026)	9,690,296
Net retained contributions		23,688,869	28,111,429	74,566,187	87,181,044
Retakaful commission and other takaful income		7,503,883	4,013,606	21,007,998	17,067,151
Change in deferred commissions		(1,059,785)	--	(1,569,867)	--
Total takaful revenues		30,132,967	32,125,035	94,004,318	104,248,195
Claims Paid		(25,895,241)	(31,460,760)	(88,262,037)	(94,525,442)
Retakaful share of claims paid		13,640,697	18,259,278	48,539,680	45,365,520
Net claims paid		(12,254,544)	(13,201,482)	(39,722,357)	(49,159,922)
Movement in outstanding claims		3,894,343	(940,745)	4,422,301	(486,335)
Movement in IBNR		497,089	(225,350)	548,206	(644,706)
Commission and other takaful expenses		(5,068,509)	(4,982,386)	(15,594,565)	(18,253,891)
Total takaful expenses		(12,931,621)	(19,349,963)	(50,346,415)	(68,544,854)
SURPLUS FROM TAKAFUL OPERATIONS	4	17,201,346	12,775,072	43,657,903	35,703,341
Investment income of takaful policyholders		123,574	(48,187)	998,875	578,386
Income from deposits		49,794	86,539	168,189	155,324
Rental income		612,000	612,000	1,836,000	1,428,000
Total policy holders revenues		17,986,714	13,425,424	46,660,967	37,865,051
OTHER EXPENSES					
Wakala fees		(8,179,366)	(7,049,517)	(28,084,968)	(22,975,076)
Depreciation		(331,480)	(556,519)	(986,374)	(1,664,776)
Other expenses		(137,876)	(61)	(224,749)	(56,376)
Mudarib Expenses		(549,757)	(325,177)	(2,102,145)	(1,080,855)
Total other expenses		(9,198,479)	(7,931,274)	(31,398,236)	(25,777,083)
SURPLUS FOR THE PERIOD TRANSFERRED TO PARTICIPANTS' FUND		8,788,235	5,494,150	15,262,731	12,087,968

The accompanying notes 1 to 7 form part of these interim condensed consolidated financial statement

AL KHALEEJ TAKAFUL INSURANCE COMPANY Q.P.S.C.
DOHA - QATAR
INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (SHAREHOLDERS)
FOR THE NINE MONTH PERIOD ENDED SPETEMBER 30, 2017

	Not	Three Month Period Ended September 30,		Nine Month Period Ended September 30,	
		2017 QR. (Reviewed)	2016 QR. (Un audited) (Un reviewed)	2017 QR. (Reviewed)	2016 QR. (Un audited) (Un reviewed)
SHAREHOLDERS' REVENUES AND EXPENSES					
Claims paid		(81,814)	(10,140)	(81,814)	(340,510)
Retakaful's share of claims paid		3,714	10,572	3,714	117,598
Net claims paid		(78,100)	432	(78,100)	(222,912)
Movement in outstanding claims		--	34	--	(313,745)
Total takaful expenses (DEFICIT) SURPLUS FROM TAKAFUL OPERATIONS	4	(78,100)	466	(78,100)	(536,657)
INVESTMENT AND OTHER INCOME					
Wakala income		8,179,366	7,049,517	28,084,968	22,975,076
Mudarib income		549,757	325,177	2,102,145	1,080,855
Income from deposits		1,417	8,707	13,265	34,562
Dividend income		446,775	3,374,974	12,638,763	18,350,911
Net realized gains on sale of investment classified at fair value through equity		6,377,975	509,067	9,485,777	3,991,712
Gain on disposal of investment property		--	--	200,000	--
Rental income		856,940	1,229,690	2,963,570	3,649,070
Other Income		301,363	(197,229)	397,749	120,812
Gain on disposal of property and equipment		30,395	--	30,395	--
Total shareholders' revenue		16,743,988	12,299,903	55,916,632	50,202,998
EXPENSES					
General and administrative expenses		(5,959,639)	(6,422,648)	(19,842,512)	(21,775,662)
Depreciation		(867,371)	(948,421)	(2,867,563)	(2,809,530)
Finance cost		(1,069,803)	(1,052,854)	(3,246,937)	(3,076,756)
Impairment loss on investment classified at fair value through equity		--	--	(2,186,974)	--
Operating lease expense		(8,590,664)	(111,998)	(11,061,670)	(3,403,130)
Total expenses		(16,487,477)	(8,535,921)	(39,205,656)	(31,065,078)
SHAREHOLDERS' PROFIT FOR THE PERIOD		178,411	3,764,448	16,632,876	18,601,263
Basic/Diluted Earnings Per Share	5			0.65	0.73

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

AL KHALEEJ TAKAFUL INSURANCE COMPANY Q.P.S.C.
DOHA - QATAR

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2017

	Three Month Period Ended		Nine Month Period Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
	QR.	QR.	QR.	QR.
	(Reviewed)	(Un audited) (Un reviewed)	(Reviewed)	(Un audited) (Un reviewed)
Shareholders' profit for the period	178,411	3,764,448	16,632,876	18,601,263
Other comprehensive income				
Net change in fair value of investments classified at fair value through equity	<u>(16,870,346)</u>	<u>1,350,721</u>	<u>(43,030,329)</u>	<u>(27,681,166)</u>
Total other comprehensive (loss) income for the period	<u>(16,870,346)</u>	<u>1,350,721</u>	<u>(43,030,329)</u>	<u>(27,681,166)</u>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	<u>(16,691,935)</u>	<u>5,115,169</u>	<u>(26,397,453)</u>	<u>(9,079,903)</u>

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

AL KHALEEJ TAKAFUL INSURANCE COMPANY Q.P.S.C.
DOHA - QATAR

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN PARTICIPANTS' FUNDS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2017

	Surplus in Participants' fund	Fair Value Reserve	Total
	QR.	QR.	QR.
	(Reviewed)	(Reviewed)	(Reviewed)
Balance as at 1 January 2017	8,562,036	6,037,954	14,599,990
Surplus for the period	15,262,731	--	15,262,731
Net change in fair value of investments classified at fair value through equity	--	(1,348,499)	(1,348,499)
Transferred from previous years distributions not received from policyholders	23,685	--	23,685
Balance as at 30 September 2017 (Reviewed)	<u>23,848,452</u>	<u>4,689,455</u>	<u>28,537,907</u>
Balance as at 1 January 2016	(8,808,346)	5,579,844	(3,228,502)
Surplus for the period	12,087,968	--	12,087,968
Net change in fair value of investments classified at fair value through equity	--	(396,420)	(396,420)
Balance as at 30 September 2016 (Un audited) (Un reviewed)	<u>3,279,622</u>	<u>5,183,424</u>	<u>8,463,046</u>

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

AL KHALEEJ TAKAFUL INSURANCE COMPANY Q.P.S.C.
DOHA - QATAR

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2017

	Share Capital	Legal Reserve	General Reserve	Proposed		Fair		Retained Earnings	Total
				Cash Dividends	Value Reserve	QR.	QR.		
Balance at 1 January 2017	255,279,024	232,931,770	75,477	15,316,741	31,326,979	4,786,403	539,716,394		
Shareholders' profit for the period	--	--	--	--	--	16,632,876	16,632,876		
Other Comprehensive loss for the period	--	--	--	--	(43,030,329)	--	(43,030,329)		
Total comprehensive loss for the period	--	--	--	--	(43,030,329)	16,632,876	(26,397,453)		
Cash dividends paid	--	--	--	(15,316,741)	--	--	(15,316,741)		
Balance at 30 September 2017 (Reviewed)	255,279,024	232,931,770	75,477	--	(11,703,350)	21,419,279	498,002,200		
Balance at 1 January 2016	255,279,024	231,602,641	75,477	25,527,902	48,110,372	9,702,407	570,297,823		
Shareholders' profit for the period	--	--	--	--	--	18,601,263	18,601,263		
Other Comprehensive loss for the period	--	--	--	--	(27,681,166)	--	(27,681,166)		
Total comprehensive loss for the period	--	--	--	--	(27,681,166)	18,601,263	(9,079,903)		
Cash dividends paid	--	--	--	(25,527,902)	--	--	(25,527,902)		
Balance as at 30 September 2016 (Un audited) (Un reviewed)	255,279,024	231,602,641	75,477	--	20,429,206	28,303,670	535,690,018		

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

AL KHALEEJ TAKAFUL INSURANCE COMPANY Q.P.S.C.
DOHA - QATAR

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2017

	Nine Month Period Ended	
	September 30,	
	2017	2016
	QR.	QR.
	(Reviewed)	(Un audited) (Un reviewed)
OPERATING ACTIVITIES		
Participants' surplus for the period	15,262,731	12,087,968
Shareholders' profit for the period	16,632,876	18,601,263
	31,895,607	30,689,231
Adjustment for:		
Adjustment on participant surplus	23,685	--
Depreciation	3,853,937	4,474,306
Income from Deposits	(181,454)	(189,886)
Dividend income	(12,638,763)	(18,350,911)
Rental income	(4,799,570)	(5,077,070)
Gain on sale of property and equipment	(30,395)	--
Provision for employees' end of service benefits	550,712	668,686
Net Operating profit before changes in working capital	18,673,759	12,214,356
Takaful balances receivable	(9,584,325)	5,801,362
Retakaful balances receivable	(8,773,087)	(12,348,105)
Retakaful's share of unearned contribution	732,752	6,137,173
Retakaful's share of gross outstanding claims	1,605,100	(2,734,301)
Other receivables and prepayments	11,737,487	(8,223,196)
Total outstanding claims	(6,027,412)	3,533,262
Unearned contribution	(991,764)	(17,340,265)
Claims incurred but not reported	(606,459)	637,061
Accounts payable and other liabilities	(21,725,254)	(13,437,495)
Retakaful and takaful balances payable	628,883	18,898,136
Cash (used in) operating activities	(14,330,320)	(6,862,012)
Employees' end of service benefits paid	(1,236,980)	(1,030,765)
Net cash (used in) operating activities	(15,567,300)	(7,892,777)
INVESTING ACTIVITIES		
Movement in investments classified at fair value through equity	10,493,966	(31,829,106)
Purchase of investment property	(1,986,931)	(569,433)
Property under development	(831,726)	937,650
Proceeds from disposal of property and equipment	32,500	--
Income from deposits received	181,454	189,886
Dividends income received	12,638,763	18,350,911
Rental income (loss)	4,799,570	5,077,070
Purchase of property and equipment	(352,533)	(656,846)
Net cash from (used in) investing activities	24,975,063	(8,499,868)
FINANCING ACTIVITIES		
Net Movements in Islamic bank facilities	(12,671,257)	(3,320,430)
Dividend paid	(15,316,741)	(25,527,902)
Net cash (used in) financing activities	(27,987,998)	(28,848,332)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(18,580,235)	(45,240,977)
Cash and cash equivalents at 1 January	54,790,391	77,334,675
CASH AND CASH EQUIVALENTS AT 30 September	36,210,156	32,093,698

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

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2017**

1. LEGAL STATUS AND ACTIVITIES

Al Khaleej Takaful Insurance Company (Formerly Al Khaleej Takaful Group) Q.P.S.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 Takaful insurance and retakaful, and real estate investment.

As per extraordinary general meeting held at 5th of April 2017, the decision has been approved to change the name of the company from Al khaleej Takaful Group to Al khaleej Takaful Insurance Company and the commercial registration of the company was updated and The official procedures for updating the company’s information in the governmental and supervisory authorities have been finished.

<u>Name of Subsidiary</u>	<u>Ownership</u>	<u>Country of incorporation</u>	<u>Principal Activities</u>
Qatar Takaful Co. W.L.L.	100%	Qatar	Primarily engaged in activities in accordance with Islamic Sharia’a principles on a non-usury basis in all areas of takaful insurance.
Mithaq Investments W.L.L.	100%	Qatar	Primarily engaged in investments.

The interim condensed consolidated financial statements were approved from board of directors at October 26, 2017

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 2016. The results for the Nine months period ended 30 of September 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2017**

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 2016 except for the new and amended conceptual framework financial accounting standards effectively dated for the periods started from 1 January 2017, 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").

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 of September 2017.

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

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

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

AL KHALEEJ TAKAFUL INSURANCE COMPANY Q.P.S.C.
DOHA - QATAR

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2017

3. INVESTMENTS CLASSIFIED AT FAIR VALUE THROUGH EQUITY

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

	September 30, 2017	December 31, 2016
	QR	QR
	(Reviewed)	(Audited)
Policyholders		
Quoted investments		
Local equity shares	10,445,484	12,008,184
Foreign equity shares	1,117,704	903,504
Unquoted investments		
Local equity shares	1,900,000	1,900,000
Foreign equity shares	5,152,911	5,648,992
	18,616,099	20,460,680
Shareholders		
Quoted investments		
Local equity shares	161,619,010	228,374,057
Foreign equity shares	1,658,034	1,266,083
Debt securities	360,855	360,855
Unquoted investments		
Local equity shares	62,961,602	52,645,666
Foreign equity shares	28,877,386	25,858,439
Mutual funds	346,186	346,186
	255,823,073	308,851,286

4. SEGMENT INFORMATION

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

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.

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4. SEGMENT INFORMATION (Continued)

The data with respect to segment information is disclosed as follows. The data for the Nine months period ended September 30, 2017 relates to both the policyholders' and shareholders' operations.

	Marine & Aviation		Fire		General accident + Energy+ Eng.		Motor		Takaful + Medical		Total	
	September 2017	QR	September 2017	QR	September 2017	QR	September 2017	QR	September 2017	QR	September 2017	QR
Revenue												
Gross contributions	7,160,055		32,351,295		51,316,906		68,394,645		63,920,759		223,143,660	
Retakaful share of gross contributions	(6,379,067)		(29,581,492)		(46,288,613)		(11,830,382)		(53,925,893)		(148,005,447)	
Retained contributions	780,988		2,769,803		5,028,293		56,564,263		9,994,866		75,138,213	
Movement in unearned contributions	43,513		(403,908)		(805,765)		(584,452)		1,178,586		(572,026)	
Net retained contributions	824,501		2,365,895		4,222,528		55,979,811		11,173,452		74,566,187	
Retakaful commission and other takaful income	3,212,901		4,676,245		8,140,693		3,795,660		1,182,499		21,007,998	
Change in deferred commission	(443,852)		(194,981)		163,619		(243,384)		(851,269)		(1,569,867)	
Total revenue	3,593,550		6,847,159		12,526,840		59,532,087		11,504,682		94,004,318	
Expenses												
Claims paid	(1,034,530)		(10,002,118)		(13,399,055)		(41,698,746)		(22,209,402)		(88,343,851)	
Retakaful share of claims paid	964,475		8,942,809		13,773,823		5,738,843		19,123,444		48,543,394	
Net claims paid	(70,055)		(1,059,309)		374,768		(35,959,903)		(3,085,958)		(39,800,457)	
Movement in outstanding claims	121,223		1,085,152		(511,195)		3,542,016		185,105		4,422,301	
Movement in IBNR	17,745		162,774		(133,129)		531,303		(30,487)		548,206	
Commission and other takaful expenses	(331,946)		(799,899)		(2,199,611)		(6,766,451)		(5,496,658)		(15,594,565)	
Total expenses	(263,033)		(611,282)		(2,469,167)		(38,653,035)		(8,427,998)		(50,424,515)	
Surplus from takaful operations	3,330,517		6,235,877		10,057,673		20,879,052		3,076,684		43,579,803	

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.

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4. SEGMENT INFORMATION (Continued)

	Marine & Aviation	Fire	General accident + Energy+ Eng.	Motor	Takaful + Medical	Total
	September 2016 QR	September 2016 QR	September 2016 QR	September 2016 QR	September 2016 QR	September 2016 QR
Revenue						
Gross contributions	8,454,544	30,173,273	56,417,466	69,016,583	62,843,796	226,905,662
Retakaful share of gross contributions	(7,535,817)	(28,806,418)	(52,631,292)	(14,356,249)	(46,085,138)	(149,414,914)
Retained contributions	918,727	1,366,855	3,786,174	54,660,334	16,758,658	77,490,748
Movement in unearned contributions	(967)	(248,667)	322,855	9,504,352	112,723	9,690,296
Net retained contributions	917,760	1,118,188	4,109,029	64,164,686	16,871,381	87,181,044
Retakaful commission and other takaful income	1,762,407	3,820,221	7,084,800	3,791,292	608,431	17,067,151
Total revenue	2,680,167	4,938,409	11,193,829	67,955,978	17,479,812	104,248,195
Expenses						
Claims paid	(1,834,173)	(10,654,331)	(9,392,565)	(50,492,597)	(22,492,286)	(94,865,952)
Retakaful share of claims paid	1,512,188	10,122,873	6,928,166	6,772,638	20,147,253	45,483,118
Net claims	(321,985)	(531,458)	(2,464,399)	(43,719,959)	(2,345,033)	(49,382,834)
Movement in outstanding claims	179,250	(1,146,521)	760,583	(608,249)	14,857	(800,080)
Movement in IBNR	26,518	(174,426)	(18,199)	(473,185)	(5,414)	(644,706)
Commission and other takaful expenses	(503,305)	(849,689)	(1,870,313)	(7,404,533)	(7,626,051)	(18,253,891)
Total expenses	(619,522)	(2,702,094)	(3,592,328)	(52,205,926)	(9,961,641)	(69,081,511)
Surplus from takaful operations	2,060,645	2,236,315	7,601,501	15,750,052	7,518,171	35,166,684

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.

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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.

	September 30,	
	2017	2016
	(Reviewed)	(Un audited) (Un reviewed)
Profit for the period attributable to the shareholders (QR.)	16,632,876	18,601,263
Number of shares	25,527,902	25,527,902
Basic/Diluted earnings per share (QR.)	0.65	0.73

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 W.L.L.

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

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

7. COMPARATIVE FIGURES

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