

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE MONTHS PERIOD ENDED
MARCH 31, 2020**

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months period ended March 31, 2020

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QR. 99-8

RN: 0703/WS/FY2020

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Board of Directors
Al Khaleej Takaful Insurance Company Q.P.S.C.
Doha Qatar

Introduction

We have reviewed the interim condensed consolidated financial information of Al Khaleej Takaful Insurance Company Q.P.S.C. (the "Company") and its subsidiaries (together referred to as the "Group") comprising the interim condensed consolidated statement of financial position as at March 31, 2020 and the related interim condensed consolidated statements of policyholders' revenues and expenses, policyholders' surplus, income statement, changes in shareholders' equity and cash flows for the three month period then ended, and certain explanatory notes.

Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions ('AAOIFI'). Our responsibility is to express a conclusion on the interim condensed consolidated financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information as at March 31, 2020 are not prepared, in all material respects, in accordance with Financial Accounting Standards issued by AAOIFI.

Emphasis of matters

We draw attention to Note 9 of the accompanying interim condensed consolidated financial information which states that included in the other receivables is an amount of QR. 114 million as at March 31, 2020 (December 31, 2019: QR. 114 million) for which management is certain about the recoverability of the balance. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REVIEW REPORT (CONTINUED)

Emphasis of matters (continued)

We draw attention to Note 24 of the accompanying interim condensed consolidated financial information, which describe the effects of the coronavirus (COVID-19) pandemic and the related uncertainties on the Group's interim condensed consolidated financial information. Our opinion is not modified in respect of this matter.

Other matter

The interim condensed consolidated financial information of the Group for the three-month period ended March 31, 2019 and the annual consolidated financial statements for the year ended December 31, 2019 were reviewed and audited by another auditor, whose review report dated April 29, 2019 and audit report dated March 3, 2020 expressed an unmodified conclusion and opinion respectively.

**Doha – Qatar
May 3, 2020**

**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.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2020

	Notes	March 31, 2020 QR. (Reviewed)	December 31, 2019 QR. (Audited)
Policyholders' assets			
Cash and bank balances	6	31,442,876	26,233,136
Time deposits	6	--	3,650,000
Investments at fair value through equity	8 (a)	22,706,126	21,899,077
Investments at fair value through income statement	8 (b)	2,427,642	2,806,128
Takaful balances receivable		70,668,474	67,626,234
Retakaful balances receivable		36,271,015	35,391,729
Retakaful share of unearned contributions	7	69,157,632	54,644,739
Retakaful share of gross outstanding claims	7	152,255,618	155,441,577
Retakaful share of claim incurred but not reported	7	32,499,109	32,411,649
Deferred commission		9,922,267	8,564,955
Other receivables and prepayments	9	14,459,311	15,791,198
Investment properties	10	31,100,259	31,317,787
Total policyholders' assets		472,910,329	455,778,209
Shareholders' assets			
Cash and bank balances	6	24,571,081	34,095,143
Time deposits	6	3,750,000	3,750,000
Investments at fair value through equity	8 (a)	152,487,789	157,535,039
Investments at fair value through income statement	8 (b)	3,650,000	3,650,000
Assets held for sale		21,454,007	21,454,007
Insurance balances receivable		7,007	6,882
Reinsurers balances receivable		199,137	199,137
Reinsurers share of gross outstanding claims	7	541,068	541,067
Other receivables and prepayments	9	123,782,899	134,004,423
Investment properties	10	197,772,930	198,684,450
Fixed assets	11	11,556,023	9,934,289
Property under development		84,920	256,820
Investments in associate	12	6,509,253	6,509,253
Total shareholders' assets		546,366,114	570,620,510
Total assets		1,019,276,443	1,026,398,719

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL INFORMATION

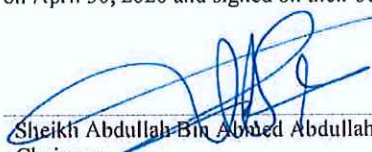
AL KHALEEJ TAKAFUL INSURANCE COMPANY Q.P.S.C.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

As at March 31, 2020

	Notes	March 31, 2020 QR. (Reviewed)	December 31, 2019 QR. (Audited)
Policyholder's equity			
Retained surplus		12,670,239	16,713,452
Fair value reserve	16	3,229,337	5,948,182
Total policyholders' equity		15,899,576	22,661,634
Policyholder's liabilities			
Unearned contributions	7	133,471,114	109,059,293
Gross outstanding claims	7	184,596,659	185,710,379
Claims incurred but not reported	7	47,330,551	45,811,235
Deferred commission income		8,975,932	7,777,539
Accounts payable and other liabilities		11,077,255	17,995,203
Retakaful and takaful balances payable		65,759,339	60,941,143
Distributable surplus		5,799,903	5,821,783
Total policyholders' liabilities		457,010,753	433,116,575
Total policyholders' equity and liabilities		472,910,329	455,778,209
Shareholders' liabilities			
Gross outstanding claims	7	542,805	747,289
Accounts payable and other liabilities		38,881,494	26,071,401
Reinsurers and insurance balances payable		1,433,427	1,433,427
Provision for income tax	18	12,246	12,246
Employees' end of service benefits		4,756,823	4,822,943
Total shareholders' liabilities		45,626,795	33,087,306
Shareholders' equity			
Share capital	13	255,279,024	255,279,024
Legal reserve	14	237,935,418	237,935,418
General reserve	15	75,477	75,477
Fair value reserve	16	(41,713,930)	(1,493,772)
Retained earnings		49,163,330	45,737,057
Total shareholders' equity		500,739,319	537,533,204
Total shareholders' liabilities and equity		546,366,114	570,620,510
Total liabilities, surplus of policyholders' and shareholders' equity		1,019,276,443	1,026,398,719

These interim condensed consolidated financial information were approved by the Board of Directors on April 30, 2020 and signed on their behalf by:


Sheikh Abdullah Bin Ahmed Abdullah Al Thani
Chairman


Mr. Abdulla Ali Al-Assiri
Chief Executive Officer

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL INFORMATION

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF POLICYHOLDERS' REVENUES AND EXPENSES

For the three months period ended March 31, 2020

	For the three months period ended March 31,	
	2020	2019
	QR. (Reviewed)	QR. (Reviewed)
Takaful revenues		
Gross contributions	96,019,827	92,192,303
Retakaful share of gross contributions	<u>(52,648,934)</u>	<u>(50,940,024)</u>
Net retained contributions	43,370,893	41,252,279
Movement in unearned contributions	<u>(10,078,496)</u>	<u>(14,085,820)</u>
Net earned contributions	33,292,397	27,166,459
Retakaful commission and other takaful income	5,735,683	6,123,350
Change in deferred commission	<u>158,920</u>	<u>3,449,349</u>
Total takaful revenue	<u>39,187,000</u>	<u>36,739,158</u>
Takaful expenses		
Gross claims paid	<u>(38,047,186)</u>	<u>(27,572,796)</u>
Retakaful share of claims paid	<u>20,789,676</u>	<u>12,783,894</u>
Net claims paid	<u>(17,257,510)</u>	<u>(14,788,902)</u>
Movement in outstanding claims	<u>(2,072,240)</u>	<u>(95,897)</u>
Movement in claims incurred but not reported reserves	<u>(1,431,855)</u>	<u>93,385</u>
Commission and other takaful expenses	<u>(7,047,202)</u>	<u>(6,318,657)</u>
Total takaful expenses	<u>(27,808,807)</u>	<u>(21,110,071)</u>
Net surplus from takaful operations	<u>11,378,193</u>	<u>15,629,087</u>
Investment income of takaful policy holders	240,961	1,119,953
Income from deposits	129,236	277,093
Dividend income	362,974	--
Rental income	<u>540,000</u>	<u>444,000</u>
Total surplus	<u>12,651,364</u>	<u>17,470,133</u>
Other expenses		
Wakala fees	<u>(14,829,726)</u>	<u>(14,234,230)</u>
Depreciation	<u>(217,528)</u>	<u>(241,954)</u>
Other expenses	<u>(756,103)</u>	<u>(601,554)</u>
Mudareb expenses	<u>(891,220)</u>	<u>(1,415,300)</u>
Total other expenses	<u>(16,694,577)</u>	<u>(16,493,038)</u>
(Deficit) / surplus of revenues over expenses	<u>(4,043,213)</u>	<u>977,095</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL INFORMATION

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF POLICYHOLDERS' SURPLUS

For the three months period ended March 31, 2020

	For the three months period ended March 31,	
	2020	2019
	QR.	QR.
	(Reviewed)	(Reviewed)
Retained surplus balance at beginning of the period	16,713,452	15,172,993
(Deficit)/surplus for the period	(4,043,213)	977,095
Total surplus at the end of the period	12,670,239	16,150,088
Distribution to policyholders during the period	--	--
Retained surplus balance at end of the period	12,670,239	16,150,088

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL INFORMATION

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

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months period ended March 31, 2020

	Note	For the three months period ended March 31,	
		2020	2019
		QR.	QR.
		(Reviewed)	(Reviewed)
Shareholders' revenues and expenses			
Claims paid		--	--
Re-insurance share of claims paid		--	--
Net claims paid		--	--
Movement in outstanding claims		204,484	(408,968)
Total insurance income/(expenses)		204,484	(408,968)
Surplus / (deficit) from insurance operations		204,484	(408,968)
Investments and other income			
Wakala income		14,829,726	14,234,230
Mudarib income		891,220	1,415,300
Income from deposits		82,753	41,954
Dividend income		4,511,299	3,726,006
Net realized gain on sale of investment at fair value through equity		2,222,546	1,880,975
Rental income		2,561,432	1,477,391
Other income		6,210	2,945
Total investment and other income		25,105,186	22,778,801
Expenses			
General and administrative expenses	17	(7,968,934)	(6,429,124)
Depreciation		(1,150,512)	(1,545,797)
Total expenses		(9,119,446)	(7,974,921)
Net income		16,190,224	14,394,912
Basic and diluted earnings per share (QR per share)	21	0.063	0.056

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL INFORMATION

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the three months period ended March 31, 2020

	Share capital	Legal reserve	General reserve	Fair value reserve	Retained earnings	Total
	QR.	QR.	QR.	QR.	QR.	QR.
Balance as at January 1, 2020 (Audited)	255,279,024	237,935,418	75,477	(1,493,772)	45,737,057	537,533,204
Net income for the period	--	--	--	--	16,190,224	16,190,224
Movement in fair value reserve	--	--	--	(40,220,158)	--	(40,220,158)
Dividends paid	--	--	--	--	(12,763,951)	(12,763,951)
Balance as at end of March 31, 2020 (Reviewed)	255,279,024	237,935,418	75,477	(41,713,930)	49,163,330	500,739,319
Balance at January 1, 2019 (Audited)	255,279,024	235,050,025	75,477	(2,731,611)	33,270,135	520,943,050
Net income for the period	--	--	--	--	14,394,912	14,394,912
Movement in fair value reserve	--	--	--	(1,109,805)	--	(1,109,805)
Dividends paid	--	--	--	--	(12,763,951)	(12,763,951)
Balance as at end of 31 March 2019 (Reviewed)	255,279,024	235,050,025	75,477	(3,841,416)	34,901,096	521,464,206

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL INFORMATION

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months period ended March 31, 2020

Note	For the three months period ended	
	March 31,	
	2020	2019
	QR.	QR.
	(Reviewed)	(Reviewed)
Cash flows from operating activities		
Net income for the period	16,190,224	14,394,912
Policyholders' (deficit)/surplus for the period	(4,043,213)	977,095
	<u>12,147,011</u>	<u>15,372,007</u>
<i>Adjustments for :</i>		
Depreciation of fixed assets and investment properties	1,368,044	1,787,751
Income from deposits	(211,989)	(319,047)
Dividend income	(4,874,273)	(4,845,959)
Rental income	(3,101,432)	(1,921,391)
Write off of property under development	171,900	--
Net realized gain on sale of investment at fair value through equity	(2,463,506)	(3,000,928)
Provision for employees' end of service benefits	73,906	164,505
Operating profit before working capital changes	<u>3,109,661</u>	<u>7,236,938</u>
<i>Changes in:</i>		
Takaful balances receivable	(3,042,366)	(19,323,891)
Retakaful balances receivable	(879,286)	(17,993,296)
Retakaful share of unearned contributions	(14,512,893)	(14,678,997)
Retakaful share of outstanding claims	3,185,959	(28,320,134)
Deferred commission	(1,357,312)	(2,703,142)
Other receivable and prepayments	11,553,411	27,642,406
Unearned contributions	24,411,820	28,534,100
Gross outstanding claims	(1,318,204)	28,824,999
Claims incurred but not reported	1,431,855	(93,385)
Deferred commission income	1,198,393	(746,208)
Accounts payable and other liabilities	5,892,145	25,210,321
Retakaful balances payable	4,818,196	16,010,522
Cash generated from operating activities	<u>34,491,379</u>	<u>49,600,233</u>
Employees' end of service benefits paid	(140,025)	--
Net cash generated from operating activities	<u>34,351,354</u>	<u>49,600,233</u>
Cash flows from investing activities		
Additions of investment at fair value through equity	(69,466,689)	(16,497,829)
Proceeds from disposal of investment at fair value through equity	33,231,395	14,506,588
Net proceeds from redemption of investments at fair value through income statement	378,486	186,980
Acquisition of fixed assets	(1,860,731)	(151,040)
Net proceed from disposal of property under development	--	(44,600)
Income from deposits	211,989	319,047
Dividends income received	4,874,273	4,845,959
Rental income	3,101,432	1,921,391
Net movement in term deposits	3,650,000	1,350,000
Net cash (used in) / generated from investing activities	<u>(25,879,845)</u>	<u>6,436,496</u>
Cash flows from financing activities		
Dividends paid to shareholders	(12,763,951)	(12,763,951)
Surplus distributed to policyholders	(21,880)	(5,872)
Net cash used in financing activities	<u>(12,785,831)</u>	<u>(12,769,823)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(4,314,322)</u>	<u>43,266,906</u>
Cash and cash equivalents at January 1	60,328,279	33,632,257
Cash and cash equivalents at March 31	<u>56,013,957</u>	<u>76,899,163</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL INFORMATION

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months period ended March 31, 2020

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 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 and real estate investment.

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.

These interim condensed consolidated financial information were authorized for issue in accordance with a resolution of the Board of Directors on April 30, 2020.

2. BASIS OF PREPARATION

a) Statement of compliance and preparation

The interim condensed consolidated financial information have been prepared in accordance with Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI"). In line with AAOIFI, for matters that are not covered by FAS, the Group uses the guidance from the relevant International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Accordingly, the interim condensed consolidated financial information have been prepared in accordance with the guidance provided by International Accounting Standard 34 – 'Interim Financial Reporting'.

The interim condensed consolidated financial information have been prepared under the historical cost basis except for certain financial instruments which are measured at fair value, in accordance with the principal accounting policies as set out below.

The interim condensed consolidated financial information are presented in Qatari Riyals ("QR."), which is the Group's functional and presentational currency, and all values are rounded to the nearest QR.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2019. In addition, results for the three-month period ended March 31, 2020 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2020.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months period ended March 31, 2020

2. BASIS OF PREPARATION (CONTINUED)

b) Significant accounting judgment, estimates and assumptions

The preparation of the interim condensed consolidated financial information 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 recognized in the period in which the estimate is revised and in any future periods affected.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are consistent with those applied to the annual financial statements as at December 31, 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

New standards, amendments and interpretations

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

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

AAOIFI has issued FAS 31 in 2018. 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 2019. 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.

FAS 34 - Financial reporting for Sukuk-holders

AAOIFI has issued FAS 34 in 2019. 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 January 1, 2020 and have no material impact on the Group's interim condensed consolidated financial information.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months period ended March 31, 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standards, amendments 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 January 1, 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 January 1, 2021 with early adoption permitted, only if the Group early adopts FAS 30 - Impairment, credit losses and onerous commitments.

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

4. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements as at and for the year ended December 31, 2019.

5. 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.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months period ended March 31, 2020

6. CASH AND BANK BALANCES

For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents comprise the following balances with original maturities of less than three months.

Cash and cash equivalents at the end of the reporting period as shown in the interim condensed consolidated statement of cash flows can be reconciled to the related items in the interim condensed consolidated statement of financial position as follows:

	March 31, 2020	December 31, 2019
	QR.	QR.
	(Reviewed)	(Audited)
Policyholders		
Cash on hand	103,037	--
Investment deposits (Islamic banks) (1)	3,650,000	3,650,000
Call accounts (Islamic banks) (2)	21,776,512	19,907,597
Current accounts (Islamic banks) (3)	5,913,327	6,325,539
Total	<u>31,442,876</u>	<u>29,883,136</u>
Shareholders		
Cash on hand	13,808	20,598
Investment deposits (Islamic banks) (1)	9,750,000	18,750,000
Call accounts (Islamic banks) (2)	16,413,050	16,358,190
Current accounts (Islamic banks) (3)	2,144,223	2,716,355
Total	<u>28,321,081</u>	<u>37,845,143</u>
Total cash and bank balances	59,763,957	67,728,279
Less: deposits with original maturity of more than three months	<u>(3,750,000)</u>	<u>(7,400,000)</u>
Total cash and cash equivalents	<u>56,013,957</u>	<u>60,328,279</u>

- (1) Investment deposits earn profit at rates ranging from 1% to 2.7% (December 31, 2019: 3.6% to 4%).
- (2) Call accounts earn profit at rates ranging from 0.25% to 0.95% (December 31, 2019: 0.25% to 1.7%).
- (3) Included in current accounts non-Islamic bank accounts used for the policyholders contributions paid by credit cards.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months period ended March 31, 2020

7. REINSURANCE/RETAKAFUL CONTRACT ASSETS AND INSURANCE/TAKAFUL CONTRACT LIABILITIES

	March 31, 2020		December 31, 2019	
	(Reviewed)		(Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
	QR.	QR.	QR.	QR.
Gross insurance/takaful contract liabilities				
Claims reported unsettled	184,596,659	542,805	185,710,379	747,289
Claims incurred but not reported	47,330,551	--	45,811,235	--
Unearned contributions	133,471,114	--	109,059,293	--
Total	365,398,324	542,805	340,580,907	747,289
Reinsurers'/retakaful share of insurance/takaful liabilities				
Claims reported unsettled	152,255,618	541,068	155,441,577	541,067
Claims incurred but not reported	32,499,109	--	32,411,649	--
Unearned contributions	69,157,632	--	54,644,739	--
Total	253,912,359	541,068	242,497,965	541,067
Net insurance/takaful liabilities				
Claims reported unsettled	32,341,041	1,737	30,268,802	206,222
Claims incurred but not reported	14,831,442	--	13,399,586	--
Unearned contributions	64,313,482	--	54,414,554	--
Total	111,485,965	1,737	98,082,942	206,222

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months period ended March 31, 2020

8 (a). INVESTMENTS AT FAIR VALUE THROUGH EQUITY

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

	March 31, 2020		December 31, 2019	
	(Reviewed)		(Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
	QR.	QR.	QR.	QR.
Quoted investments (i)				
Local equity shares	20,712,866	121,380,296	19,686,966	123,236,769
Foreign equity shares	359,666	719,333	473,411	946,824
Total	21,072,532	122,099,629	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	138,700	36,400	138,700	36,400
Total	1,633,594	30,388,160	1,738,700	33,351,446
Total investments at fair value through equity	22,706,126	152,487,789	21,899,077	157,535,039

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

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

	March 31, 2020		December 31, 2019	
	(Reviewed)		(Audited)	
	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	65,657,406	2,218,869	114,293,745
Disposals	(283,389)	(30,484,498)	(2,920,082)	(72,549,629)
Impairment	--	--	--	(4,899,447)
Changes in fair value	(2,718,844)	(40,220,158)	3,098,807	1,237,889
Balance at end	22,706,126	152,487,789	21,899,077	157,535,039

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months period ended March 31, 2020

8 (b). INVESTMENTS AT FAIR VALUE THROUGH INCOME STATEMENT

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

	March 31, 2020		December 31, 2019	
	(Reviewed)		(Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
	QR.	QR.	QR.	QR.
Investments (i)	<u>2,427,642</u>	<u>3,650,000</u>	<u>2,806,128</u>	<u>3,650,000</u>

(i) This constitutes an investment in foreign sukuk and investment funds managed by Q-Invest.

	March 31, 2020		December 31, 2019	
	(Reviewed)		(Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
	QR.	QR.	QR.	QR.
Balance at January 1	2,806,128	3,650,000	4,089,956	--
Additions	--	--	--	3,650,000
Redemption	<u>(378,486)</u>	--	<u>(1,283,828)</u>	--
Balance at end	<u>2,427,642</u>	<u>3,650,000</u>	<u>2,806,128</u>	<u>3,650,000</u>

9. OTHER RECEIVABLES

Included in the other receivables is an amount of QR 114 million at March 31, 2020 (December 31, 2019: QR 114 million) which is a receivable from a previous related party. The balance arose from sale of certain investments during the year 2018 for a total consideration of QR 144 million. During the year 2019, the Group has collected an amount of QR 30 million as per the initial agreed payment schedule. Management is certain about the recoverability of the balance of QR 114 million as at March 31, 2020 and accordingly, has not made any provision against this amount.

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For the three months period ended March 31, 2020

10. 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
Cost:			
Balance at January 1, 2019 / December 31, 2019 / March 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 for the year	--	972,911	972,911
Balance at December 31, 2019	--	3,919,830	3,919,830
Depreciation for the period	--	217,528	217,528
Balance at March 31, 2020	--	4,137,358	4,137,358
Carrying amounts			
December 31, 2019 (Audited)	17,352,540	13,965,247	31,317,787
March 31, 2020 (Reviewed)	17,352,540	13,747,719	31,100,259
b) Shareholders	Land	Buildings	Total
Cost:			
Balance at January 1, 2019 / December 31, 2019 / March 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 for the year	--	3,649,588	3,649,588
Balance at December 31, 2019	--	22,064,372	22,064,372
Depreciation for the period	--	911,520	911,520
Balance at March 31, 2020	--	22,975,892	22,975,892
Carrying amounts			
December 31, 2019 (Audited)	147,701,028	50,983,422	198,684,450
March 31, 2020 (Reviewed)	147,701,028	50,071,902	197,772,930

As at December 31, 2019, 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 December 31, 2019, the fair value at the date of valuation amounted to QR 346 million.

The Group has not carried out any independent valuation as of March 31, 2020, since management believes that the market condition has not changed significantly compared to December 31, 2019, the date on which an independent valuation has been conducted.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months period ended March 31, 2020

11. FIXED ASSETS

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

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months period ended March 31, 2020

11. 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.	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 (Audited)	6,251,500	15,050,694	5,731,975	9,068,352	1,935,970	81,989	38,120,480							
Additions during the period	--	--	1,837,698	--	23,033	--	1,860,731							
Disposals during the period	--	--	--	--	(896,500)	--	(896,500)							
Balance at March 31, 2020 (Reviewed)	6,251,500	15,050,694	7,569,673	9,068,352	1,062,503	81,989	39,084,711							
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 (Audited)	--	12,262,586	5,425,804	8,703,759	1,712,053	81,989	28,186,191							
Depreciation for the period	--	44,987	112,474	18,723	62,813	--	238,997							
Disposals charge during the period	--	--	--	--	(896,500)	--	(896,500)							
Balance at March 31, 2020 (Reviewed)	--	12,307,573	5,538,278	8,722,482	878,366	81,989	27,528,688							
Carrying amounts														
Balance at December 31, 2019 (Audited)	6,251,500	2,788,108	306,171	364,593	223,917	--	9,934,289							
Balance at March 31, 2020 (Reviewed)	6,251,500	2,743,121	2,031,395	345,870	184,137	--	11,556,023							

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For the three months period ended March 31, 2020

12. INVESTMENT IN ASSOCIATES

The Group has the following investment in associates:

Name of Associate	Principal Activity	Country of incorporation	2020	2019
Qatari Unified Bureau Insurance W.L.L.	Takaful Insurance	Qatar	25%	25%

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 is not publicly listed.

Movements in investment in the associate are as follows:

	March 31, 2020 QR. (Reviewed)	December 31, 2019 QR. (Audited)
At January 1,	6,509,253	6,509,253
Dividends received during the period / year	--	--
Provision for impairment	--	--
At March 31 / December 31	6,509,253	6,509,253

13. SHARE CAPITAL

	March 31, 2020 (Reviewed)	December 31, 2019 (Audited)
<i>Authorized, issued and paid up capital</i>		
Share capital of QR 1 each (QR)	255,279,024	255,279,024
Number of shares of QR 1 each	255,279,024	255,279,024

14. 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. The transfer for the year 2020 will be done at year end (2019; the Group has transferred 10% of the net income for the year to the statutory reserve.

15. 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.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months period ended March 31, 2020

16. 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:

	March 31, 2020 (Reviewed)		December 31, 2019 (Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
	QR.	QR.	QR.	QR.
Quoted investments				
At January 1	5,948,182	768,322	2,849,375	(469,517)
Net movement	(2,718,845)	(37,256,873)	3,098,807	1,237,839
At March 31 / December 31	3,229,337	(36,488,551)	5,948,182	768,322
Unquoted investments				
At March 31 / December 31	--	(5,225,379)	--	(2,262,094)
Total				
At March 31 / December 31	3,229,337	(41,713,930)	5,948,182	(1,493,772)

17. GENERAL AND ADMINISTRATION EXPENSES

	March 31, 2020 QR. (Reviewed)	March 31, 2019 QR. (Reviewed)
Staff costs	5,090,105	4,908,735
Governmental expenses	408,257	318,796
Repair and maintenance	501,119	133,340
Insurance expenses	343,266	401,573
Marketing and advertising	208,431	31,831
Professional fees	145,385	139,100
Electricity and water and postal expenses	128,952	123,035
Refreshment and stationery	106,962	105,984
Travel expenses	--	69,198
Sharia supervisory board fee	50,000	50,000
Bank charges	48,927	65,320
Miscellaneous	937,530	82,212
	7,968,934	6,429,124

AL KHALEEJ TAKAFUL INSURANCE COMPANY Q.P.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

For the three months period ended March 31, 2020

18. 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.

19. RELATED PARTIES**(a) Related party transactions**

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 Company 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 period were

	March 31, 2020	March 31, 2019
	QR.	QR.
	(Reviewed)	(Reviewed)
Premiums	<u>8,187,311</u>	<u>12,904,513</u>
Claims	<u>7,697,505</u>	<u>4,055,807</u>

(b) Compensation of key management personnel:

	March 31, 2020	March 31, 2019
	QR.	QR.
	(Reviewed)	(Reviewed)
Salaries and other short term benefits	828,614	704,833
Employees' end of service benefit for the period	<u>4,363</u>	<u>4,315</u>
	<u>832,977</u>	<u>709,148</u>

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20. SEGMENT REPORTING

(a) Net underwriting results (Policyholders' and Shareholders')

	Marine & Aviation	Fire	General accident & Energy	Motor	Takaful & Medical	Total
	QR.	QR.	QR.	QR.	QR.	QR.
<i>For the period ended March 31, 2020 (Reviewed):</i>						
Gross contributions	2,396,186	17,965,554	16,432,814	31,124,556	28,100,717	96,019,827
Retakaful share of gross contributions	(1,797,833)	(16,839,798)	(13,755,922)	(2,796,821)	(17,458,560)	(52,648,934)
Retained contributions	598,353	1,125,756	2,676,892	28,327,735	10,642,157	43,370,893
Movement in unearned contributions	380,606	86,445	663,409	(9,600,490)	(1,608,466)	(10,078,496)
Net retained contributions	978,959	1,212,201	3,340,301	18,727,245	9,033,691	33,292,397
Retakaful commission and other takaful income	591,519	2,356,931	2,107,845	474,048	205,340	5,735,683
Change in deferred commission	219,826	(141,960)	(1,447,581)	536,950	991,686	158,921
Total insurance revenue	1,790,304	3,427,172	4,000,565	19,738,243	10,230,717	39,187,001
Gross claims paid	77,982	(10,093,340)	(5,514,268)	(12,444,147)	(10,073,413)	(38,047,186)
Retakaful share of claims paid	54,243	9,661,892	5,321,441	1,274,313	4,477,787	20,789,676
Net claims	132,225	(431,448)	(192,827)	(11,169,834)	(5,595,626)	(17,257,510)
Movement in outstanding claims	(169,426)	241,683	(322,192)	(1,876,233)	258,412	(1,867,756)
Movement in claims incurred but not reported reserves	(13,674)	(45,235)	(55,039)	(1,005,345)	(312,562)	(1,431,855)
Commission and other takaful expenses	(108,045)	(579,333)	(287,966)	(4,064,576)	(2,007,282)	(7,047,202)
Net claims incurred	(158,920)	(814,333)	(858,024)	(18,115,988)	(7,657,058)	(27,604,323)
Net surplus from insurance operations	1,631,384	2,612,839	3,142,541	1,622,255	2,573,659	11,582,678

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20. SEGMENT REPORTING (CONTINUED)

(a) Net underwriting results (Policyholders' and Shareholders') (continued)

	Marine & Aviation QR.	Fire QR.	General accident & Energy QR.	Motor QR.	Takaful & Medical QR.	Total QR.
<i>For the period ended March 31, 2019 (Reviewed):</i>						
Gross contributions	1,869,069	9,623,817	17,932,939	30,199,037	32,567,441	92,192,303
Retakaful share of gross contributions	(1,489,625)	(8,239,250)	(15,475,604)	(92,872)	(25,642,673)	(50,940,024)
Retained contributions	379,444	1,384,567	2,457,335	30,106,165	6,924,768	41,252,279
Movement in unearned contributions	74,048	(359,824)	(640,356)	(13,410,294)	250,606	(14,085,820)
Net retained contributions	453,492	1,024,743	1,816,979	16,695,871	7,175,374	27,166,459
Retakaful commission and other takaful income	270,365	1,525,389	2,564,031	(20,629)	1,784,194	6,123,350
Change in deferred commission	170,745	(66,573)	694,041	2,005,731	645,405	3,449,349
Total insurance revenue	894,602	2,483,559	5,075,051	18,680,973	9,604,973	36,739,158
Gross claims paid	(89,947)	(1,015,282)	(3,592,701)	(13,000,876)	(9,873,990)	(27,572,796)
Retakaful share of claims paid	96,660	868,727	3,355,956	1,490,194	6,972,357	12,783,894
Net claims	6,713	(146,555)	(236,745)	(11,510,682)	(2,901,633)	(14,788,902)
Movement in outstanding claims	(64,171)	(830,709)	(430,413)	906,314	(85,886)	(504,865)
Movement in claims incurred but not reported reserves	--	--	--	93,385	--	93,385
Commission and other takaful expenses	(95,689)	(344,027)	(755,619)	(3,731,101)	(1,392,221)	(6,318,657)
Net claims incurred	(153,147)	(1,321,291)	(1,422,777)	(14,242,084)	(4,379,740)	(21,519,039)
Net surplus from insurance operations	741,455	1,162,268	3,652,274	4,438,889	5,225,233	15,220,119

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20. SEGMENT REPORTING (CONTINUED)

(b) Business segments

The Group's main business segment are as follows:

For the period ended March 31, 2020:

	Underwriting	Investments	Real Estate	Unallocated	Total
	QR.	QR.	QR.	QR.	QR.
Net income	11,582,677	7,549,769	3,101,432	(10,086,867)	12,147,011
Total assets	402,964,203	237,555,898	228,958,109	149,798,233	1,019,276,443
Total liabilities	447,921,977	--	--	54,715,571	502,637,548

For the year ended December 31, 2019:

	Underwriting	Investments	Real Estate	Unallocated	Total
	QR.	QR.	QR.	QR.	QR.
Net income	49,950,160	8,499,641	10,599,800	(38,655,213)	30,394,388
Total assets	384,711,105	216,982,940	230,259,057	194,445,617	1,026,398,719
Total liabilities	417,314,334	--	--	48,889,547	466,203,881

(c) Geographical segments

The Group operates in the State of Qatar only.

21. BASIC AND DILUTED EARNINGS PER SHARE

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

	March 31, 2020 (Reviewed)	March 31, 2019 (Reviewed)
Profit attributable to shareholders	16,190,224	14,394,912
Weighted average number of ordinary shares (*)	255,279,020	255,279,020
Basic earnings per share (QR)	0.063	0.056

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

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

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For the three months period ended March 31, 2020

22. DIVIDEND DECLARED AND PAID

The Board of Directors has proposed in their meeting dated March 3, 2020 to distribute cash dividends of QR 0.05 per share amounting to QR 12,763,951. The proposed dividends have been approved in the General Assembly meeting dated April 6, 2020.

At the Annual General Meeting on April 17, 2019, a dividend in respect of the profit for the year ended December 31, 2018 of QR 0.05 per share (value post share split) amounting to a total dividend of QR 12,763,951 was approved. The dividends were paid during the year ended December 31, 2019.

23. 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 Group's Board of Directors.

The Wakala fee is provided to shareholders' at the rate of 20% of net retained contribution as approved by the Board and Sharia'a supervisory board as on their meeting dated January 5, 2020 (2019: 20% of net retained contribution as approved by the Board and Sharia'a supervisory board as on their meeting dated January 10, 2019).

24. 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 interim condensed consolidated financial information.

i) Insurance 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 March 31, 2020.

Also, the Group has made an assessment of outstanding claims as of March 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.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months period ended March 31, 2020

24. COVID 19 IMPACT (CONTINUED)

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 interim condensed consolidated financial information.

iv) Subsequent 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 interim financial information. The effect of Covid-19 on the Group will be incorporated in the determination of the Group’s estimates going forward in the interim condensed consolidated financial information for the periods ending June 30, 2020 and September 30, 2020 as well as the annual consolidated financial statements for the year ending December 31, 2020.