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

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2020

Financial Statements approved by the BOD – subject to QCB approval

AL KHALEEJ TAKAFUL INSURANCE COMPANY Q.P.S.C.

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR’S REPORT

For the year ended December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders
Al Khaleej Takaful Insurance Company Q.P.S.C.
Doha - Qatar

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Al Khaleej Takaful Insurance Company Q.P.S.C. (the "Company") and its subsidiaries (together the "Group"). which comprise the consolidated statement of financial position as at 31 December 2020 and the consolidated statement of policyholders' revenues and expenses, consolidated statement of policyholders' surplus, consolidated income statement, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Financial Accounting Standards ("FAS") issued by Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI").

Basis for Qualified Opinion

Other receivables and prepayments, which are carried in the statement of financial position at QAR 142.77 million, include a receivable of QAR 116 million. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of the aforementioned receivable because we could not verify management's assertion that this receivable was recoverable. Consequently, we were unable to determine whether any adjustments to this amount were necessary.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Codes of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of these consolidated financial statements for the year ended 31 December 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How our audit addressed the key audit matter
Valuation of Claims reported and unsettled, Unearned contributions ("UCR") and Claims incurred but not reported reserves ("IBNR")	
As described in Note 10 to the consolidated financial statements of the Group, net takaful contract liabilities amounted to QAR 110.06 million (2019: QAR 97.26 million) which includes reported and unsettled claims of QAR 30.86 million, (2019: QAR. 30.26 million) unearned contributions (UCR) of QAR 62.06 million (2019: QAR. 54.41 million) and claims incurred but not reported (IBNR) of QAR 17.31 million (2019: QAR. 13.4 million) at the reporting date. The Group's insurance contract liabilities represent a significant portion of the total liabilities (83% total liabilities). The outstanding claims liabilities at the reporting date represent the Group's expectations regarding future payments for known and unknown claims including associated expenses. The Group uses various methods to estimate these obligations. Measurement of these outstanding claims is highly judgmental, and requires a number of assumptions to be made that exhibit substantial estimation uncertainty. This is particularly the case for those obligations that are recognised in respect of claims that have been incurred but not reported to the Group ("IBNR"). Certain lines of business also contain greater inherent uncertainty, for example, those where claims emerge more slowly over time, or where there is greater variability in claim settlement amounts. The key assumptions that drive the outstanding claims calculations include loss ratios, estimates of the frequency and severity of claims and, where appropriate, discount rates for longer tail classes of business. The valuation of outstanding claims liabilities depends on accurate data about the volume, amount and pattern of current and historical claims since they are often used to form expectations about future claims.	We established an audit approach which included both testing the design and operating effectiveness of internal controls over the measurement of insurance contract liabilities and share of outstanding claims as well as risk-based substantive audit procedures. As part of our procedures over internal controls, we evaluated the appropriateness of selected controls established by the Group for the purpose of selecting actuarial methods, determining assumptions, making estimates for the measurement of certain outstanding claims and consistency of application of accounting policies. The primary substantive procedures which we performed to address this key audit matter included, but were not limited to, the following: • We verified, for a sample of outstanding claims, whether the estimated amounts of specific cases were adequately documented and substantiated by, for example, reports from loss adjusters; • We verified reconciliations between claims data recorded in the Group's systems and data used in the actuarial reserving calculations; • We assessed the competence, capabilities, qualifications and objectivity of the external actuary engaged by the Group for the valuation of technical provisions; • With the support of our insurance valuation specialists, we compared the respective actuarial methods applied and the material assumptions with generally recognised actuarial practices and industry standards and examined to what extent these are appropriate for the valuation and consistent between reporting periods;

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key Audit Matters (Continued)

Key Audit Matters	**How our audit addressed the key audit matter**
Valuation of Claims reported and unsettled, Unearned contributions ("UCR") and Claims incurred but not reported reserves ("IBNR") (Continued)	
If the data used in calculating outstanding claims liabilities, or for forming judgements over key assumptions, is not complete and accurate, then material impacts on the valuation of such liabilities may arise. In addition, the valuation of the share of outstanding claims is dependent on, but not directly correlated to, the valuation of the underlying claims outstanding. There is judgement involved in ascertaining the level of reinsurance share of IBNR held, which depends on the specific terms of the reinsurance contracts in place. We considered the measurement of the outstanding claims liabilities as a key audit matter due to the quantitative materiality of these obligations for the assets, liabilities and financial performance of the Group as well as the significant judgements and the associated uncertainties in the estimates made by management in determining the amount of liabilities. For further information on the accounting policies relating to this key audit matter refer to Note 3 as well as Note 4 for disclosures about its key sources of estimation uncertainty.	• We considered the results of the third-party actuarial valuation of the outstanding claims liabilities to identify and understand any significant differences in the liabilities as compared to management's estimates and prior period amounts; • We recalculated the amount of the provisions for selected products, in particular products with substantial reserves or increased estimation uncertainties. For these products, we compared the recalculated provisions with the provisions calculated by the Group and evaluated any differences; • We compared claims transactions on a sample basis with supporting documentation to evaluate whether the claims reported during the reporting period were recorded in accordance with the Group's internal policy; • We inspected significant arrangements with reinsurers to obtain an understanding of contracts terms and assessed that recoveries from reinsurance on account of claims reported has been accounted for based on prevailing terms and conditions; and • We assessed the disclosures included in Note 10 in relation to outstanding claims against the relevant FAS / IFRSs disclosure requirements.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2019, were audited by another auditor who expressed an unmodified audit opinion on those statements on 3 March 2020.

Other information

The Board of Directors is responsible for the other information. The other information comprises the Board of Directors' Report, which we obtained prior to the date of this auditor's report, but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other information (Continued)

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged With Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ('AAOIFI'), applicable provisions of Qatar Central Bank rules, Qatar Commercial Companies Law and for such internal control as the Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure is inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were most of significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosures about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Report on Legal and Other Regulatory Matters

We are also of the opinion that proper books of account were maintained by the Group. We have obtained all the information and explanations which we considered necessary for the purpose of our audit. To the best of our knowledge and belief and according to the information given to us, except as mentioned below, no contraventions of the applicable provisions of Qatar Central Bank rules, Qatar Commercial Companies Law and the Parent Company's Articles of Association were committed during the year which would materially affect the Group's activities or its financial position.

During the year 2018, the Group transferred investment securities to the previous chief executive officer "CEO" amounting to QAR 146 million, out of which QAR 116 million is still not settled hence it remained as due from the CEO in the Company's books as at December 31, 2020, a matter that contravenes the Qatar Commercial Companies Law, Article 110. The said law states that "The Company may not grant a cash loan of any kind to any of the members of its board of directors or guarantee any loan entered into by one of them and a third party. However, an exception to this, banks and other credit companies may grant any of the members of its board of directors a loan, open a credit facility for it or guarantee the loans between the member and third parties according to the terms and conditions stipulated by the Qatar Central Bank. Any dealing in breach of the provisions of this Article shall be deemed void without prejudice to the Company's right to request the defaulting party to pay compensation when necessary". This is further explained in Note 11 of the consolidated financial statements

Doha – Qatar

For **Deloitte & Touche**
Qatar Branch

Walid Slim
Partner
License No. 319
QFMA Auditor License No. 120156

AL KHALEEJ TAKAFUL INSURANCE COMPANY Q.P.S.C.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2020

	Notes	**December 31, 2020**	December 31, 2019 (Restated)	January 1, 2019 (Restated)
		QR.	QR.	QR.
Policyholders' assets				
Cash and cash equivalents	5	**59,095,275**	26,233,136	14,386,771
Time deposits	5	--	3,650,000	20,300,000
Investments at fair value through equity	6 (a)	**17,228,094**	21,899,077	19,501,483
Investment at fair value through income statement	6 (b)	**1,251,975**	2,806,128	4,089,956
Takaful balances receivable	7	**57,783,903**	67,626,234	44,849,033
Retakaful balances receivable	9	**35,807,642**	35,391,729	23,438,092
Retakaful share of unearned contributions	10	**60,808,289**	54,644,739	59,256,215
Retakaful share of gross outstanding claims	10	**121,705,909**	155,441,577	134,012,677
Retakaful share of claim incurred but not reported	10	**31,641,699**	32,411,649	29,855,596
Deferred commission	10	**8,643,852**	8,564,955	6,492,046
Other receivables and prepayments	11	**11,199,099**	15,791,198	28,909,322
Investment properties	12	**30,442,893**	31,317,787	32,290,698
Total policyholders' assets		**435,608,630**	455,778,209	417,381,889
Shareholders' assets				
Cash and cash equivalents	5	**135,538,213**	34,095,143	19,245,486
Time deposits	5	**100,000**	3,750,000	5,100,000
Investments at fair value through equity	6 (a)	**80,089,475**	157,535,039	119,452,481
Investment at fair value through income statement	6 (b)	**7,300,000**	3,650,000	--
Insurance balances receivable	7	**58,258**	6,882	6,182
Reinsurers balances receivable	9	**136,808**	199,137	206,211
Reinsurers share of gross outstanding claims	10	**398,721**	541,067	541,067
Other receivables and prepayments	11	**129,510,984**	133,137,683	167,944,597
Investment properties	12	**195,031,343**	198,684,450	202,334,038
Fixed Assets	13	**11,420,719**	9,934,289	13,245,086
Properties under development	14	**84,920**	256,820	412,958
Investment in associate	15	**6,509,253**	6,509,253	6,509,253
		566,178,694	548,299,763	534,997,359
Assets held for sale	8	**21,454,007**	21,454,007	21,454,007
Total shareholders' assets		**587,632,701**	569,753,770	556,451,366
Total assets		**1,023,241,331**	1,025,531,979	973,833,255

This statement has been prepared by Management of the Group and stamped by the Auditors for identification purposes only

Financial Statements approved by the BOD – subject to QCB approval

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at December 31, 2020

	Notes	**December 31, 2020**	December 31, 2019 (Restated)	January 1, 2019 (Restated)
		QR.	QR.	QR.
Policyholders' equity				
Retained surplus		**28,663,298**	16,713,452	15,172,993
Fair value reserve	22	**4,256,094**	5,948,182	2,849,375
Total policyholders' equity		**32,919,392**	22,661,634	18,022,368
Policyholders' liabilities				
Unearned contributions	10	**122,864,974**	109,059,293	108,184,598
Gross outstanding claims	10	**152,566,954**	185,710,379	156,010,216
Claims incurred but not reported reserve	10	**48,946,753**	45,811,235	41,461,800
Deferred commission income	10	**8,478,710**	7,777,539	9,424,626
Accounts payable and other liabilities	16	**16,701,529**	17,995,203	32,480,632
Retakaful and takaful balances payable		**47,350,393**	60,941,143	45,867,274
Distributable surplus	17	**5,779,925**	5,821,783	5,930,375
Total policyholders' liabilities		**402,689,238**	433,116,575	399,359,521
Total policyholders' equity and liabilities		**435,608,630**	455,778,209	417,381,889
Shareholders' liabilities				
Gross outstanding claims	10	**400,000**	747,289	338,321
Accounts payable and other liabilities	16	**28,465,417**	26,071,401	29,643,939
Reinsurers and insurance balances payable		**1,433,427**	1,433,427	2,126,598
Provision for income tax	24	**22,522**	12,246	--
Employees' end of service benefits	18	**5,064,498**	4,822,943	4,266,198
Total shareholders' liabilities		**35,385,864**	33,087,306	36,375,056
Shareholders' equity				
Share capital	19	**255,279,020**	255,279,024	255,279,024
Legal reserve	20	**241,552,033**	237,935,418	235,050,025
General reserve	21	**75,477**	75,477	75,477
Fair value reserve	22	**(6,272,956)**	(1,493,772)	(2,731,611)
Retained earnings		**61,613,263**	44,870,317	32,403,395
Total shareholders' equity		**552,246,837**	536,666,464	520,076,310
Total shareholders' liabilities and equity		**587,632,701**	569,753,770	556,451,366
Total policyholders' and shareholders' liabilities and equity		**1,023,241,331**	1,025,531,979	973,833,255

These consolidated financial statements were approved by the Company's Board of Directors on 3 March 2021 and signed on their behalf by:

Sheikh Abdullah Bin Ahmed Abdullah Al Thani
Chairman

Mr. Abdulla Ali Al-Assiri
Chief Executive Officer

This statement has been prepared by Management of the Group and stamped by the Auditors for identification purposes only

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

Financial Statements approved by the BOD – subject to QCB approval

AL KHALEEJ TAKAFUL INSURANCE COMPANY Q.P.S.C.

CONSOLIDATED STATEMENT OF POLICYHOLDERS' REVENUES AND EXPENSES

For the year ended December 31, 2020

	Notes	**December 31, 2020**	December 31, 2019
		QR.	QR.
Takaful revenues			
Gross contributions	29	**303,618,079**	296,467,246
Retakaful share of gross contribution	29	**(170,004,267)**	(172,722,588)
Net retained contributions		**133,613,812**	123,744,658
Changes in unearned contributions	29	**(8,332,857)**	(6,322,848)
Earned contributions		**125,280,955**	117,421,810
Retakaful commission and other takaful income	29	**20,542,965**	21,484,058
Change in deferred commission	29	**(622,273)**	3,719,996
Total takaful revenue		**145,201,647**	142,625,864
Takaful expenses			
Gross claims paid	29	**(144,614,193)**	(131,753,837)
Retakaful share of claims paid	29	**89,095,985**	73,428,294
Net claims paid		**(55,518,208)**	(58,325,543)
Changes in outstanding claims	29	**(592,243)**	(8,271,263)
Changes in claims incurred but not reported reserves	29	**(3,905,466)**	(1,793,382)
Commission and other takaful expenses	29	**(23,973,378)**	(23,876,548)
Total takaful expenses		**(83,989,295)**	(92,266,736)
Net surplus from takaful operations		**61,212,352**	50,359,128
Income from deposits		**326,974**	984,713
Dividend income		**1,312,925**	1,490,589
Net realized loss on sale of investments		**1,827,351**	(300,770)
Rental income		**847,742**	1,994,303
Total Surplus		**65,527,344**	54,527,963
Other Expenses			
Wakala fees	33	**(43,418,147)**	(44,592,771)
Mudarib Expenses	33	**(3,020,494)**	(2,918,184)
Depreciation		**(874,894)**	(972,911)
Other expenses		**(6,263,963)**	(4,503,638)
Total other expenses		**(53,577,498)**	(52,987,504)
Surplus of revenues over expenses		**11,949,846**	1,540,459

This statement has been prepared by Management of the Group and stamped by the Auditors for identification purposes only

Financial Statements approved by the BOD – subject to QCB approval

CONSOLIDATED STATEMENT OF POLICYHOLDERS' SURPLUS

For the year ended December 31, 2020

	December 31, 2020	December 31, 2019
	QR.	QR.
Retained surplus balance at the beginning of the year	**16,713,452**	15,172,993
Surplus for the year	**11,949,846**	1,540,459
Retained surplus balance at end of the year	**28,663,298**	16,713,452

Financial Statements approved by the BOD – subject to QCB approval

AL KHALEEJ TAKAFUL INSURANCE COMPANY Q.P.S.C.

CONSOLIDATED INCOME STATEMENT

For the year ended December 31, 2020

	Notes	**December 31, 2020**	December 31, 2019
		QR.	QR.
Shareholders' revenues and expenses			
Claims paid		**56,160**	--
Net claims paid		**56,160**	--
Changes in outstanding claims		**204,941**	(408,968)
Total insurance income / (expenses)		**261,101**	(408,968)
Surplus/(deficit) from insurance operations		**261,101**	(408,968)
Investments and other income			
Wakala fee	33	**43,418,147**	44,592,771
Mudarib fee	33	**3,020,494**	2,918,184
Net realized gains on sale of investments at fair value through equity		**3,883,318**	6,636,649
Dividend income		**5,561,049**	3,851,709
Rental income		**9,211,422**	13,227,996
Income from deposits		**317,853**	736,198
(Loss) / Gain on disposal of fixed assets		**307,965**	(1,165,489)
Other income		**8,412**	450,377
Total investment and other income		**65,728,660**	71,248,395
Expenses			
General and administrative expenses	23	**(26,534,044)**	(30,534,679)
Depreciation		**(4,568,809)**	(5,886,408)
Impairment loss on investment at fair value through equity		**--**	(4,899,447)
Board of directors' remuneration	25	**(881,208)**	(652,718)
Total expenses		**(31,984,061)**	(41,973,252)
Net Income before income tax		**34,005,700**	28,866,175
Income Tax	24	**(10,276)**	(12,246)
Net Income after income tax		**33,995,424**	28,853,929
Basic and diluted earnings per share (QR Per share)	31	**0.13**	0.11

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AL KHALEEJ TAKAFUL INSURANCE COMPANY Q.P.S.C.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended December 31, 2020

	Share capital	Legal reserve	General reserve	Fair value reserve	Retained earnings	Total
	QR.	QR.	QR.	QR.	QR.	QR.
Balance – January 1, 2019 (as previously reported)	255,279,024	235,050,025	75,477	(2,731,611)	33,270,135	520,943,050
Effect of restatement (Note 37)	--	--	--	--	(866,740)	(866,740)
Balance at January 01, 2019 (Restated)	255,279,024	235,050,025	75,477	(2,731,611)	32,403,395	520,076,310
Net income for the year	--	--	--	--	28,853,929	28,853,929
Movement in fair value reserve	--	--	--	1,237,839	--	1,237,839
Transfer to legal reserve	--	2,885,393	--	--	(2,885,393)	--
Social and sports fund appropriation	--	--	--	--	(737,666)	(737,666)
Dividends (Note 36)	--	--	--	--	(12,763,948)	(12,763,948)
Balance as at 31 December 2019 (Restated) / 1 January 2020	**255,279,024**	**237,935,418**	**75,477**	**(1,493,772)**	**44,870,317**	**536,666,464**
Net income for the year	--	--	--	--	33,995,424	33,995,424
Movement in fair value reserve	--	--	--	(4,779,184)	--	(4,779,184)
Adjustment of share capital	(4)	4	--	--	--	--
Transfer to legal reserve		3,616,611			(3,616,611)	--
Social and sports fund appropriation	--	--	--	--	(871,916)	(871,916)
Dividends (Note 36)	--	--	--	--	(12,763,951)	(12,763,951)
Balance as at 31 December 2020	**255,279,020**	**241,552,033**	**75,477**	**(6,272,956)**	**61,613,263**	**552,246,837**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

Financial Statements approved by the BOD – subject to QCB approval

AL KHALEEJ TAKAFUL INSURANCE COMPANY Q.P.S.C.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2020

	Notes	**December 31, 2020**	December 31, 2019
		QR.	QR.
Cash flows from operating activities			
Net income before tax for the year		**34,005,700**	28,866,175
Policyholders' surplus for the year		**11,949,846**	1,540,459
		45,955,546	30,406,634
Adjustments for :			
Depreciation of fixed assets and investment properties		**5,443,703**	6,859,319
Income from deposits		**(644,827)**	(1,720,911)
Dividend income		**(6,873,974)**	(5,342,298)
Write off for property under development		**171,900**	--
Net realized gain through sale of investments at FVOCI		**(5,710,669)**	(6,335,879)
(Gain) /Loss on disposal of fixed assets		**(307,965)**	1,165,489
Provision for employees' end of service benefits		**480,102**	695,706
Impairment loss on investment at fair value through equity		**--**	4,899,447
Provision for takaful and retakaful receivables		**1,106,417**	1,480,148
Rental Income		**(10,059,164)**	(15,222,299)
Operating profit before working capital changes		**29,561,069**	16,885,356
Changes in:			
Takaful balances receivable		**12,102,138**	(24,250,975)
Retakaful balances receivable		**(3,771,184)**	(11,953,637)
Retakaful share of unearned contributions		**(6,163,550)**	4,611,476
Retakaful share of outstanding claims		**33,878,014**	(21,428,900)
Deferred commission		**(78,897)**	(2,072,909)
Other receivable and prepayments		**8,218,798**	47,925,038
Unearned contributions		**13,805,681**	874,695
Gross outstanding claims		**(33,490,714)**	30,109,131
Claims incurred but not reported reserve		**3,905,468**	1,793,382
Deferred commission income		**701,170**	(1,647,087)
Accounts payable and other liabilities		**228,427**	(18,795,633)
Retakaful balances payable		**(13,590,749)**	14,380,698
Cash from operating activities		**45,305,671**	36,430,635
Employees' end of service benefits - paid		**(238,547)**	(138,961)
Net cash from operating activities		**45,067,124**	36,291,674
Cash flows from investing activities			
Additions of investment at fair value through equity		**(118,373,114)**	(116,512,664)
Proceeds from disposal of investment at fair value through equity		**199,729,057**	81,805,590
Additions of investments at fair value through income statement		**(3,650,000)**	(3,650,000)
Net proceeds from redemption of investment at fair value through income statement		**1,554,153**	1,283,828
Acquisition of fixed assets		**(2,542,167)**	(563,941)
Proceeds from disposal of fixed assets		**448,000**	472,429
Net acquisition of property under development		**--**	156,138
Income from deposits		**644,827**	1,720,911
Dividends income received		**6,873,974**	5,342,298
Rsental income		**10,059,164**	15,222,299
Net movement in term deposits		**7,300,000**	18,000,000
Net cash from investing activities		**102,043,894**	3,276,888
Cash flows from financing activities			
Dividends paid to shareholders		**(12,763,951)**	(12,763,948)
Surplus distributed to policyholders		**(41,858)**	(108,592)
Net cash used in financing activities		**(12,805,809)**	(12,872,540)
Net increase / (decrease) in cash and cash equivalents		**134,305,209**	26,696,022
Cash and cash equivalents at 1 January		**60,328,279**	33,632,257
Cash and cash equivalents at 31 December	5	**194,633,488**	60,328,279

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

Financial Statements approved by the BOD – subject to QCB approval

1. LEGAL STATUS AND ACTIVITIES

Al Khaleej Takaful Insurance Company Q.P.S.C. (the "Company") (Formerly known as "Al Khaleej Takaful Group Q.P.S.C.") is a Qatari public 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's registered address is Grand Hamad Street, Doha 4555 Qatar. The Company and its subsidiaries (together referred to as the "Group") are engaged in the business of insurance, reinsurance, Takaful insurance, real estate and other investments.

The principal subsidiaries of the Group are as follows:

Name of Subsidiary	Ownership	Country of incorporation	Principal Activities
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 insurance.
Mithaq Investments W.L.L	100%	Qatar	Primarily engaged in investments.

2. BASIS OF PREPARATION

a) Statement of compliance and preparation

These consolidated financial statements have been prepared in accordance with Financial Accounting Standards ('FAS') issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), and applicable provisions of Qatar Commercial Companies Law No. 11 of 2015 and applicable provisions of Qatar Central Bank's rules and regulations. In line with the requirements of AAOIFI, for matters that are not covered by FAS, the Group uses guidance from the relevant International Financial Reporting Standard ('IFRS') as issued by the International Accounting Standards Board ('IASB').

In accordance with the provisions of the Articles of Association of the Company, which require the segregation and separate reporting of transactions and balances relating to policyholders and shareholders, all risks and rewards arising from the takaful business are attributable to the policyholders and the consolidated financial statements have been prepared accordingly.

Prior to the year 2010, the Company was undertaking conventional insurance business. The Company has converted its business to takaful insurance business on 1 January 2010. Accordingly, as of that, the Company discontinued conventional insurance business and all outstanding insurance policies were transferred to the shareholders' accounts. Any related claims / recoveries resulting from these policies are separately shown under shareholders' consolidated income statement.

b) Significant accounting judgment, estimates and assumptions

As per FAS - 12 General Presentation and Disclosure in the Financial Statement of Islamic takaful Companies issued by the AAOIFI, the entity is required to present the consolidated statements of financial position comprising shareholders' and policyholders' assets and liabilities and the consolidated statements of shareholders' income, policyholders' revenues and expenses, policyholders' surplus or deficit, changes in shareholders' equity, and cash flows.

Financial Statements approved by the BOD – subject to QCB approval

2. BASIS OF PREPARATION (CONTINUED)

c) Functional and presentational currency

The consolidated financial statements are presented in Qatari Riyal (QR), which is the Group's functional and presentational currency.

d) Basis of measurement

These consolidated financial statements have been prepared under the historical cost basis except for certain "investments at fair value through equity" and "investments at fair value through income statements" financial instruments that are measured at fair value, in accordance with the principal accounting policies as set out below.

e) Significant accounting judgment, estimates and assumptions

The preparation of the consolidated financial statements in conformity with FAS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in note 4.

f) Basis of Consolidation

(i) *Subsidiaries*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights

2. BASIS OF PREPARATION (CONTINUED)

f) Basis of Consolidation (continued)

(i) *Subsidiaries (continued)*

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss is attributed to the equity holders of the parent of the Group and to the non-controlling interest, even if this results in the non-controlling interest having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(ii) *Non-controlling interest*

The Group treats transactions with non-controlling interest as transactions with equity holders of the Group. For purchases from non-controlling interest, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interest are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in consolidated income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint arrangement or financial asset. In addition, any amounts previously recognised in equity in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other equity are reclassified to consolidated income statement.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in equity is reclassified to consolidated income statement where appropriate.

(iii) *Transactions eliminated on consolidation*

Intra-group balances, income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2. BASIS OF PREPARATION (CONTINUED)

f) Basis of Consolidation (continued)

(iv) *Associates (equity-accounted investees)*
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control or joint control over those policies.

The results of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an associate is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses in an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FAS 30. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate is disposed of.

2. BASIS OF PREPARATION (CONTINUED)

f) Basis of Consolidation

(iv) Associates (equity-accounted investees)

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

New standards and interpretations

(i) New standards, amendments and interpretations effective from 1 January 2020

FAS 31 - Investment Agency (Al-Wakala Bi Al-lstithmar)

AAOIFI has issued FAS 31 in 2019. The objective of this standard is to establish the principles of accounting and financial reporting for the investment agency (Al-Wakala Bi Al-Istithmar) instruments and the related assets and obligations from both the principal (investor) and the agent perspectives.

FAS 33 - Investment in sukuk, shares and similar instruments

AAOIFI has issued FAS 33 in 2018. FAS 33 supersedes the earlier FAS 25 - Investment in sukuks, shares and similar instruments. The objective of this standard is to set out improved principles for classification, recognition, measurement, presentation and disclosure of investments in sukuk, shares and other similar instruments of investment made by Islamic Financial Institutions in line with Shari'ah principles.

Adoption of FAS 33 - Investment in sukuk, shares and similar instruments

The Group has adopted FAS 33 - *Investment in sukuk, shares and similar instruments* as issued by AAOIFI effective 1 January 2020. The standard shall be applicable on a retrospective basis. However, the cumulative effect, if any, attributable to profit and loss taking stakeholders, including investment holders relating to previous periods, shall be adjusted with the investments' fair value pertaining to such class of stakeholders.

The adoption of FAS 33 has resulted to changes in accounting policies for recognition, classification and measurement of investment in sukuks, shares and other similar instruments; however, the adoption of FAS 33 had no significant impact on any amounts previously reported in the consolidated financial statement of the Group for the year ended 31 December 2019.

Set out below are the details of the specific FAS 33 accounting policies applied in the current period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standards and interpretations (continued)

(i) New standards, amendments and interpretations effective from 1 January 2020 (continued)

FAS 33 - Investment in sukuk, shares and similar instruments (continued)

Categorization and classification

FAS 33 contains classification and measurement approach for investments in sukuk, shares and similar instruments that reflects the business model in which such investments are managed and the underlying cash flow characteristics.

Under the standard, each investment is to be categorized as investment in:

(a) equity-type instruments;
(b) debt-type instruments (including (monetary and non-monetary); and
(c) other investment instruments.

Unless irrevocable initial recognition choices provided in the standard are exercised, an institution shall classify investments as subsequently measured at either of (i) amortised cost, (ii) fair value through equity or (iii) fair value through income statement, on the basis of both:

(a) the Groups's business model for managing the investments; and
(b) the expected cash flow characteristics of the investment in line with the nature of the underlying Islamic finance contracts.

Investment classification

Investments are classified based on the Group's assessment of the business model within which the investments are managed, and assessment of whether the contractual terms of the investment represents either a debt-type instrument or other investment instrument having reasonably determinable effective yield.

FAS 34 - Financial reporting for Sukuk-holders

AAOIFI has issued FAS 34 in 2018. The objective of this standard is to establish the principles of accounting and financial reporting for assets and business underlying the Sukuk to ensure transparent and fair reporting for all stakeholders particularly Sukukholders.

The new standards are effective for annual reporting periods beginning on or after 1 January 2020 and have no material impact on the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standards and interpretations (continued)

(i) New standards, amendments and interpretations effective from 1 January 2020 (continued)

FAS 30 Impairment, Credit losses and onerous commitments

AAOIFI has issued FAS 30 Impairment, Credit losses and onerous commitments (FAS 30) in 2017. The objective of this standard is to establish the principles of accounting and financial reporting for the impairment and credit losses on various Islamic financing, investment and certain other assets of Islamic financial institutions (the institutions), and impairment provisions against onerous commitments enabling in particular the users of financial statements to fairly assess the amounts, timing and uncertainties with regard to the future cash flows associated with such assets and transactions. FAS 30 has replaced FAS 11 Provisions and Reserves and parts of FAS 25 Investment in Sukuk, shares and similar instruments that deal with impairment.

FAS 30 classifies assets and exposures into three categories based on the nature of risks involved (i.e. credit risk and other risks) and prescribes three approaches for assessing losses for each of these categories of assets: 1) Credit Losses approach, 2) Net Realizable Value approach ("NRV") and 3) Impairment approach.

Expected credit losses ('ECL')

FAS 30 introduces the Credit Losses approach with a forward-looking 'expected credit loss' model. The Credit Losses approach for receivables and off balance sheet exposures uses a dual measurement approach, under which the loss allowance is measured as either a 12-month expected credit loss or a lifetime expected credit loss. The new impairment model is applied to financial assets which are subject to credit risk, and a number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk (SICR);
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing group of similar financial assets for the purposes of measuring ECL.

Financial assets

The Group evaluated the impact of the above standards and noted no material impact on its financial assets.

Financial Liabilities

There were no changes to the classification and measurement of financial liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standards and interpretations (continued)

(ii) New standards, amendments and interpretations issued but not yet effective

The Group has not yet applied the following new and revised FASs that have been issued but are not yet effective:

FAS 32 - Ijarah

AAOIFI has issued FAS 32 in 2019. FAS 32 improves upon and supersedes FAS 8 - Ijarah and Ijarah Muntahia Bittamleek originally issued in 1997. This standard aims at setting out principles for the classification, recognition, measurement, presentation and disclosure of Ijarah type transactions including their different forms entered into by an institution, in both the capacities of lessor and lessee.

This standard shall be effective for financial periods beginning on or after 1 January 2021 with early adoption permitted.

FAS 35 - Risk Reserves

AAOIFI has issued FAS 35 in 2018. This standard along with FAS 30 - Impairment, credit losses and onerous commitments" supersede the earlier FAS 11 - Provisions and reserves. The objective of this standard is to establish the principles of accounting and financial reporting for risk reserves established to mitigate various risks faced by stakeholders, mainly the profit and loss taking investors, of Islamic financial institutions (IFIs/ the institutions).

This standard shall be effective for financial periods beginning on or after 1 January 2021 with early adoption permitted, only if the Group early adopts FAS 30 - Impairment, credit losses and onerous commitments.

FAS 38 Wa'ad, Khiyar and Tahawwut

AAOIFI has issued FAS 38 in 2020. The objective of this standard is to prescribe the accounting and reporting principles for recognition, measurement and disclosure in relation to Shari'ah compliant Wa'ad (promise), Khiyar (option) and Tahawwut (hedging) arrangements for Islamic financial institutions.

This standard shall be effective for the financial periods beginning on or after 1 January 2022 with early adoption permitted.

The Group is currently evaluating the impact of the above standards.

A. Financial assets

All financial assets are recognised at the time when Group becomes a party to the contractual provisions of the instrument and de recognized when the Group loses control on contractual rights that comprise the financial assets. Any gain or losses on de recognition of financial assets are taken to income directly.

Financial assets are classified into the following specified categories: financial assets at fair value through income statement, investments at fair value through equity and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition to the net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial assets (continued)

I. Equity-type instruments

Investments in equity type instruments are classified into the following categories: 1) at fair value through income statement or 2) at fair value through equity.

Equity-type investments classified and measured at fair value through income statement include investments held for trading or designated at fair value through income statement.

An investment is classified as held for trading if acquired or originated principally for the purpose of generating a profit from short-term fluctuations in price. Any investments that form part of a portfolio where there is an actual pattern of short-term profit taking are also classified as 'held for trading'.

Equity-type investments designated at fair value through income statement include investments which are managed and evaluated internally for performance on a fair value basis.

On initial recognition, the Group makes an irrevocable election to designate certain equity instruments that are not designated at fair value through income statement to be classified as investments at fair value through equity.

Recognition and de-recognition
Investment securities are recognised at the trade date i.e. the date that the Group contracts to purchase or sell the asset, at which date the Group becomes party to the contractual provisions of the instrument.

Investment securities are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risk and rewards of ownership.

Measurement
Initial recognition

Investment securities are initially recognised at fair value plus transaction costs, except for transaction costs incurred to acquire investments at fair value through income statement which are charged to consolidated income statement.

Subsequent measurement

Investments at fair value through income statement are remeasured at fair value at the end of each reporting period and the resultant remeasurement gains or losses is recognised in the consolidated income statement in the period in which they arise. Subsequent to initial recognition, investments classified at amortised cost are measured at amortised cost using the effective profit method less any impairment allowance. All gains or losses arising from the amoritisation process and those arising on de-recognition or impairment of the investments, are recognised in the consolidated income statement.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial assets (continued)

I. Equity-type instruments (continued)

Subsequent measurement (continued)

Investments at fair value through equity are remeasured at their fair values at the end of each reporting period and the resultant gain or loss, arising from a change in the fair value of investments are recognised in the consolidated statement of changes in equity and presented in a separate fair value reserve within equity. When the investments classified as fair value through equity are sold, impaired, collected or otherwise disposed of, the cumulative gain or loss previously recognised in the consolidated statement of changes in equity is transferred to the consolidated income statement.

Investments which do not have a quoted market price or other appropriate methods from which to derive a reliable measure of fair value when on a continuous basis cannot be determined, are stated at cost less impairment allowance, (if any).

Measurement principles
Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus capital repayments, plus or minus the cumulative amortisation using the effective profit method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment. The calculation of the effective profit rate includes all fees and points paid or received that are an integral part of the effective profit rate.

Fair value measurement

Fair value is the amount for which an asset could be exchanged or an obligation settled between well informed and willing parties (seller and buyer) in an arm's length transaction. The Group measures the fair value of quoted investments using the market closing price for that instrument. For unlisted investments, the Group recognises any increase in the fair value when they have reliable indicators to support such an increase and to evaluate the fair value of these investments. These reliable indicators are limited to the most recent transactions for the specific investment or similar investments made in the market on a commercial basis between willing and informed parties.

II. Cash and cash equivalents
Cash and cash equivalents consist of cash on hand, bank balances and short term deposits with an original maturity of three months or less. Cash and cash equivalents are carried at amortised cost in the consolidated statement of financial position.

III. Contributions receivable
Contributions receivable are stated at original invoice amount, less any impairment for doubtful debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

IV. Impairment of financial assets
An assessment is made at each end of the reporting period to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the income statement. Impairment is determined as follows:

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial assets (continued)

IV. Impairment of financial assets (continued)

(a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the consolidated income statement / statement of policyholders' revenue and expenses;

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

(c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

For certain categories of financial assets, such as contribution receivables, assets that are assessed not to be impaired individually are in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial assets is reduced by the impairment loss directly for all financial assets with the exception of contribution receivables, where the carrying amount is reduced through the use of an allowance account. When a contribution receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the consolidated income statement / consolidated statement of policyholders' revenue and expenses.

For investments at fair value through equity, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

When an investment at fair value through equity is considered to be impaired, cumulative gains or losses previously recognised in equity are reclassified to the consolidated income statement / statement of policyholders' revenue and expenses for the year.

With the exception of investments at fair value through equity, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the consolidated income statement / consolidated statement of policyholders' revenue and expenses to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of investments at fair value through equity, impairment losses previously recognised through the consolidated income statement are not reversed through the income statement / consolidated statement of policyholders' revenue and expenses. Any increase in fair value subsequent to an impairment loss is recognised in equity and accumulated under the heading of fair value reserve. In respect of investments in debt securities, impairment losses are subsequently reversed through the income statement if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial assets (continued)

V. Derecognition of financial assets

The derecognition of a financial asset takes place when the Group no longer controls the contractual rights that comprise the financial asset, which is normally the case when the asset is sold, or all the cash flows attributable to the asset are passed through to an independent party.

B. Trade payables

Liabilities are recognised for amounts to be paid in the future for goods or services, whether billed by the supplier or not.

C. Retakaful

The Group cedes takaful risk in the normal course of business for all of its businesses. Retakaful contract assets represent balances due from retakaful companies. Recoverable amounts are estimated in a manner consistent with the outstanding claims provision and are in accordance with the retakaful contract.

Re-takaful assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the re-takaful asset that the Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measureable impact on the amounts that the Group will receive from the retakaful. The impairment loss is recorded in the consolidated statement of policyholders' revenues and expenses.

Ceded retakaful arrangements do not relieve the Group from its obligations to policyholders.

Contributions and claims on assumed retakaful are recognised as income and expenses in the same manner as they would be if the retakaful were considered direct business, taking into account the product classification of the reinsured business.

Retakaful contract liabilities represent balances due to retakaful companies. Amounts payable are estimated in a manner consistent with the associated retakaful contract.

Contributions and claims are presented on a gross basis for both ceded and assumed retakaful.

D. Asset held for sale

An asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction, not through continuing use. This asset may be a component of an entity, a disposal group or an individual non-current asset. An asset that is classified as held for sale is stated at the lower of carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Fixed Assets

Fixed assets are carried at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated income statement during the financial year in which they are incurred.

Depreciation is calculated based on the estimated useful lives of the applicable assets on a straight-line basis commencing when the assets are ready for their intended use. The estimated useful lives, residual values and depreciation methods are reviewed at each statement of financial position date, with the effect of any changes in estimate accounted for on prospective basis.

The rates of depreciation used based on the estimated useful lives of the assets are as follows:

Buildings	5%
Computer and equipment	20%
Furniture and fixtures	20%
Vehicles	20%

The gain or loss arising on the disposal of an item of fixed assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated income statement.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

F. Investment properties

Land and buildings are considered as investment properties only when they are being held to earn rentals or for long term capital appreciation or both.

Investment properties are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated. The cost of property includes all directly attributable costs including the borrowing costs that are directly attributable to the construction of the assets and excludes the cost of day-to-day servicing of an investment property.

Depreciation on buildings is calculated on a straight line basis over the estimated useful life of 20 years.

The carrying values of investment properties are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

An item of investment property is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated income statement in the year the asset is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Investment properties (continued)

Property under construction
Properties in the course of construction for rental are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other investment properties, commences when the assets are ready for their intended use.

G. Impairment

At each statement of financial position date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated income statement unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

H. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

I. Provision for outstanding claims
Provision for outstanding claims is recognized at the date the claims are known and covers the liability for loss and loss adjustment expenses based on loss reports from independent loss adjusters and management best estimate. The method for making such estimates and for establishing the resulting liability is continually reviewed.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the end of the reporting period and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the end of the reporting period. The primary technique adopted by management in estimating the cost of notified and IBNR claims, is that of using past claim settlement trends to predict future claims settlement trends.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Provisions (continued)

II. Employees' end of service benefits
A provision is made for employees end of service benefits which is payable on completion of employment. The provision is calculated in accordance with Qatari Labour Law based on employees' salaries and accumulated periods of service.

Under Labor law, the Group is required to make contributions to a Government fund scheme for Qatari employees calculated as a percentage of the Qatari employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

The Group has no expectation of settling its employees' end of service benefits obligation in near term. The provision is not discounted as the difference between the provision stated in the consolidated statement of financial position and net present value is not expected to be significant.

I. Unexpired risk reserve

Contribution income under a policy is recognized over the period of takaful from the date of inception of the policy to which it relates to its expiry.

The reserve for unexpired risks represents the portion of net contribution income which relates to risks that have not expired as the reporting date. The provision for unearned premium is calculated based on the takaful service pattern provided by the takaful contract and is recognized as income over the term of the contract.

J. Surplus in policyholders' funds

Surplus on policyholders' fund represents accumulated gains on takaful activities and are distributed among the participants by underwriting year on development of business. The timing, quantum and basis of distribution is decided by the Shari'a Supervisory Board of the Group.

K. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group.

I. Gross contributions
Gross contributions (contributions) represent policies underwritten during the year, net of refunds and discounts granted. Gross contributions for Takaful business are recognised when due.

II. Retakaful share of contributions
Retakaful share of contributions are amounts paid to reinsurers in accordance with the retakaful contracts of the Group. The retakaful share of contributions are recognized on the date on which the policy incepts.

III. Net commission expenses and advance commission
Net commission expenses are amortised over the period in which the related contributions are earned. Net commission income that relate to periods of risk that extend beyond the end of the financial year is included under "Takaful and other receivables" in the consolidated statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Revenue recognition (continued)

IV. Wakala fee
The Shareholders' fund is entitled for an annual fixed management fee for Takaful Contributions received during the year. Wakala fee is provided to shareholders at the rate of 20% of gross written premium after deducting gross written premium from fronting business, (2018: 3% of net retained contribution plus general and administrative expenses as approved by the Board and Sharia'a supervisory board).

V. Mudarib share
The Mudarib share represents management fee payable to the shareholders by the policyholders for managing their investments. A rate of 70% of the net income received on the investments of the policyholders are recognized as Mudarba share. The actual rate for each year is determined by the Shari'a Supervisory Board with co-ordination with the Group's Board of Directors.

VI. Dividend income
Dividend revenue from investments is recognised when the Group's right to receive payment has been established.

VII. Rental Income
Rental income is recognised in the consolidated income statement on a straight-line basis over the lease term.

VIII. Income from deposits
Income from deposits with banks is accounted for on the basis of the Group's share of profits distributed by the banks taking into account the principal outstanding.

L. Claims

Claims consist of amounts payable to policyholders and third parties and related loss adjustment expenses, net of salvage and other recoveries and are charged to consolidated statement of policyholders' revenue and expenses as incurred. Gross outstanding claims comprise the gross estimated cost of claims incurred but not settled at the end of the reporting period, whether reported or not.

Provisions for reported claims not paid as at the end of the reporting period are made on the basis of individual case estimates. The case estimates are based on the assessed amounts of individual losses and where loss assessments have not been carried out, the estimates are established in light of currently available information, past experience of similar claims and in some cases in relation to the sums insured. Case estimates are reviewed periodically to ensure that the recognised outstanding claim amounts are adequate to cover expected future payments including expected claims settlement costs and are updated as and when new information becomes available.

The Group does not discount its liability for unpaid claims as substantially all claims are expected to be paid within 12 months of the reporting period.

M. Commissions received and paid

Commissions received and paid are recognized at the time policies are written.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Deferred Commission

It represents the received and paid commissions resulted from subscription in insurance policies, this commissions is deferred and amortised over the period in which the related contributions are earned.

O. General and administrative expenses

General and administrative expenses are charged to the consolidated income statement of shareholders.

P. Income Tax

Income tax
Income tax expenses recognized in the consolidated statement of profit or loss, comprises current and deferred tax attributed to the non-Qatari shareholders of the subsidiaries of the Group.

Current tax
Current tax comprises the expected tax payable on the taxable profit for the year. It is calculated on the basis of the tax laws enacted (Income Tax Law No. 24 of the year 2018) or substantively enacted at the reporting date in the State of Qatar. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts that are expected to be paid to the General Tax Authority.

Deferred tax
Deferred tax is recognised in respect of temporary differences arising between the carrying amounts of assets and liabilities reported in the Group’s financial statements and their respective amounts used for tax purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled using tax rates based on tax laws that have been enacted or substantially enacted by the reporting date in the State of Qatar.

Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

– temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

– taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Income Tax (continued)

Deferred tax (continued)

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

As at the reporting date, the Group did not have significant temporary differences between the carrying amount of assets or liabilities on its statement of financial position and their respective amounts used for tax purposes.

Q. Foreign currencies

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All foreign exchange differences are taken to the profit or loss except when it relates to items where gains or losses are recognised directly in equity, where the gain or loss is then recognised net of the exchange component in equity.

R. Fair values

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices for assets at the close of business at the end of the reporting period.

For financial instruments where there is no active market, the fair value is determined by using discounted cash flow analysis or reference to broker or dealer price quotations. For discounted cash flow analysis, estimated future cash flows are based on management's best estimates and the discount rate used is a market related rate for a similar instrument.

For unquoted investment funds, fair value is determined based on net asset values as advised by the fund manager.

If the fair value cannot be measured reliably, these financial instruments are measured at cost.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Earnings per share

Basic earnings per share is calculated by dividing profit of loss attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by adjusting the earnings and number of shares for the effect of any dilutive instruments.

T. Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

U. Contribution to social and sports fund

Pursuant to the Qatar Law No. 13 of 2008 and the related clarifications issued in 2012, which is applicable to all Qatari listed shareholding companies with publicly traded shares, the Group has made an appropriation of 2.5% of its adjusted net profit to a state social fund.

V. Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's Consolidated financial statements in the period in which the dividends are approved by the Group's shareholders.

W. Shari'a supervisory board

The Group's business activities are subject to the supervision of a Shari'a Committee appointed by the Shareholders. The Shari'a Supervisory Board performs a supervisory role in order to determine whether the operations of the Group are conducted in accordance with Shari'a rules and principles.

4. CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

- Classification of investments

Management decides on the acquisition of an investment whether to classify it as financial instrument at fair value through equity or financial assets at fair value through income statement. The Group classifies investments as financial assets at fair value through income statement if the investment is classified as held for trading and upon initial recognition it is designated by the Group as at fair value through income statement. All other investments are classified as “fair value through equity”.

- Impairment of tangible assets

The Group’s management tests whether tangible and intangible assets have suffered impairment in accordance with accounting policies stated in note 3. The recoverable amount of an asset is determined based on value-in-use method. This method uses estimated cash flow projections over the estimated useful life of the asset discounted using market rates.

- Tangible assets useful lives

The Group’s management determines the useful lives and related depreciation or amortization charge. The depreciation or amortization charge for the year will change significantly if actual life is different from the estimated useful life of the asset.

- Impairment of contributions receivable

The Group’s management reviews periodically items classified as receivables to assess whether a provision for impairment should be recorded in the statement of profit or loss. Management estimates the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgement and uncertainty.

- Claims made under takaful contracts

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

Liability adequacy test

At each reporting date, liability adequacy tests are performed to ensure the adequacy of the takaful liabilities. In performing these tests, current best estimates of future cash flows and claims handling and administration expenses are used. Any deficiency is presented separately, under the policyholders’ liabilities and equity in the consolidated statement of financial position.

Going concern

Management has made an assessment of the Group’s ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. The Company has been profitable and it has positive net asset and working capital positions. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group’s ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

5. CASH AND CASH EQUIVALENTS

For the purposes of statement of cash flows, cash and cash equivalents include cash on hand and in banks and term deposits with original maturities of three months of less. Cash and cash equivalents at the end of the financial year as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	2020	2019
	QR.	QR.
Policyholders		
Cash on hand	**222,591**	--
Investment deposits (Islamic Banks) (1)	**--**	3,650,000
Call accounts (Islamic banks) (2)	**53,632,141**	19,907,597
Current accounts (Islamic banks) (3)	**5,240,543**	6,325,539
Total	**59,095,275**	29,883,136
Shareholders		
Cash on hand	**16,976**	20,598
Investment deposits (Islamic Banks) (1)	**100,000**	18,750,000
Call accounts (Islamic banks) (2)	**93,728,195**	16,358,190
Current accounts (Islamic banks) (3)	**41,793,042**	2,716,355
Total	**135,638,213**	37,845,143
Cash and cash equivalents in the consolidated statement of financial position	**194,733,488**	67,728,279
Less: deposits with original maturity more than three months	**(100,000)**	(7,400,000)
Cash and cash equivalents in the consolidated statement of cash flows	**194,633,488**	60,328,279

(1) Investment deposits earn profit at rates ranging from 0.9 % to 1.2% (31 December 2019: 3.3% to 3.6%).

(2) Call accounts earn profit at rates ranging from 0.25% to 0.75 % (31 December 2019: 0.25% to 1.7%).

(3) Included in current accounts non-Islamic bank accounts used for the policyholders' contributions paid by credit cards.

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the Qatar Central Bank. Accordingly, the 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 have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

6. FINANCIAL INVESTMENTS

a. Investments at Fair Value Through Equity

	2020		2019	
	Policyholders	**Shareholders**	Policyholders	Shareholders
	QR.	**QR.**	QR.	QR.
Quoted investments (i)				
Local equity shares*	**15,135,541**	**48,765,985**	19,686,966	123,236,769
Foreign equity shares	**467,664**	**935,330**	473,411	946,824
Total (1)	**15,603,205**	**49,701,315**	20,160,377	124,183,593
Unquoted investments (ii)				
Local equity shares	**1,494,894**	**30,351,760**	1,600,000	33,315,046
Foreign equity shares	**١٢٩,٩٩٥**	**36,400**	138,700	36,400
Total (2)	**1,624,889**	**30,388,160**	1,738,700	33,351,446
Total investments at fair value through equity (1+2)	**17,228,094**	**80,089,475**	21,899,077	157,535,039

(i) The quoted investments constitute mainly securities listed in Qatar Stock Exchange.
(ii) The unquoted investments represent investments in companies in which the Group is a founding shareholder.

* Investments in equity consists of shareholders quoted investment amounting to QR. 3,107,500 that is frozen and therefore not immediately disposable.

The movement on investments at fair value through equity is as follows:

	2020		2019	
	Policyholders	**Shareholders**	Policyholders	Shareholders
	QR.	**QR.**	QR.	QR.
Balance at January 1	21,899,077	157,535,039	19,501,483	119,452,481
Additions	3,809,282	114,563,831	2,218,869	114,293,745
Disposals	(6,788,177)	(187,230,211)	(2,920,082)	(72,549,629)
Impairment	--	--	--	(4,899,447)
Changes in fair value	(1,692,088)	(4,779,184)	3,098,807	1,237,889
Balance at December 31 (Note 1)	**17,228,094**	**80,089,475**	**21,899,077**	**157,535,039**

Note 1:
Investments at fair value through equity are presented in the consolidated statement of financial position as follows:

	2020		2019	
	Policyholders	**Shareholders**	Policyholders	Shareholders
Investments at fair value through equity	**17,228,094**	**80,089,475**	21,899,077	157,535,039

Financial Statements approved by the BOD – subject to QCB approval

6. FINANCIAL INVESTMENTS (CONTINUED)

b. Investments at Fair Value through Income Statement

Investments classified as fair value through income statement are presented in the consolidated statement of financial position as follows:

	31 December 2020		31 December 2019	
	Policyholders	**Shareholders**	Policyholders	Shareholders
Investments at fair value through income statement*	**1,251,975**	**7,300,000**	2,806,128	3,650,000

* This constitutes an investment in foreign sukuk and investment funds managed by Q-Invest.

The movement on investments at fair value through income statement is as follows:

	2020		2019	
	Policyholders	**Shareholders**	Policyholders	Shareholders
Balance at January 1	**2,806,128**	**3,650,000**	4,089,956	--
Addition during the year	**--**	**3,650,000**	--	3,650,000
Redemptions during the year	**(1,554,153)**	**--**	(1,283,828)	--
Balance at December 31	**1,251,975**	**7,300,000**	2,806,128	3,650,000

The denomination of investment in respective currencies in Qatari Riyals is as follows,

December 31, 2020	**US$**	**QAR**	**Others**	**Total**
	QR.	**QR.**	**QR.**	**QR.**
Investments at Fair Value Through Equity				
Quoted shares	**--**	**63,901,526**	**1,402,994**	**65,304,520**
Unquoted shares	**166,395**	**31,846,654**	**--**	**32,013,049**
	166,395	**95,748,180**	**1,402,994**	**97,317,569**
Investments at Fair Value through Income Statement				
Unquoted shares	**8,551,975**	**--**	**--**	**8,551,975**
	8,551,975	**--**	**--**	**8,551,975**

7. TAKAFUL BALANCES RECEIVABLE

	2020		2019	
	Policyholders	**Shareholders**	Policyholders	Shareholders
Corporate	**56,136,159**	**58,258**	68,626,500	113,885
Retail	**1,060,980**	**--**	1,647,272	2,400
Government	**2,320,913**	**--**	1,288,391	--
	59,518,052	**58,258**	71,562,163	116,285
Less: Provision for doubtful debts	**(1,734,149)**	**--**	(3,935,929)	(109,403)
At 31 December	**57,783,903**	**58,258**	67,626,234	6,882

	2020	2019
	QR.	QR.
Aging:		
0-60 days	**21,974,879**	29,220,303
61-120 days	**12,956,492**	13,190,960
121-180 days	**8,469,888**	7,728,082
181-365 days	**12,839,931**	18,708,582
Above 365 days	**3,335,120**	2,830,521
Total	**59,576,310**	71,678,448

Unimpaired takaful receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over financial assets and all are, therefore, unsecured. Takaful receivables comprise a large number of customers mainly within Qatar and are stated net of any impairment provision and are short term in nature. Due from policyholders is net of provision for impairment of QR 57,783,903 (2019: QR 67,626,234).

The movement on the provision for doubtful receivables as follows:

	2020	2019
	QR.	QR.
Balance at January 1	**4,045,332**	2,572,258
Reversal/charge for the year	**(2,311,183)**	1,473,074
Balance at December 31	**1,734,149**	4,045,332

The Group's terms of business require amounts to be paid within the underwriting year and as such these receivables are measured at cost. Arrangements with the reinsurance companies normally require settlement on a quarterly basis.

8. ASSETS HELD FOR SALE

The Group management has decided as per recommendation of "Sharia Supervisory Board" to sell their shares in its associate company "The Bahrain National Life Assurance Company B.S.C" because the company are carrying out a traditional insurance works and based on that, such an investment has been recorded as "asset held for sale" in the consolidated statement of financial position and the final negotiations of selling are in-progress to obtain the highest price. Shown below is a summary of investment in "the Bahrain National Life Assurance Company:

8. ASSETS HELD FOR SALE (continued)

	Country of incorporation	2020	2019
The Bahrain National Life Assurance Company B.S.C.	Kingdom of Bahrain	25%	25%

9. RETAKAFUL BALANCES RECEIVABLE

	2020		2019	
	Policyholders	**Shareholders**	Policyholders	Shareholders
Local reinsurers	**29,274,790**	**246,211**	30,834,598	206,211
Foreign reinsurers	**10,021,676**	**96,985**	4,730,684	96,985
	39,296,466	**343,196**	35,565,282	303,196
Less: Provision for doubtful debts	**(3,488,824)**	**(206,388)**	(173,553)	(104,059)
At 31 December	**35,807,642**	**136,808**	35,391,729	199,137

10. RETAKAFUL CONTRACT ASSETS AND TAKAFUL CONTRACT LIABILITIES

	2020		2019	
	Policyholders	**Shareholders**	Policyholders	Shareholders
Gross takaful contract liabilities				
Claims reported unsettled	152,566,954	400,000	185,710,379	747,289
Claims incurred but not reported	48,946,753	--	45,811,235	--
Unearned contributions	122,864,974	--	109,059,293	--
Deferred commissions	8,478,710	--	7,777,539	--
Total	**332,857,391**	**400,000**	**348,358,446**	**747,289**
Retakaful share of takaful liabilities				
Claims reported unsettled	121,705,909	398,721	155,441,577	541,067
Claims incurred but not reported	31,641,699	--	32,411,649	--
Unearned contributions	60,808,289	--	54,644,739	--
Deferred commissions	8,643,852	--	8,564,955	--
Total	**222,799,749**	**398,721**	**251,062,920**	**541,067**
Net takaful liabilities				
Claims reported unsettled	30,861,045	1,279	30,268,802	206,222
Claims incurred but not reported	17,305,054	--	13,399,586	--
Unearned contributions	62,056,685	--	54,414,554	--
Deferred commissions	(165,142)	--	(787,416)	--
Total	**110,057,642**	**1,279**	**97,295,526**	**206,222**

10. RETAKAFUL CONTRACT ASSETS AND TAKAFUL CONTRACT LIABILITIES (CONTINUED)

	2020			2019		
	Gross	**Reinsurers' share**	**Net**	Gross	Reinsurers' share	Net
	QR.	**QR.**	**QR.**	QR.	QR.	QR.
At January 1						
Claims	**186,457,668**	**155,982,644**	**30,475,024**	156,348,537	134,553,744	21,794,793
Claims incurred but not reported	**45,811,235**	**32,411,649**	**13,399,586**	41,461,800	29,855,596	11,606,204
	232,268,903	**188,394,293**	**43,874,610**	197,810,337	164,409,340	33,400,997
Insurance claims paid during the year	**(33,490,714)**	**(33,878,014)**	**387,302**	30,109,131	21,428,900	8,680,231
Incurred during the year	**3,135,518**	**(769,950)**	**3,905,466**	4,349,435	2,556,053	1,793,382
At December 31	**201,913,707**	**153,746,329**	**48,167,378**	232,268,903	188,394,293	43,874,610

Analysis of outstanding claims

	2020			2019		
	Gross	**Reinsurers' share**	**Net**	Gross	Reinsurers' share	Net
	QR.	**QR.**	**QR.**	QR.	QR.	QR.
Claims	**152,966,954**	**122,104,630**	**30,862,324**	**186,457,668**	**155,982,644**	**30,475,024**
Claims incurred but not reported	**48,946,753**	**31,641,699**	**17,305,054**	**45,811,235**	**32,411,649**	**13,399,586**
At December 31	**201,913,707**	**153,746,329**	**48,167,378**	**232,268,903**	**188,394,293**	**43,874,610**

10. RETAKAFUL CONTRACT ASSETS AND TAKAFUL CONTRACT LIABILITIES (CONTINUED)

Analysis of unearned premium risk

	2020			2019		
	Insurance contract liabilities	**Reinsurance of liabilities**	**Net**	Insurance contract liabilities	Reinsurance of liabilities	Net
	QR.	**QR.**	**QR.**	QR.	QR.	QR.
At January 1	**109,059,293**	**54,644,739**	**54,414,554**	108,184,598	59,256,215	48,928,383
Contributions written during the year	**303,618,079**	**170,004,267**	**133,613,812**	296,467,246	172,722,588	123,744,658
Contributions earned during the year	**(289,812,398)**	**(163,840,717)**	**(125,971,681)**	(295,592,551)	(177,334,064)	(118,258,487)
At December 31	**122,864,974**	**60,808,289**	**62,056,685**	**109,059,293**	**54,644,739**	**54,414,554**

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

Claim Development Table - 2020

	Accident Year					
	2016 and before	**2017**	**2018**	**2019**	**2020**	**Total**
	QR.	**QR.**	**QR.**	**QR.**	**QR.**	**QR.**
Estimate of cumulative claims						
At end of the accident year	428,804,910	60,341,182	61,760,753	65,389,878	44,477,315	
One year later	65,689,975	37,891,494	52,327,805	44,409,777	--	
Two years later	19,441,462	5,386,307	38,464,778	--	--	
Three years later	8,636,139	2,118,575	--	--	--	
Four years later	12,176,555	--	--	--	--	
Current estimate of cumulative claims	**548,489,107**	**110,788,615**	**224,441,556**	**154,145,122**	**109,083,704**	**1,146,948,104**
Cumulative payments to date	**(534,749,043)**	**(105,737,559)**	**(152,553,336)**	**(109,799,655)**	**(44,477,315)**	**(947,316,908)**
Total cumulative claims recognized in the statement of financial position as of December 31, 2020	**13,740,065**	**5,051,056**	**71,888,220**	**44,345,467**	**64,606,388**	**199,631,196**

10. RETAKAFUL CONTRACT ASSETS AND TAKAFUL CONTRACT LIABILITIES (CONTINUED)

b. Claim Development Table - 2019

	Accident Year					
	2015 and before	**2016**	**2017**	**2018**	**2019**	**Total**
	QR.	QR.	QR.	QR.	QR.	QR.
Estimate of cumulative claims						
At end of the accident year	224,646,842	75,669,471	60,341,182	61,760,753	65,389,878	
One year later	109,865,249	44,050,691	37,891,494	52,327,805	--	
Two years later	26,661,854	8,695,609	5,386,307	--	--	
Three years later	18,348,310	4,213,167	--	--	--	
Four years later	8,787,807	--	--	--	--	
Current estimate of cumulative claims	**409,565,284**	**140,396,010**	**114,030,948**	**230,756,241**	**152,391,141**	**1,047,139,624**
Cumulative payments to date	**(388,310,062)**	**(132,628,938)**	**(103,618,983)**	**(114,088,558)**	**(65,389,878)**	**(804,036,419)**
Total cumulative claims recognized in the statement of financial position as of December 31, 2019	**21,255,222**	**7,767,072**	**10,411,965**	**116,667,683**	**87,001,263**	**243,103,205**

11. OTHER RECEIVABLES AND PREPAYMENTS

	2020		2019	
	Policyholders	**Shareholders**	Policyholders	Shareholders (Restated)
	QR.	**QR.**	QR.	QR.
Refundable deposits	**17,568**	**61,950**	--	329,461
Employee advances	**1,103,639**	**147,720**	583,175	680
Advances and Prepayments	**--**	**1,710,109**	--	1,017,243
Accrued revenue	**--**	**42,367**	28,090	67,005
Others (1)	**10,077,892**	**127,548,838**	15,179,933	131,723,294
At 31 December	**11,199,099**	**129,510,984**	15,791,198	133,137,683

(1) Other receivables includes an amount of QR 116 million at December 31, 2020 (December 31, 2019: QR 114 million), which is receivable from the previous chief executive officer due to sale of certain investments during the year 2018 for a total consideration of QR 146 million. During the year 2019, the Group has collected an amount of QR 30 million as per the initial agreed payment schedule. As a result of the status of current negotiations, management is confident about the recoverability of the remaining balance of QR 116 million as at December 31, 2020 and accordingly, has not made any allowance against this amount.

12. INVESTMENT PROPERTIES

Investment properties comprise investment in lands and buildings acquired to earn rental income and for capital appreciation from such properties. The movement in investment properties during the year was as follows:

a) Policyholders	**Land**	**Buildings**	**Total**
	QR.	**QR.**	**QR.**
Cost:			
Balance as at January 1, 2019/December 31, 2019/December 31, 2020	**17,352,540**	**17,885,077**	**35,237,617**
Accumulated Depreciation:			
Balance at January 1, 2019	--	2,946,919	2,946,919
Depreciation	--	972,911	972,911
Balance at December 31, 2019	--	**3,919,830**	**3,919,830**
Depreciation	--	874,894	874,894
Balance at December 31, 2020	**--**	**4,794,724**	**4,794,724**
Carrying amounts			
December 31, 2019	17,352,540	13,965,247	31,317,787
December 31, 2020	**17,352,540**	**13,090,353**	**30,442,893**

12. INVESTMENT PROPERTY (CONTINUED)

b) Shareholders	Land	Buildings	Total
	QR.	QR.	QR.
Cost:			
Balance as at January 1, 2019/December 31, 2019/December 31, 2020	**147,701,028**	**73,047,794**	**220,748,822**
Accumulated Depreciation:			
Balance at January 1, 2019	--	18,414,784	18,414,784
Depreciation	--	3,649,588	3,649,588
Balance at December 31, 2019	--	22,064,372	22,064,372
Depreciation	--	3,653,107	3,653,107
Balance at December 31, 2020	--	25,717,479	25,717,479
Carrying amounts			
December 31, 2019	147,701,028	50,983,422	198,684,450
December 31, 2020	**147,701,028**	**47,330,315**	**195,031,343**

As at 31 December 2020, the fair value of the Group's investment property was determined by external, independent valuer, having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties. The fair value represents the amount at which the assets could be exchanged between knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation. As at 31 December 2020, the fair value at the date of valuation amounted to QR 239 million.

13. FIXED ASSETS

a) Policyholders	Computer	Total
	QR.	QR.
Cost:		
Balance as at January 1, 2019/December 31, 2019//December 31, 2020	2,777,628	2,777,628
Accumulated Depreciation:		
Balance as at January 1, 2019/December 31, 2019//December 31, 2020	2,777,628	2,777,628
Carrying amounts		
Balance as at January 1, 2019/December 31, 2019//December 31, 2020	--	--

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13. FIXED ASSETS (CONTINUED)

b) Shareholders	Freehold land	Buildings	Computer and equipment	Furniture and fixtures	Motor vehicle	Work in progress	Total
	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Cost:							
Balance as at January 1, 2019	6,251,500	14,906,671	5,606,618	11,148,342	2,707,500	81,989	40,702,620
Additions during the year	--	144,023	130,855	119,060	170,003	--	563,941
Disposals during the year	--	--	(5,498)	(2,199,050)	(941,533)	--	(3,146,081)
Balance at December 31, 2019	6,251,500	15,050,694	5,731,975	9,068,352	1,935,970	81,989	38,120,480
Additions during the period	--	--	2,045,565	3,569	493,033	--	2,542,167
Disposals during the period	--	--	(3,359)	--	(1,926,003)	--	(1,929,362)
Balance at December 31, 2020	**6,251,500**	**15,050,694**	**7,774,181**	**9,071,921**	**503,000**	**81,989**	38,733,285
Accumulated Depreciation:							
Balance as at January 1, 2019	--	12,084,597	5,302,484	7,801,457	2,187,007	81,989	27,457,534
Depreciation for the year	--	177,989	124,352	1,671,973	262,506	--	2,236,820
Disposals charge for the year	--	--	(1,032)	(769,671)	(737,460)	--	(1,508,163)
Balance at December 31, 2019	--	12,262,586	5,425,804	8,703,759	1,712,053	81,989	28,186,191
Depreciation for the period	--	184,514	457,444	121,955	151,789	--	915,702
Disposals charge during the period	--	--	--	--	(1,789,327)	--	(1,789,327)
Balance at December 31, 2020	--	**12,447,100**	**5,883,248**	**8,825,714**	**74,515**	**81,989**	27,312,566
Carrying amounts							
Balance at December 31, 2019	6,251,500	2,788,108	306,171	364,593	223,917	--	9,934,289
Balance at December 31, 2020	**6,251,500**	**2,603,594**	**1,890,933**	**246,207**	**428,485**	--	**11,420,719**

14. PROPERTY UNDER DEVELOPMENT

	2020	2019
	QR.	QR.
At 1 January	**256,820**	412,958
Additions	**--**	84,920
Disposal	**--**	(241,058)
Write off	**(171,900)**	--
At 31 December	**84,920**	256,820

15. INVESTMENT IN ASSOCIATE

Qatari Unified Bureau Insurance W.L.L is the associate of the Group, in which the Group has 25% of the interest. It is principally engaged in takaful insurance, Qatari Unified Bureau Insurance W.L.L is not publicly listed.

Movements in investment in the associate are as follows:

	2020	2019
	QR.	QR.
Carrying amount at 1 January / 31 December	**6,509,253**	6,509,253

The following table summarizes the financial information of the Associate as included in the financial statements of the Group.

	2020	2019
	QR.	QR.
	25%	25%
Total assets	**13,542,010**	11,590,531
Total liabilities	**3,735,699**	2,783,131
Net assets (100%)	**9,806,311**	8,807,400
The Group’s Share of net assets (25%)	**2,451,578**	2,201,850
Revenue	**1,832,273**	1,799,532
The Group’s Share of profit (25%)	**--**	--

16. ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2020		2019	
	Policyholders	**Shareholders**	Policyholders	Shareholders
	QR.	**QR.**	QR.	QR.
Accruals and provisions	**107,900**	**--**	4,417	3,950
Dividend payable	**--**	**11,027,650**	--	9,368,997
Provision for staff bonus	**--**	**2,290,247**	--	75,900
Provision for staff leave	**--**	**1,994,601**	--	--
Provision for Social and Sports activities Contribution	**--**	**871,916**	--	737,666
Board of Directors Remuneration	**--**	**881,208**	--	714,462
Deferred rental income	**--**	**5,588,193**	--	1,001,805
Others	**16,593,629**	**5,811,602**	17,990,786	14,168,621
At 31 December	**16,701,529**	**28,465,417**	17,995,203	26,071,401

17. DISTRIBUTABLE SURPLUS

	2020	2019
	QR.	QR.
At 1 January	**5,821,783**	5,930,375
Distributed during the year	**(41,858)**	(108,592)
At 31 December	**5,779,925**	5,821,783

18. EMPLOYEES' END OF SERVICE BENEFITS

	2020	2019
	QR.	QR.
At 1 January	**4,822,943**	4,266,198
Charge for the year	**480,102**	695,706
Paid during the year	**(238,547)**	(138,961)
At 31 December	**5,064,498**	4,822,943

19. SHARE CAPITAL

Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the company.

	2020	2019
	QR.	QR.
Authorized, issued and paid up capital		
Share capital of QR 1 each (QR)	**255,279,020**	255,279,024
No. of shares of QR 1 each (Nos.)	**255,279,020**	255,279,020

Decision taken in Extraordinary General Assembly held on 4/5/2020, to transfer QR. 4 from share capital to legal reserve to treat the difference between share capital and its shares nos.

20. LEGAL RESERVE

Legal reserve is computed in accordance with the provisions of the Qatar Central Bank (QCB) regulations, Qatar Commercial Companies' Law and the company's Articles of Association at 10% of the net profit for the year. This reserve is to be maintained until it equates 100% of the paid up capital and is not available for distribution except in circumstances specified in the Qatar Central Bank (QCB) regulations and Qatar Commercial Companies Law. During the year, the Group has transferred 10% of the net income for the year to the statutory reserve.

21. GENERAL RESERVE

As per the articles of association of the company, the directors may create a general reserve in shareholders equity to meet the contribution deficiency that may arise. During the current and comparative years, there was no transfer to the general reserve.

22. FAIR VALUE RESERVES

Fair value reserves comprise of cumulative net change in the fair value of equity securities designated the fair value through equity. Change in fair value reserve from investments at fair value through equity:

	2020		2019	
	Policyholders	**Shareholders**	Policyholders	Shareholders
	QR.	**QR.**	QR.	QR.
Quoted investments				
At January 1	**5,948,182**	**(1,493,772)**	2,849,375	(469,517)
Net movement during the year	**(1,586,982)**	**446,195**	3,098,807	1,237,839
At December 31 (1)	**4,361,200**	**(1,047,577)**	5,948,182	768,322
Unquoted investments				
At January 1 / 31 December (2)	**(105,106)**	**(5,225,379)**	--	(2,262,094)
At December 31 (1+2)	**4,256,094**	**(6,272,956)**	5,948,182	(1,493,772)

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23. GENERAL AND ADMINISTRATION EXPENSES

	2020	2019
	QR.	QR.
Staff costs	**20,585,198**	22,848,467
Travel expenses	**--**	607,404
Sharia supervisory board fee	**200,000**	194,000
Repair and maintenance	**1,142,695**	1,037,993
Professional fees	**1,231,906**	818,657
Insurance expenses	**206,591**	263,483
Governmental expenses	**544,267**	509,794
Bank charges	**275,930**	284,022
Marketing and advertising	**974,322**	352,282
Electricity and telephone	**702,593**	527,048
Refreshment and stationary	**413,612**	446,638
Miscellaneous	**256,930**	2,644,891
	26,534,044	30,534,679

24. INCOME TAX EXPENSES

Based on the New Executive Regulations to the Income Tax Law (No.24 of 2018), subsidiaries and companies owned by listed entities shall now be taxable to the extent of non-Qatari shareholding in the listed company.

Therefore, since the Group has investment in subsidiaries and other companies and are therefore taxable during the current year. Tax is charged at a rate of 10% of the taxable income to the extent of non-Qatari shareholding.

25. BOARD OF DIRECTORS' REMUNERATION

In accordance with the Articles of Association of the Company and the provisions of Qatar commercial companies law No.11 of 2015, the Board of Directors' remuneration for the year 2020 has been proposed at QR 881,208 (2019: QR 652,718). The provision is subject to the approval by the forthcoming shareholders general assembly.

26. SHARI'A SUPERVISORY BOARD

The Group's business activities are subject to the supervision of a Shari'a supervisory board appointed by the Shareholders. The Shari'a Supervisory Board performs a supervisory role in order to determine whether the operations of the Group are conducted in accordance with Shari'a rules and principles.

27. CONTRIBUTION TO SOCIAL AND SPORTS FUND

Pursuant to the Qatar Law No. 13 of 2008 and the related clarifications issued in 2010, which is applicable to all Qatari listed shareholding companies with publicly traded equity, the Group has made an appropriation of 2.5% of its net profit to social and sports fund.

28. RELATED PARTIES

a) Transactions with related parties

These represent transaction with related parties. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions and directors of the Group and companies of which they are key management personnel. Pricing policies and terms of these transactions are approved by the Group's management and are negotiated under normal commercial terms. Significant transactions during the year are as follows:

	Relationship	**2020**	2019
Name		**QR.**	QR.
Premium			
Al Baker Group	Shareholder	**40,586**	34,001
The Gulf Trading & Contracting Company	Shareholder	**158,272**	242,903
Gulf Office Solutions	Shareholder	**183,100**	95,911
Sharaka Holding	Shareholder	**74,932**	166,689
Mirage International Property Consultants	Shareholder	**66,871**	73,314
Iqra English School	Shareholder	**67,253**	55,825
Al Qarya Insurance Broker	Shareholder	**1,396,215**	916,779
Doha Bank	Shareholder	**25,338,425**	26,763,073
Others	Shareholders	**113,107**	24,428
Claims Paid			
Doha Bank	Shareholder	**10,401,925**	12,986,766
Al Qarya Insurance Broker	Shareholder	**451,463**	--

28. RELATED PARTIES (CONTINUED)

a) Balances with related parties:

Name	Relationship	2020 QR.	2019 QR.
Group Distribution*	Shareholder	**5,250**	--
Al Baker Trading Group**	Shareholder	**(786)**	4,869
Sharaka Holdings*	Shareholder	**100,121**	109,628
The Gulf Trading and Cont Co.*	Shareholder	**240,661**	317,596
Mirage International Property Consultants*	Shareholder	**13,730**	6,043
Gulf Office Solutions*	Shareholder	**7,100**	14,329
Iqra English School*	Shareholder	**11,649**	15,112
Al Qarya Insurance Broker*	Shareholder	**298,063**	122,248
Doha Bank **	Shareholder	**(257,061)**	(67,524)
Others**	Shareholder	**(11,618)**	(33,570)

*Takaful receivables from related parties are added to takaful receivables (Note 7), and claims payable to related parties are added to the retakaful payables.

b) Compensation of key management personnel:

	2020 QR.	2019 QR.
Board of directors' remuneration	**881,208**	653,718
Salaries and other short term benefits	**3,480,642**	3,020,872
Employees' end of service benefit	**17,549**	17,500
	4,379,399	3,692,090

29. SEGMENT INFORMATION

For management purposes, the Group is organized into five business segments, marine and aviation, fire, general accident energy and engineering, motor and takaful and medical. These segments are the basis on which the Group reports its primary segment information. Other operations of the Group comprise investment and treasury for the Group's own account. There are no transactions between segments. The data with respect to segment information are as follows.

a) Net underwriting results (policyholder and shareholder)

For the year ended 31 December 2020

	2020					
	Marine & Aviation	**Fire**	**General accident, Energy & Engineering**	**Motor**	**Takaful & Medical**	**Total**
	QR.	**QR.**	**QR.**	**QR.**	**QR.**	**QR.**
Gross contributions	14,857,621	64,832,515	35,653,140	100,208,820	88,065,983	303,618,079
Retakaful share of gross contributions	(12,942,809)	(62,300,811)	(30,761,608)	(9,664,381)	(54,334,658)	(170,004,267)
Retained contribution	**1,914,812**	**2,531,704**	**4,891,532**	**90,544,439**	**33,731,325**	**133,613,812**
Movement in unearned contributions	252,901	(186,406)	48,447	(7,452,428)	(995,371)	(8,332,857)
Net retained contributions	**2,167,713**	**2,345,298**	**4,939,979**	**83,092,011**	**32,735,954**	**125,280,955**
Retakaful commission and other takaful income	1,908,364	8,239,384	5,979,758	3,666,189	749,270	20,542,965
Change in deferred commission	378,654	(267,807)	(1,421,981)	647,556	41,305	(622,273)
Total insurance revenue (1)	**4,454,731**	**10316,875**	**9,497,756**	**87,405,756**	**33,526,529**	**145,201,647**
Gross claims paid	(10,857,637)	(29,657,685)	(29,895,502)	(39,191,423)	(34,955,786)	(144,558,033)
Retakaful share of claims paid	10,435,417	28,195,691	29,027,373	4,167,576	17,269,928	89,095,985
Net claims paid	**(422,220)**	**(1,461,994)**	**(868,129)**	**(35,023,847)**	**(17,685,858)**	**(55,462,048)**
Movement in outstanding claims	(461,303)	608,192	(492,605)	754,029	(795,615)	(387,302)
Movement in claims incurred but not reported reserve	(67,612)	(309,637)	(560,865)	(1,785,419)	(1,181,933)	(3,905,466)
Commission and other takaful expenses	(720,360)	(2,101,361)	(1,330,687)	(12,680,618)	(7,140,352)	(23,973,378)
Net claims incurred (2)	**(1,671,495)**	**(3,264,800)**	**(3,252,286)**	**(48,735,855)**	**(26,803,758)**	**(83,728,194)**
Net surplus from insurance operations (1+2)	**2,783,236**	**7,052,075**	**6,245,470**	**38,669,901**	**6,722,771**	**61,473,453**

29. SEGMENT INFORMATION (CONTINUED)

a) Net underwriting results (policyholder and shareholder) (continued)

For the year ended 31 December 2019

	2019					
	Marine & Aviation	Fire	General Accident, Energy & Engineering	Motor	Takaful & Medical	Total
	QR.	QR.	QR.	QR.	QR.	QR.
Gross contributions	13,851,692	44,068,179	57,975,494	90,996,062	89,575,819	296,467,246
Retakaful share of gross contributions	(11,568,429)	(40,619,422)	(51,302,738)	(10,353,207)	(58,878,792)	(172,722,588)
Retained contribution	2,283,263	3,448,757	6,672,756	80,642,855	30,697,027	123,744,658
Movement in unearned contributions	(191,981)	(211,108)	(116,558)	(7,249,583)	1,446,382	(6,322,848)
Net retained contributions	2,091,282	3,237,649	6,556,198	73,393,272	32,143,409	117,421,810
Retakaful commission and other takaful income	1,699,805	6,466,240	7,260,830	2,747,488	3,309,695	21,484,058
Change in deferred commission	(81,382)	(862,190)	2,583,053	2,395,970	(315,455)	3,719,996
Total insurance revenue (1)	3,709,705	8,841,699	16,400,081	78,536,730	35,137,649	142,625,864
Gross claims paid	(1,362,125)	(18,006,894)	(25,532,036)	(49,405,308)	(37,447,474)	(131,753,837)
Retakaful share of claims paid	1,032,747	16,969,592	24,138,886	7,826,909	23,460,160	73,428,294
Net claims paid	(329,378)	(1,037,302)	(1,393,150)	(41,578,399)	(13,987,314)	(58,325,543)
Movement in outstanding claims	(283,921)	(892,313)	(440,581)	(6,288,346)	(775,070)	(8,680,231)
Movement in claims incurred but not reported reserve	(39,737)	(230,973)	(795,145)	(560,880)	(166,647)	(1,793,382)
Commission and other takaful expenses	(683,112)	(2,335,778)	(2,366,039)	(11,060,294)	(7,431,325)	(23,876,548)
Net claims incurred (2)	(1,336,148)	(4,496,366)	(4,994,915)	(59,487,919)	(22,360,356)	(92,675,704)
Net surplus from insurance operations (1+2)	2,373,557	4,345,333	11,405,166	19,048,811	12,777,293	49,950,160

29. SEGMENT INFORMATION (CONTINUED)

b) Business segments

The Group's main business segments are as follows:

As at and for the year ended 31 December 2020:

	Underwriting	**Investments**	**Real Estate**	**Unallocated**	**Total**
	QR.	**QR.**	**QR.**	**QR.**	**QR.**
Net income	**61,473,453**	**13,229,470**	**4,615,461**	**(33,373,114)**	**45,945,270**
Total assets	**316,985,081**	**133,932,804**	**225,474,236**	**346,849,210**	**1,023,241,331**
Total liabilities	**387,821,136**	**--**	**--**	**50,253,966**	**438,075,102**

As at and for the year ended 31 December 2019:

	Underwriting	Investments	Real Estate	Unallocated	Total
	QR.	QR.	QR.	QR.	QR.
Net income	49,950,160	8,499,641	8,362,980	(36,418,393)	30,394,388
Total assets (Restated)	354,827,969	221,253,504	230,002,237	219,448,269	1,025,531,979
Total liabilities	417,302,088	--	--	48,901,793	466,203,881

c) Geographical segments

The Group operates in the State of Qatar only.

30. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

	2020	2019
	QR.	QR.
Bank guarantees	**1,760,279**	140,965
Tender Bond	**17,568**	770,000

Legal claims

The Group is subject to litigation and claims in the normal course of its business. The Group, based on independent legal advice, does not believe that the outcome of these cases will have a material impact on the Group's income or financial position.

31. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the profit for the year attributable to shareholders by the weighted average number of ordinary shares outstanding during the year.

31. BASIC AND DILUTED EARNINGS PER SHARE (CONTINUED)

	2020	2019
	QR.	QR.
Profit attributable to shareholders	**33,995,424**	28,853,929
Weighted average number of ordinary shares (*)	**255,279,020**	255,279,024
Basic earnings per share (QR)	**0.13**	0.11

*As per the instructions from the Qatar Financial Markets Authority, the Company's Extraordinary General Assembly on 17 April 2019 approved a 10 for 1 share split i.e. 10 new shares with a par value of QAR 1 each were exchanged for 1 old share with a par value of QAR 10 each. This has led to an increase in the number of authorised and outstanding shares from 25,527,902 to 255,279,020. The listing of the new shares on Qatar Exchange was effective from 1 July 2019. Consequently, weighted average number of shares outstanding has been retrospectively adjusted.

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Governance framework

The primary objective of the Group's risk and financial management framework is to protect the Group's shareholders from events that hinder the sustainable achievement of the set financial performance objectives. Key management recognizes the critical importance of having efficient and effective risk management systems in place.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors meets regularly to assess and identify the Group's risk, to review structure to ensure the appropriate quality and diversification of assets, and to ensure that underwriting and retakaful are in line with the Group's strategy and goals. The Group's Board of Directors has overall responsibility to identify and analyses the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Regulatory framework

The Qatar Central Bank Executive Insurance Instructions provide the regulatory framework for the insurance industry in Qatar. All insurance companies operating in Qatar are required to follow these rules and regulations.

The following are the key regulations governing the operation of the Group:

- Internal systems and controls;
- Risk management;
- Accounting, auditing and actuarial reporting; and
- Prudential requirement.

The Group's Board of directors is responsible for monitoring compliance with the above regulations and has delegated authorities and responsibilities from the board of directors to ensure compliance.

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT(CONTINUED)

Capital management framework

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

- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

- To provide an adequate return to shareholders by pricing takaful and investment contracts commensurately with the level of risk.

The capital structure of the Group consists of issued capital, reserves and retained earnings.

The Group in the normal course of its business derives its revenue mainly from assuming and managing takaful and investments risks for profit. The Group's lines of business are mainly exposed to the following risks;

- Takaful risk,
- Retakaful risk,
- Credit risk,
- Liquidity risk,
- Market risks, and
- Equity risk

Takaful risk

The principal risk the Group faces under takaful contracts is that the actual claims and benefits payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The Group manages the takaful risk through the careful selection and implementation of its underwriting strategy guidelines together with the adequate retakaful arrangements and proactive claims handling.

The Group principally issues general takaful contracts which constitute mainly marine and aviation, Motor, Fire and general, and Takaful and health. The concentration of takaful risk exposure is mitigated by diversifying the risk underwritten and ensuring that such risks are across a large portfolio in terms of type, level of insured benefits, amount of risk and industry.

The Group, in the normal course of business, in order to minimize financial exposure arising from large claims, enters into contracts with other parties for retakaful purposes. Such retakaful arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the retakaful is affected under treaty, facultative and excess-of-loss retakaful contracts. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the retakaful contracts.

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT(CONTINUED)

Takaful risk (continued)

Although the Group has retakaful arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded takaful, to the extent that any reinsurer is unable to meet its obligations assumed under such retakaful agreements. The Group's **32.** placement of retakaful is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single retakaful contract.

The Group has in place strict claim review to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims to reduce the risk exposure of the Group. The Group further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group.

In accordance with Takaful framework, the Group's shareholders does not bear the risks associated with takaful operations where it uses takaful fund, retained surplus and reinsurance agreements to mitigate such risks. In case of insufficient funds in the takaful fund to meet its obligations, the Group grants it an interest free loan and repayable in a number of years that to be determined by the Group's board of directors after consultation with Shari'a Supervisory Board.

- *Key assumptions* - *Takaful risk*
The principal assumption underlying the liability estimates is that the Group's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimated. Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency rates.

- *Sensitivities*
The general takaful claims provisions are sensitive to the key assumptions shown below. It has not been possible to quantity the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

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

Retakaful risk

The Group, in the normal course of business, in order to minimise financial exposure arising from large claims, enters into contracts with other parties for retakaful purposes. Such retakaful arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the retakaful is affected under treaty, facultative and excess-of-loss retakaful contracts.

To minimise its exposure to significant losses from retakaful insolvencies, the Group evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

The Group only deals with reinsurers approved by the management, which are generally international companies that are rated by international rating agencies or other GCC securities.

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Retakaful risk (continued)

Retakaful ceded contracts do not relieve the Group from its obligations to policyholders and as a result the Group remains liable for the portion of outstanding claims reinsured to the extent that the reinsurer fails to meet the obligations under the retakaful agreements.

Financial risk

The Group's principal instruments are financial investments, receivables arising from insurance and reinsurance contracts and cash and cash equivalents. The Group does not enter into derivative transactions.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, market price risk and liquidity risk.

The Board reviews and agrees policies for managing each of these risks which are summarized as follows.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all classes of financial assets held by the Group, the maximum credit risk exposure to the Group is the carrying value as disclosed in the statement of financial position.

A credit risk policy setting out the assessment and determination of what constitutes credit risk for the Group has been established and policies and procedures are in place to mitigate the Group's exposure to credit risk:

Compliance with the policy is monitored and exposures and breaches are regularly reviewed for pertinence and for changes in the risk environment.

- *Age analysis of financial assets*

31 December 2020

	< 60 days QR.	**61 to 120 days QR.**	**121 to 180 days QR.**	**181 to above 365 days QR.**	**Total QR.**
Takaful balance receivable	21,974,879	12,956,492	8,469,888	16,175,051	59,576,310
Due from reinsurers	10,945,760	7,614,080	7,247,516	13,832,306	39,639,662
Total	**32,920,639**	**20,570,572**	**15,717,404**	**30,007,357**	**99,215,972**

31 December 2019

	< 60 days QR.	61 to 120 days QR.	121 to 180 days QR.	181 to above 365 days QR.	Total QR.
Takaful balance receivable	29,220,303	13,190,960	7,728,082	21,539,103	71,678,448
Due from reinsurers	8,039,583	11,341,534	9,319,463	7,167,898	35,868,478
Total	37,259,886	24,532,494	17,047,545	28,707,001	107,546,926

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

Liquidity requirements are monitored on a daily/weekly/monthly basis and management ensures that sufficient funds are available to meet any commitments as they arise.

- *Maturity profiles*

The table below summarises the undiscounted maturity profile of the financial assets and financial liabilities of the Group based on remaining undiscounted contractual obligations, including interest payable and receivable. For takaful contracts liabilities and retakaful assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognized takaful liabilities. Unearned contributions and the reinsurer's share of unearned contributions have been excluded from the analysis as they are not contractual obligations.

31 December 2020	**Up to a year**	**1 to 5 years**	**Total**
	QR.	QR.	QR.
Financial assets			
Contribution receivables	56,241,190	3,335,120	59,576,310
Retakaful contract assets	223,198,470	--	223,198,470
Retakaful receivables	32,483,584	7,156,079	39,639,662
Time deposits	--	100,000	100,000
Cash and cash equivalents	194,633,488	--	194,633,488
Total	**506,556,732**	**10,591,199**	**517,147,930**

31 December 2020	**Up to a year**	**1 to 5 years**	**Total**
	QR.	QR.	QR.
Financial liabilities			
Due to reinsurers	39,432,558	9,351,262	48,783,820
Insurance contract liabilities	331,673,678	1,583,713	333,257,391
Payables and other liabilities	37,452,423	27,060,186	64,512,609
Total	**408,558,659**	**37,995,162**	**446,553,820**

31 December 2019	Up to a year	1 to 5 years	Total
	QR.	QR.	QR.
Financial assets			
Contribution receivables	68,847,927	2,830,521	71,678,448
Retakaful contract assets	251,603,987	--	251,603,987
Retakaful receivables	33,544,385	2,324,093	35,868,478
Time deposits	--	7,400,000	7,400,000
Cash and cash equivalents	60,328,279	--	60,328,279
Total	414,324,578	12,554,614	426,879,192

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

Liquidity risk (continued)

- Maturity profiles(continued)

31 December 2019	Up to a year QR.	1 to 5 years QR.	Total QR.
Financial liabilities			
Due to reinsurers	62,374,570	--	62,374,570
Insurance contract liabilities	349,105,735	--	349,105,735
Payables and other liabilities	44,066,604	--	44,066,604
Total	455,546,909	--	455,546,909

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The Group limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in international and local equity and bond markets. In addition, The Group actively monitors the key factors that affect stock and bond market movements, including analysis of the operational and financial performance of investees.

i. Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Qatari Riyal is effectively pegged to the United Stated dollars and thus currency risk occurs only in respect of currencies other than the United States Dollar. The Group's exposure to currency risk is minimal, since most of the transactions are either in Qatari Riyals or in US Dollars.

ii. Interest rate risk

The Group is exposed to interest rate risk related to the Islamic security deposits.

Fair value sensitivity analysis for variable interest rate

A change of 100 basis points in interest rates at the reporting date would have increased or (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or (Loss)	
	31 December 2020 QR.	31 December 2019 QR.
Cash flow sensitivity	**1,000**	224,000

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32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial risk (continued)

Equity price risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group's equity price risk exposure relates to financial assets whose values will fluctuate as a result of changes in market prices.

The Group limits equity price risk by maintaining a diversified portfolio and by monitoring the developments in equity markets. The majority of the Group's equity investments comprise securities quoted on the Qatar Exchange.

The following table demonstrates the sensitivity of the effect of cumulative changes in fair value of the Group to reasonably possible changes in the prices of equities, with all other variables held constant. The effect of decrease in equity prices is expected to be equal and opposite to the effect of the increase shown.

	Changes in equity prices	Effect on equity QR.	Effect on profit QR.
2020			
Investments at fair value through equity	+5%	4,865,878	--
2019			
Investments at fair value through equity	+5%	8,971,706	--

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Accounting classifications and fair values

The table below sets out the carrying amounts and fair values of the Group's financial assets and financial liabilities:

	Fair value through income statement	*Fair value through equity*	*Amortised cost*	*Total carrying amount*	*Fair value*
	QR.	**QR.**	**QR.**	**QR.**	**QR.**
December 31, 2020					
Cash and bank balances	--	--	194,733,488	194,733,488	--
Financial investments	8,551,975	97,317,569	--	105,869,544	105,869,544
Retakaful contract assets	--	--	223,198,470	223,198,470	--
Takaful and other receivables	--	--	239,926,055	239,926,055	--
	8,551,975	**97,317,569**	**657,858,013**	**763,727,557**	
Takaful and other payables	--	--	93,950,766	93,950,766	--
Insurance contract liabilities	--	--	333,257,391	333,257,391	--
	--	--	**427,208,157**	**427,208,157**	

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Accounting classifications and fair values (continued)

	Fair value through income statement	***Fair value through equity***	***Amortised cost***	***Total carrying amount***	***Fair value***
	QR.	**QR.**	**QR.**	**QR.**	**QR.**
December 31, 2019					
Cash and bank balances	--	--	67,728,279	67,728,279	--
Financial investments	6,456,128	179,434,116	--	185,890,244	185,890,244
Retakaful contract assets	--	--	243,039,032	243,039,032	--
Insurance and other receivables	--	--	256,475,807	256,475,807	--
	6,456,128	**179,434,116**	**567,243,118**	**753,133,362**	
Takaful and other payables	--	--	106,441,174	106,441,174	--
Insurance contract liabilities	--	--	341,328,196	341,328,196	--
	--	**--**	**447,769,370**	**447,769,370**	

33. MUDAREB SHARE AND WAKALA FEES

Mudareb fees are calculated at a rate of 70% (2019: 70%) of the net income received on the investments of the policyholders. The actual rate for each year is determined by the Sharia Supervisory Board after co-ordination with the Company's Board of Directors.

The Wakala fee is provided to shareholders' at the rate of 20% of gross written premium after deducting gross written premium from fronting business as approved by the Board and Sharia'a supervisory board on their meeting dated 10 January 2019, the rate was subsequently increased on 11 November 2020 to 25% based on Sharia'a department advice (2019: 3% of net retained contribution plus general and administrative expenses).

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34. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.
The fair values of financial instruments are not materially different from their carrying values.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at year end the Group held the following financial instruments measured at fair value.

	December 31, 2020	Level 1	Level 2	Level 3
	QR.	QR.	QR.	QR.
Assets measured at fair value				
Policy holders				
Financial investments	18,480,069	16,855,180	--	1,624,889
Shareholders				
Financial investments	87,389,475	57,001,315	--	30,388,160

	December 31, 2019	Level 1	Level 2	Level 3
	QR.	QR.	QR.	QR.
Assets measured at fair value				
Policy holders				
Financial investments	24,705,205	22,966,505	--	1,738,700
Shareholders				
Financial investments	161,185,039	127,833,593	--	33,351,446

During the year ended December 31, 2020 and 2019, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements. The above do not include the investments held at cost.

35. ZAKAT

The articles of Association of the Company do not authorize management to pay Zakat on behalf of the shareholders. The responsibility of paying Zakat rests with the shareholders.

36. DIVIDEND DECLARED AND PAID

The Board of Directors has proposed in their meeting dated 3 March 2021 to distribute cash dividends of QR 0.05 per share amounting to QR 12,763,951. The proposed dividends are subject to the approval of shareholders in the coming General Assembly meeting.

At the Annual General Meeting on 5 April 2020, a dividend in respect of the profit for the year ended 31 December 2019 of QR 0.05 per share amounting to a total dividend of QR 12,763,951 was approved. The dividends were paid during the year ended 31 December 2020.

37. COMPARATIVE FIGURES AND RESTATEMENT OF PRIOR YEARS' FINANCIAL STATEMENTS

The Group has restated its prepayment and other receivables and retained earnings to rectify an error made in the books of a subsidiary in the prior period. The subsidiary paid dividend to its parent but entry for the same was not made in the books of subsidiary company and the Parent Company was debited when the payment for the dividend was made. The Parent Company accounted for the dividend income which was not eliminated in the consolidated financial statements. The other income and other receivables were overstated in the consolidated financial statements due to above errors. In accordance with the requirements of IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the below-mentioned "comparative" numbers for the year ended 31 December 2018 and 2019 have been restated, as summarized below:

	As at January 1, 2019 as previously stated	**Adjustments**	**As at January 1, 2019 as restated**
	QR.	**QR.**	**QR.**
Retained earnings	33,270,135	(866,740)	32,403,395
Prepayments and other receivables	168,811,337	(866,740)	167,944,597

	As at December 31, 2019 as previously stated	**Adjustments**	**As at December 31, 2019 as restated**
	QR.	**QR.**	**QR.**
Retained earnings	45,737,057	(866,740)	44,870,317
Prepayments and other receivables	134,004,423	(866,740)	133,137,683

The above restatement has no impact on the previously reported profit and cash flows for the year ended December 31, 2019.

38. COVID 19 IMPACT

The World Health Organization declared on March 11, 2020 the Novel Coronavirus (Covid-19) as a global pandemic. This event has caused widespread disruptions to businesses and economic activity.

The Group is closely monitoring the situation and has activated its business continuity planning and other risk management practices to manage any potential business disruption, due to COVID-19 outbreak, on its operations and financial performance.

The Group has performed an assessment of COVID-19 implications on the financial results of the Group, in light of the available guidance of FAS and IFRS and incorporated the outcome in these consolidated financial statements.

i) Takaful contract liabilities

The Group is required to assess adequacy of insurance contract liabilities at each reporting date. Due to exceptional circumstance and uncertain market conditions, the Group has involved actuarial expert to assess required Claims incurred but not reported reserves (IBNR), Unallocated Loss Adjustment Expense (ULAE) and Premium Deficiency Reserve (PDR) based on the updated inputs and assumptions as at December 31, 2020.

Also, the Group has made an assessment of outstanding claims as of December 31, 2020 and has concluded that there is no material impact on the outstanding claims due to Covid 19.

Furthermore, the Group has made an assessment of currently active insurance policies for trade credit, and workers’ compensation of business. Since the business activity in these lines of business is very limited and does not include claims under pandemic situations, therefore, the Group does not foresee any unusual insurance claims arising out of these lines of business. Similarly for medical line of business, all Covid 19 impacted patients are referred to state medical facility therefore, Group does not foresee any significant claims related to Covid 19 patients.

ii) Impact on investment portfolio

Substantial portfolio of the Group consists of quoted investments that are carried at fair value. The Group believes that the quoted fair values used to value the investments includes the impact of Covid 19 and hence the investment portfolio is adjusted for the impact of Covid 19.

For unquoted investments, Group has evaluated these with reference to current economic conditions and the related impact on cash flow forecasts and has concluded that the investments are not materially impact by Covid 19.

iii) Impact on other assets and liabilities

The Group has also assessed the impact of COVID- 19 on other assets and liabilities and ensured that proper adjustments and adequate disclosures are made in the consolidated financial statements.

iv) Major events

The implications of the Covid 19 pandemic are ongoing and the outcome of this event is unknown and therefore the impact on the Group for conditions that arose after the period end (“non-adjusting events” in line with IAS 10 “Subsequent events”) cannot be reasonably quantified at the date of issuance of these financial statements. The effect of Covid-19 on the Group will be incorporated in the determination of the Group’s estimates going forward in the annual consolidated financial statements for the year ending December 31, 2020.

39. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors and authorized for issue on March 3, 2021.