Al Khaleej Takaful Insurance Company Q.P.S.C.

Consolidated financial statements

31 December 2021

Al Khaleej Takaful Insurance Company Q.P.S.C.

Consolidated financial statements
For the year ended 31 December 2021

Contents **Page(s)**

KPMG
Zone 25 C Ring Road
Street 230, Building 246
PO Box 4473, Doha
State of Qatar
Telephone: +974 4457 6444
Fax: +974 4436 7411
Website: home.kpmg/qa

Independent auditors' report

To the Shareholders of

Al Khaleej Takaful Insurance Company Q.P.S.C.

Opinion

We have audited the consolidated financial statements of Al Khaleej Takaful Insurance Q.P.S.C. (the 'Company') and its subsidiaries (together the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2021 and the consolidated statements 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, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and the results of its operations, changes in consolidated policyholders' surplus, changes in consolidated shareholders' equity and its consolidated cash flows for the year then ended in accordance with the Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' 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 International Code of Ethics for Professional Accountants (including International Independence Standards) (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.

Emphasis of a Matter – Comparative Information

We draw attention to Note 41(b) to the consolidated financial statements which indicates that the comparative information presented as at and for the year ended 31 December 2020 has been restated. Our opinion is not modified in respect of this matter.

KPMG

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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.

Valuation of Takaful Contract Liabilities

See Note 4(G),5 and 10 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
We focused on this area because: • The Group's takaful contract liabilities represent 73% of its total liabilities relating to claims reported unsettled, claims incurred but not reported and other technical reserves and unearned contributions and mathematical reserves; • the valuation of these takaful liabilities involves significant judgement regarding uncertainty in the estimation of future benefits payments and assessment of frequency and severity of claims. Estimating the reserves for claims incurred but not reported ('IBNR') and unearned contribution reserves ('UCR) involves undertaking significant judgements and assumptions along with the use of actuarial projections and techniques hence, we considered this to be a key audit matter; and • internal claim development methods and actuarial models are used to support the calculation of insurance technical reserves. The complexity of the models may give rise to errors as a result of inaccurate/incomplete data or the design or application of the models may be inappropriate. Assumptions used in actuarial models, such as historical claims, which can be used to project the trend of future claims, is set up in applying estimates and judgements based on the experience analysis and future expectations by management.	Our audit procedures with the assistance of our specialist, included among others: • testing the design and operating effectiveness of the key controls around recording of reserving process for reported claims, unreported claims and unearned contribution; • testing samples of outstanding claims and related retakaful recoveries, focusing on those with most significant impact on the consolidated financial statements, to assess whether claims and related recoveries are appropriately estimated; • for major lines of business, we assessed the reasonableness of the key assumptions, such as loss ratios, risk factors, claims adjustment expenses, frequency and severity of claims, which were used in the valuation models and comparing them to the Group's historical data; • evaluated whether reserving was consistent in approach, with sufficient justification for changes in assumptions. We used our industry knowledge to benchmark the Group's reserving methodologies and estimates of losses. Our audit focused on lines of business with most inherent uncertainty; • we assessed the competence, capabilities and objectivity of the external independent actuarial experts engage by the Group; • we also considered the appropriateness of information provided to external independent actuarial experts engaged by the Group and considered their scope of work and findings to corroborate adequacy of management estimates on claims reserving; and • evaluating the adequacy of the Group's disclosures related to takaful contract liabilities in the consolidated financial statements by reference to the requirements of the relevant accounting standards.

Other Matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2020, excluding the retrospective adjustments described in Note 41 (b) to the consolidated financial statements, were audited by another auditor who expressed an unmodified opinion on those financial statements on 28 March 2021.

As part of our audit of the consolidated financial statements as at and for the year ended 31 December 2021, we also audited the retrospective adjustments described in Note 41 (b) to the consolidated financial statements that were applied to restate the comparative information.

We were not engaged to audit, review, or apply any procedures to the comparative information, other than with respect to the retrospective adjustments described in Note 41 (b) to the consolidated financial statements. Accordingly, we do not express an opinion or any other form of assurance on comparative information. However, in our opinion, the retrospective adjustments described in Note 41 (b) to the consolidated financial statements are appropriate and have been properly applied.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance 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 have obtained prior to the date of this auditors' 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 Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with FAS, and for such internal control as the Board of Directors 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, the Board of Directors 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 the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

KPMG

Auditors' 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 auditors' 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.

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

- Identify and assess the risks 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 the 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 the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' 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 our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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 the Board of Directors 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 the Board of Directors 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most 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 auditors' report unless law or regulation precludes public disclosure 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.

Report on Other Legal and Regulatory Requirements

As required by the Qatar Commercial Companies Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No. 8 of 2021 ("amended QCCL") and relevant provisions of the Executive Insurance Instructions issued by the Qatar Central Bank, we also report that:

I. We have obtained all the information and explanations we considered necessary for the purposes of our audit.

II. The Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith.

III. We have not been provided with the report of the Board of directors to determine whether there is any financial information contained therein is in agreement with the books and records of the Group.

IV. We are not aware of any violations of the applicable provisions of the amended QCCL or the terms of the Company's Articles of Association having occurred during the year which might have had a material effect on the Group's consolidated financial position or performance as at and for the year ended 31 December 2021.

28 February 2022
Doha
State of Qatar

Yacoub Hobeika
KPMG
Qatar Auditors' Registry Number 289
Licensed by QFMA: External
Auditors' License No. 120153

Al Khaleej Takaful Insurance Company Q.P.S.C.

Consolidated statement of financial position
As at 31 December 2021

In Qatari Riyals

	Notes	31 December 2021	31 December 2020 *(Restated)*	1 January 2020 *(Restated)*
Policyholders' assets				
Cash and cash equivalents	6	73,675,444	59,095,275	26,233,136
Time deposit		-	-	3,650,000
Investments at fair value through equity	7 (a)	18,609,071	17,228,094	21,899,077
Investment at fair value through income statement	7 (b)	-	1,251,975	2,806,128
Takaful balances receivable	8	58,970,919	57,783,903	67,626,234
Retakaful balances receivable	9	40,924,231	35,807,642	35,391,729
Retakaful contract assets	10	162,108,525	214,155,897	242,497,965
Deferred commission	10	11,946,382	8,643,852	8,564,955
Other receivables and prepayments	11	15,342,694	11,199,099	15,791,198
Investment properties	12	29,570,389	30,442,893	31,317,787
Total policyholders' assets		**411,147,655**	435,608,630	455,778,209
Shareholders' assets				
Cash and cash equivalents	6	96,302,829	135,538,213	34,095,143
Time deposits	6	90,100,000	100,000	3,750,000
Investments at fair value through equity	7 (a)	62,844,104	80,089,475	157,535,039
Investment at fair value through income statement	7 (b)	7,300,000	7,300,000	3,650,000
Takaful balances receivable	8	58,240	58,258	6,882
Retakaful balances receivable	9	136,808	136,808	199,137
Retakaful contract assets	10	398,721	398,721	541,067
Other receivables and prepayments	11	11,389,991	53,510,984	133,137,683
Investment properties	12	243,764,580	195,031,343	198,684,450
Property and equipment	13	2,975,874	11,420,719	9,934,289
Property under development		-	84,920	256,820
Investment in associate	14	45,923,202	44,886,505	40,977,405
Total shareholders' assets		**561,194,349**	528,555,946	582,767,915
Total assets		**972,342,004**	964,164,576	1,038,546,124

The Consolidated Statement of Financial Position continues on next page.

The attached notes 1 to 44 form an integral part of these consolidated financial statements.

Al Khaleej Takaful Insurance Company Q.P.S.C.

Consolidated statement of financial position
As at 31 December 2021

In Qatari Riyals

	Notes	31 December 2021	31 December 2020 *(Restated)*	1 January 2020 *(Restated)*
Policyholders' equity				
Retained surplus		35,818,764	28,663,298	16,713,452
Fair value reserve	24	7,974,573	4,256,094	5,948,182
Total policyholders' equity		**43,793,337**	32,919,392	22,661,634
Policyholders' liabilities				
Takaful contract liabilities	10	290,676,197	324,378,681	340,580,907
Deferred commission income	10	8,505,792	8,478,710	7,777,539
Accounts payable and other liabilities	17	24,635,220	16,701,529	17,995,203
Takaful balances payable	15	21,405,280	14,258,177	18,120,442
Retakaful balances payable	16	20,512,977	33,092,216	42,820,701
Distributable surplus	18	1,618,852	5,779,925	5,821,783
Total policyholders' liabilities		**367,354,318**	402,689,238	433,116,575
Total policyholders' equity and liabilities		**411,147,655**	435,608,630	455,778,209
Shareholders' liabilities				
Takaful contract liabilities	10	400,000	400,000	747,289
Ijarah liabilities	25	4,231,477	-	-
Accounts payable and other liabilities	17	22,279,656	27,593,501	26,071,401
Takaful balances payable	15	1,060,509	1,060,759	1,060,759
Retakaful balances payable	16	372,668	372,668	372,668
Provision for income tax	27	20,757	22,522	12,246
Employees' end of service benefits	19	5,539,281	5,064,498	4,822,943
Total shareholders' liabilities		**33,904,348**	34,513,948	33,087,306
Shareholders' equity				
Share capital	20	255,279,020	255,279,020	255,279,024
Legal reserve	21	245,574,763	241,552,033	237,935,418
General reserve	22	75,477	75,477	75,477
Fair value reserve	24	4,606,734	(2,278,981)	1,275,578
Reserve for share of associates	31	13,965,967	12,929,270	10,244,795
Retained earnings / (Accumulated losses)		7,788,040	(13,514,821)	44,870,317
Total shareholders' equity		**527,290,001**	494,041,998	549,680,609
Total shareholders' liabilities and equity		**561,194,349**	528,555,946	582,767,915
Total policyholders' and shareholders' liabilities and equity		**972,342,004**	964,164,576	1,038,546,124

These consolidated financial statements were approved by the Group's Board of Directors on 28 February 2022 and signed on their behalf by:

Sheikh Abdullah Bin Ahmed Abdullah Al Thani
Chairman

Abdulla Ali Al-Assiri
Chief Executive Officer

The attached notes 1 to 44 form an integral part of these consolidated financial statements.

Al Khaleej Takaful Insurance Company Q.P.S.C.

Consolidated statement of policyholders' revenues and expenses
For the year ended 31 December 2021

In Qatari Riyals

	Notes	2021	2020
Takaful revenues			
Gross contributions	33	301,762,888	303,618,079
Retakaful share of gross contribution	33	(152,893,119)	(170,004,267)
Net retained contributions		**148,869,769**	133,613,812
Net movement in unearned contributions and mathematical reserves	33	(14,428,245)	(8,332,857)
Earned contributions		**134,441,524**	125,280,955
Retakaful commission and other takaful income	33	25,933,196	20,542,965
Change in deferred commission	33	3,275,448	(622,273)
Total takaful revenue		**163,650,168**	145,201,647
Takaful expenses			
Gross claims paid	33	(129,540,412)	(144,614,193)
Retakaful share of claims paid	33	67,136,460	89,095,985
Net claims paid		**(62,403,952)**	(55,518,208)
Changes in outstanding claims	33	(3,765,593)	(592,243)
Changes in claims incurred but not reported reserves and other technical reserves	33	(151,050)	(3,905,466)
Commission and other takaful expenses	33	(30,841,480)	(23,973,378)
Total takaful expenses		**(97,162,075)**	(83,989,295)
Net surplus from takaful operations		**66,488,093**	61,212,352
Wakala fee	38	(58,449,574)	(43,418,147)
Mudarib fee	38	(945,321)	(3,020,494)
Income from deposits		503,056	326,974
Dividend income		910,150	1,312,925
Net realized (loss) / gain on sale of investments		(75,739)	1,827,351
Net rental income		-	847,742
Impairment loss on investments at fair value through equity		(1,718,260)	-
Net provision for impairment on financial assets		431,662	(2,264,099)
Net investment expense		**(59,344,026)**	(44,387,748)
Other Income / (expenses)			
Other income		12,992	-
Depreciation		(872,504)	(874,894)
Other expenses		(3,300,042)	(3,999,864)
Total other expenses		(4,159,554)	(4,874,758)
Surplus of revenues over expenses		**2,984,513**	11,949,846

كي بي أم جي لأغراض التعريف فقط
KPMG For Identification Purposes Only

The attached notes 1 to 44 form an integral part of these consolidated financial statements.

Al Khaleej Takaful Insurance Company Q.P.S.C.

Consolidated statement of policyholders' surplus
For the year ended 31 December 2021

In Qatari.Riyals

	2021	2020
Retained surplus balance at the beginning of the year	28,663,298	16,713,452
Transferred to policyholder surplus (Note 23)	4,170,953	-
Surplus for the year	2,984,513	11,949,846
Retained surplus balance at end of the year	**35,818,764**	28,663,298

كي بي أم جي لأغراض التعريف فقط
KPMG For Identification Purposes Only

The attached notes 1 to 44 form an integral part of these consolidated financial statements.

Al Khaleej Takaful Insurance Company Q.P.S.C.

Consolidated income statement
For the year ended 31 December 2021

In Qatari Riyals

	Notes	2021	2020 *(Restated)*
Shareholders' revenues and expenses			
Claims paid		10,400	56,160
Net claims paid		10,400	56,160
Changes in outstanding claims		-	204,941
Total takaful income		**10,400**	261,101
Surplus from takaful operations		**10,400**	261,101
Investments income			
Wakala fee	38	58,449,574	43,418,147
Mudareb fee	38	945,321	3,020,494
Net realized gains on sale of investments at fair value through equity		13,431,037	3,883,318
Dividend income		1,835,469	5,561,049
Rental income		9,168,158	9,211,422
Income from deposits		1,633,323	317,853
Share of profit from associates		1,286,697	2,684,475
Gain on disposal of Property and equipment		-	307,965
Impairment loss on investments at fair value through equity		(9,036,400)	-
Net provision for impairment on financial assets	11	-	(76,000,000)
Net investment income / (loss)		**77,713,179**	(7,595,277)
Other Income / (expenses)			
Other income		1,106,705	8,412
General and administrative expenses	26	(30,929,731)	(26,534,044)
Depreciation		(5,799,339)	(4,568,809)
Amortisation of deferred ijarah	25	(153,196)	-
Board of directors' remuneration	28	(1,800,000)	(881,208)
Total expenses		**(37,575,561)**	(31,975,649)
Net Income / (loss) before income tax		40,148,018	(39,309,825)
Income Tax	27	(18,542)	(10,276)
Net Income / (loss) after income tax		**40,129,476**	(39,320,101)
Basic and diluted earnings per share (QR per share)	35	0.16	(0.15)

كي بي أم جي لأغراض التعريف فقط
KPMG For Identification Purposes Only

The attached notes 1 to 44 form an integral part of these consolidated financial statements.

Al Khaleej Takaful Insurance Company Q.P.S.C.

Consolidated statement of changes in shareholders' equity
For the year ended 31 December 2021

In Qatari Riyals

	Share capital	Legal reserve	General reserve	Fair value reserve	Reserve for share of profits of associates	(Accumulated losses) / Retained earnings	Total
Balance at 1 January 2020 (as previously reported)	255,279,024	237,935,418	75,477	(1,493,772)	-	44,870,317	536,666,464
Effect of restatement (Note 41)	-	-	-	2,769,350	10,244,795	-	13,014,145
Balance at 1 January 2020 (restated)	255,279,024	237,935,418	75,477	1,275,578	10,244,795	44,870,317	549,680,609
Net loss for the year	-	-	-	-	-	(39,320,101)	(39,320,101)
Movement in fair value reserve	-	-	-	(4,779,184)	-	-	(4,779,184)
Movement in fair value reserve of associate	-	-	-	1,224,625	-	-	1,224,625
Adjustment of share capital	(4)	4	-	-	-	-	-
Transfer to legal reserve	-	3,616,611	-	-	-	(3,616,611)	-
Transfer to reserve for share of profits of associates	-	-	-	-	2,684,475	(2,684,475)	-
Dividends (Note 40)	-	-	-	-	-	(12,763,951)	(12,763,951)
Balance as at 31 December 2020 (restated) / 1 January 2021	255,279,020	241,552,033	75,477	(2,278,981)	12,929,270	(13,514,821)	494,041,998
Net income for the year	-	-	-	-	-	40,129,476	40,129,476
Movement in fair value reserve	-	-	-	6,885,715	-	-	6,885,715
Transfer to reserve for share of profits of associates	-	-	-	-	1,036,697	(1,036,697)	-
Transfer to legal reserve	-	4,022,730	-	-	-	(4,022,730)	-
Social and sports fund appropriation	-	-	-	-	-	(1,003,237)	(1,003,237)
Dividends (Note 40)	-	-	-	-	-	(12,763,951)	(12,763,951)
Balance as at 31 December 2021	**255,279,020**	**245,574,763**	**75,477**	**4,606,734**	**13,965,967**	**7,788,040**	**527,290,001**

The attached notes 1 to 44 form an integral part of these consolidated financial statements.

Al Khaleej Takaful Insurance Company Q.P.S.C.

Consolidated statement of cash flows
For the year ended 31 December 2021 — In Qatari Riyals

	Notes	2021	2020
Cash flows from operating activities			
Net income / (loss) before tax for the year		40,148,018	(39,309,825)
Policyholders' surplus for the year		2,984,513	11,949,846
		43,132,531	(27,359,979)
Adjustments for :			
Depreciation of Property and equipment and investment properties	12 & 13	6,671,843	5,443,703
Amortisation of deferred ijarah cost	25	153,196	-
Income from deposits		(2,136,379)	(644,827)
Dividend income received		(2,745,619)	(6,873,974)
Write off for property under development		84,920	171,900
Net realized gain through sale of investments at fair value through equity		(13,355,298)	(5,710,669)
Gain on disposal of fixed assets		-	(307,965)
Provision for employees' end of service benefits	19	654,438	480,102
Net provision for impairment on financial assets		-	78,264,099
Impairment loss on investment at fair value through equity	7	10,754,660	-
Provision for takaful and retakaful receivables		(431,662)	1,106,417
Rental Income		(9,168,158)	(10,059,164)
Share of result of associates	14	(1,286,697)	(2,684,475)
Operating profit before working capital changes		**32,327,775**	31,825,168
Changes in:			
Takaful balances receivable		(755,336)	12,102,138
Retakaful balances receivable		(5,116,589)	(3,771,184)
Retakaful contract assets		52,047,372	28,484,414
Deferred commission		(3,302,530)	(78,897)
Other receivable and prepayments		(2,022,602)	5,954,699
Takaful contract liabilities		(33,702,484)	(16,549,515)
Deferred commission income		27,082	701,170
Accounts payable and other liabilities		805,947	228,427
Retakaful balances payable		(12,579,239)	(9,728,485)
Takaful balance payable		7,146,853	(3,862,264)
Cash generated from operating activities		34,876,249	45,305,671
Employees' end of service benefits - paid	19	(179,655)	(238,547)
Income tax – paid		(20,307)	-
Net cash generated from operating activities		**34,676,287**	45,067,124
Cash flows from investing activities			
Additions of investment at fair value through equity		(69,547,420)	(118,373,114)
Proceeds from disposal of investment at fair value through equity		98,616,646	199,729,057
Additions of investments at fair value through income statement		-	(3,650,000)
Net proceeds from redemption of investment at fair value through income statement		1,251,975	1,554,153
Acquisition of Property and equipment	13	(1,505,049)	(2,542,167)
Proceeds from disposal of Property and equipment		-	448,000
Acquisition of investment properties	12	(292,201)	-
Income from deposits		2,136,379	644,827
Dividends income received		2,745,619	6,873,974
Dividend received from associates		250,000	-
Rental income		9,168,158	10,059,164
Net movement in term deposits		(90,000,000)	7,300,000
Net cash (used in) / generated from investing activities		**(47,175,893)**	102,043,894
Cash flows from financing activities			
Dividends paid to shareholders		(11,953,289)	(12,763,951)
Surplus distributed to policyholders		9,880	(41,858)
Payment of ijarah liabilities	25	(212,200)	-
Net cash used in financing activities		**(12,155,609)**	(12,805,809)
Net (decrease) / increase in cash and cash equivalents		(24,655,215)	134,305,209
Cash and cash equivalents at 1 January		194,633,488	60,328,279
Cash and cash equivalents at 31 December		**169,978,273**	194,633,488

The attached notes 1 to 44 form an integral part of these consolidated financial statements.

1. Legal status and activities

Al Khaleej Takaful Insurance Company Q.P.S.C. (the "Company") 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 Takaful and other investments.

The principal subsidiaries of the Group and direct ownership percentages for the current and comparative years 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 Shari'a principles on a non-usury basis in all areas of takaful.
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 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 Group was undertaking conventional insurance business. The Group has converted its business to takaful business on 1 January 2010. Accordingly, as of that, the Group 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.

The management is in the process of taking necessary actions needed to ensure full compliance with the requirements of Qatar Commercial Companies Law No.11 of 2015, whose certain provisions were subsequently amended by Law No. 8 of 2021, including amending the Articles of Association of the Company where necessary, and has concluded that any non-compliance, if any as at the reporting date does not have a material impact on the financial statements.

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').

b) Principal financial statements

As per FAS - 12 General Presentation and Disclosure in the Financial Statement of Islamic takaful Companies issued by the AAOIFI, the Group 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.

c) Functional and presentational currency

The consolidated financial statements are presented in Qatari Riyal (QR), which is the Group's functional and presentational currency. Amounts presented have been rounded off to the nearest QR.

2. Basis of preparation (continued)

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 prospectively.

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 5.

3. Standards, Interpretations and amendments to the published accounting and reporting standards

New standard, interpretations and amendments effective from 1 January 2021

During the year, the Group applied the following standards and amendments to standards have been applied in preparation of these consolidated financial statements. The adoption of the below standards and amendments to standards did not result in changes to previously reported net results or equity of the Group and has no effect on the consolidated financial statements.

(i) FAS 32 "Ijarah"

AAOIFI has issued FAS 32 "Ijarah" in 2020. This standard supersedes the existing FAS 8 "Ijarah and Ijarah Muntahia Bittamleek". The objective of this standard is set out principles for the classification, recognition, measurement, presentation and disclosure for Ijarah (Ijarah asset, including different forms of Ijarah Muntahia Bittamleek) transactions entered into by the Islamic Financial Institutions as a lessor and lessee.

The Group has adopted FAS 32 " Ijarah" from 1 January 2021 on a prospective basis and has opted for the simplified transition approach and has not restated comparative information, prior to the date of the adoption of the standard. The adoption of FAS 32 has resulted in certain changes in the accounting policies for recognition, classification and measurement of Ijarah type transactions as summarized below:

Impact on lessee accounting

The Group has chosen to apply the simplified transition approach of FAS 32 by which comparative amounts are not restated.

On initial application of FAS 32, for all ijarah, except for those that the practical expedient was applied (see below), the Group will:

- Recognise right of use assets at cost, which comprises the initial amount of the Ijarah liability adjusted for any prepaid and accrued Ijarah expenses.

3. Standards, Interpretations and amendments to the published accounting and reporting standards (continued)

New standard, interpretations and amendments effective from 1 January 2021 (continued)

(i) FAS 32 "Ijarah" (continued)

- Recognise ijarah liability net of (i) gross amount of total Ijarah rentals payable for the Ijarah term and (ii) related deferred Ijarah cost, being the difference between the gross Ijarah liability and the prime cost of right-of-use asset. Subsequently, net Ijarah liability is adjusted for the Ijarah payments made and amortization of deferred Ijarah cost.
- Deferred Ijarah cost is amortized over the Ijarah term based on effective rate of return method to income statement within other operating and administrative expenses.

Under FAS 32, the Group applied the practical expedient to grandfather the definition of an ijarah on transition. This means that:

- all contracts entered into before 1 January 2021 that were not identified as ijarah in accordance with FAS 8 were not reassessed. Therefore, the definition of ijarah under FAS 32 has been applied only to contracts entered into or changed on or after 1 January 2021; and
- any ijarah with unexpired ijarah term on initial application date of less than 12 months or any ijarah relating to low value items, then the Group elected to use the short-term ijarah exemption;

Impact of adoption of FAS 32

The following amounts are recognized under the new standard and included in the respective headings of the consolidated financial statements:

Consolidated statement of financial position	**31 December 2021**	1 January 2021
Right of use assets	**33,920,719**	34,790,481
Gross ijarah liabilities	4,290,481	4,290,481
Less : deferred ijarah cost	(59,004)	-
Net ijarah liabilities	**4,231,477**	4,290,481

Consolidated income statement	**31 December 2021**
Depreciation of right of use assets	**869,762**
Amortisation of deferred ijarah cost	**153,196**

(ii) FAS 35 "Risk Reserves"

AAOIFI has issued FAS 35 "Risk Reserves" in 2019. 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). The adoption of this standard did not have any impact on the consolidated financial statements of the Group.

New standards, amendments and interpretations issued but not effective

(i) FAS 38 "Wa'ad, Khiyar and Tahawwut"

AAOIFI has issued FAS 38 "Wa'ad, Khiyar and Tahawwut" in 2020. The objective of this standard is to prescribe the accounting and reporting principles for recognition, measurement and disclosure in relation to Shari'a compliant Wa'ad (promise), Khiyar (option) and Tahawwut (hedging) arrangements for Islamic financial institutions. Wa'ad and Khiyar are used by institutions in various forms. Some are ancillary to other transactions, whereas a few are used as primary products. This standard intends to provide accounting principles for both of these, as well as the Tahawwut transactions which are normally based on Wa'ad or Khiyar, or a series or combination thereof. 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 this standard and does not expect any impact from the application of this standard.

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in this consolidated financial statements, and have been applied consistently by the Group entities except for the changes resulting from the adaption of new accounting standards during the current year as mentioned in note 3.

A. Basis of Consolidation

(i) *Subsidiaries*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2021. 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 and;
- The Group's voting rights and potential voting rights.

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.

4. Significant accounting policies (continued)

A. Basis of Consolidation (continued)

(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.

B. Revenue recognition

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

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.

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.

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 21% till April 2021 and 26% from May 2021 of gross written premium after deducting gross written premium from fronting business, (2020: 20% from 1 January 2020 to 10 November 2020 and 25% from 11 November to 31 December 2020).

Mudareb share
The Mudareb 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.

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

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

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.

4. Significant accounting policies (continued)

C. 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.

D. 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.

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.

E. Commission / Deferred commission

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

F. Unexpired risk reserve (unearned contribution)

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 risk represents the estimated portion of net contribution income which relates to periods of takaful subsequent to the consolidated statement of financial position date. The reserve is calculated using the actual number of day's method. The reinsurers' share on estimated liability of RBNS, IBNR and unexpired takaful contribution is separately classified as retakaful assets in the consolidated statement of financial position.

The Unearned Contribution Reserve (UCR) for pre-claims liabilities under takaful policies is determined by apportioning the contribution over the duration of each policy, i.e., each policy contribution is divided by 'the total number of days for which cover is provided under a policy' and multiplied by 'the un-expired number of days'. For Engineering, a non-linear formula is used to determine the Unearned Contribution Reserve. For Engineering products such as Contractors' and Erection (All Risks), risk increases linearly with the duration of the project such that the risk faced is 100% at the expiry of the contract. The rate at which the contribution is earned is deemed to increase at the same rate at which the risk faced increases over the Lifetime of the policy. This results in the majority of the contribution being earned towards the expiry of the policy. For Marine policies, the Group is using 25% of written contribution as it's unearned contribution reserve.

G. 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.

4. Significant accounting policies (continued)

G. Provisions (continued)

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.

Claims incurred but not reported (IBNR)
Claims provision also includes a liability for claims incurred but not reported as at the consolidated statement of financial position date. An independent actuarial expert is appointed every subsequent year to assess the adequacy of reserves to meet future outstanding liabilities. The liability is generally calculated at the reporting date after considering the independent actuarial report, historic trends, empirical data and current assumptions that may include a margin for adverse deviations. The liability is not discounted for the time value of money.

Provision for unallocated loss adjustment expense (ULAE)
Provision for unallocated loss adjustment expense represents an estimate of ultimate payments for losses and related settlement expenses from claims that have been reported but not paid. The loss reserve estimates are expectations of what ultimate settlement and administration of claims will cost upon final resolution. These estimates are based on facts and circumstances then known to us, review of historical settlement patterns, estimates of trends in claims frequency and severity, projections of loss costs, expected interpretations of legal theories of liability and other factors. In establishing the provision, we also take into account estimated recoveries from retakaful, salvage and subrogation. The provision is reviewed regularly by the Group's actuary.

Provision for contribution deficiency (CDR)
At the end of each reporting period, provision is made for contribution deficiency arising from general takaful contracts where the expected value of claims and expenses attributable to the unexpired periods of policies in force at the reporting date exceeds the unearned contribution provision and already recorded claim liabilities in relation to such policies. The provision for contribution deficiency is made by reference to classes of business at the date of consolidated statement of financial position based on actuarial estimates.

Mathematical reserves
Mathematical reserves are calculated as the actuarial value of the accrued future cash flows, which takes the actual risk into account. Insurers' assets are valued on the basis of their real market value, (best estimate).

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.

H. 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.

4. Significant accounting policies (continued)

I. Takaful receivables

Takaful balances 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. If there is an objective evidence that the contribution receivable is impaired, as a result of one or more events that occurred after the initial recognition, the Group reduces the carrying amount of the takaful receivable accordingly and recognises that impairment loss in the Consolidated statement of policyholders' revenue and expenses.

Provision for impairment in takaful receivables is estimated on a systematic basis after analysing the receivables as per their ageing.

For certain categories of assets, such as takaful 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.

J. Retakaful Assets

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.

Retakaful 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 an 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 measurable 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.

4. Significant accounting policies (continued)

K. Investment securities

Investment securities comprise investments in debt-type and equity-type financial instruments.

Classification

Under FAS 33 "Investment in Sukuks, shares and similar instruments", 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 para 10 of 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 Group'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.

(i) *Amortised cost*

An investment shall be measured at amortised cost if both of the following conditions are met:

a) the investment is held within a business model whose objective is to hold such investment in order to collect expected cashflows till maturity of the instrument; and
b) the investment represents either a debt-type instrument or other investment instrument having reasonable determinable effective yield.

(ii) *Fair value through equity*

An investment shall be measured at fair value through equity if both of the following conditions are met:

a) the investment is held within a business model whose objective is achieved by both collecting expected cash flows and selling the investment; and
b) the investment represents a non-monetary debt-type instrument or other investment instrument having reasonable determinable effective yield.

(iii) *Fair value through income statement*

An investment shall be measured at fair value through income statement unless it is measured at amortised cost or at fair value through equity or if irrevocable classification at initial recognition is applied.

Irrevocable classification at initial recognition

The Group may make an irrevocable election to designate a particular investment, at initial recognition, being:

a) an equity-type instrument that would otherwise be measured at fair value through income statement, to present subsequent changes in fair value through equity; and
b) a non-monetary debt-type instrument or other investment instrument, as measured at fair value through income statement if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or correlated liabilities or recognizing the gains and losses on them on different bases.

Recognition and derecognition

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.

4. Significant accounting policies (continued)

K. Investment securities (continued)

Measurement

a) *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 statement of policyholders' revenue and expenses and income.

b) *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 statement of policyholders' revenue and expenses and consolidated statement of income 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 amortisation process and those arising on de-recognition or impairment of the investments, are recognised in the consolidated statement of policyholders' revenue and expenses and consolidated statement of income.

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 statement of policyholders' revenue and expenses and consolidated statement of income.

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. If on a subsequent date, a reliable measure of fair value is determinable, the investment shall be measured at fair value.

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 bid price for that instrument at the close of business on the statement of financial position date. For investment where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument, which is substantially the same or is based on the assessment of future cash flows. The cash equivalent values are determined by the Group by discounting future cash flows at current profit rates for contracts with similar term and risk characteristics.

4. Significant accounting policies (continued)

L. 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 other financial assets (cash at banks). 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.

I. 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.

For the purpose of cash flow, cash and cash equivalents are shown net of bank overdrafts.

II. Impairment of financial assets

The Group recognizes loss allowances for Expected Credit Losses (ECL) on the other financial instruments that are not measured at FVTIS.

The Group measures loss allowances for other financial instruments on which credit risk has not increased significantly since their initial recognition, for which they are measured as 12-month ECL.

The Group 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.

For the purpose of this standard, the assets and exposures shall be categorized, as under:
a) Assets and exposures subject to credit risk (subject to credit losses approach):
(i) Receivables; and
(ii) Off-balance sheet exposures;
b) Inventories (subject to net realizable value approach);
c) Other financing and investment assets and exposures subject to risks other than credit risk (subject to impairment approach), excluding inventories.

Credit losses approach

This approach uses a dual measurement approach for receivables and off-balance sheet exposures, under which the loss allowance is measured as either a 12-month expected credit loss or a lifetime expected credit loss.

Expected credit losses ('ECL')

This credit losses approach with a forward-looking 'expected credit loss' model applies to financial assets which are subject to credit risk. 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.

4. Significant accounting policies (continued)

L. Financial assets (continued)

Measurement of ECL
ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

Credit-impaired financial assets
At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the financed counterparty or issuer;
- A breach of contract such as a default or past due event;
- The disappearance of an active market for a security because of financial difficulties.

Impairment approach
Assets (or group of assets with common characteristics) subject to impairment approach shall include other financing and investment assets and exposures subject to risks other than credit risk (other than inventories), other than investments carried at fair value through income statement.

Impairment loss is the amount by which the carrying amount of assets exceeds its recoverable amount. In case of investments carried at fair value through equity, a significant or prolong decline of fair value of an investment below its cost is also objective evidence of impairment. If any such evidence exists for equity-type investments classified as fair value through equity, the cumulative loss previously recognised in the statement of changes in equity is removed from equity and recognised in the consolidated statement of income.

III. Change in estimate and reversal

The Group shall re-assess the estimates of impairment, credit losses (including changes in respective stages of credit risk), provisions for off-balance sheet exposures, provisions against onerous commitments and contracts and adjustment for net realizable value at each reporting date.

Changes in estimate (including reversals) shall be recognized in the consolidated income statement for the period of their re-assessment.

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.

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.

IV. 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.

V. Offsetting
Financial assets and liabilities are offset only when there is legal enforceable right to set off the recognized amounts and the Group intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

4. Significant accounting policies (continued)

M. 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.

Right of use asset for plots of land where the Group use it primarily to earn rental income is amortised over 40 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.

N. Investment in 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.

4. Significant accounting policies (continued)

N. Investment in Associates *(equity-accounted investees) (continued)*

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. 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.

O. Property and equipment

Recognition and measurement

Property and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized net within other income in consolidated income statement.

Subsequent costs

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in consolidated income statement as incurred.

Depreciation

Depreciation is calculated on a straight-line method over the estimated useful lives of fixed asset other than freehold land which is determined to have an indefinite life as follows:

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

The estimated useful lives, residual values and depreciation methods are reviewed at each financial year end and adjusted if appropriate, with the effect of any changes in estimate accounted for on prospective basis.

4. Significant accounting policies (continued)

O. Property and equipment (continued)

Gain or (Losses) on Disposal

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.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in consolidated profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in consolidated income statement and presented in the revaluation reserve. Any loss is recognised in profit or loss. However, to the extent that an amount is included in the revaluation surplus for that property, the loss is recognised in consolidated income statement and reduces the revaluation surplus within equity.

P. Right-of-use assets

Recognition and measurement

Right-of-use assets are recognized at the ijarah commencement date at cost, which comprises the initial amount of the ijarah liability (see accounting policy "Ijarah liabilities") adjusted for any prepaid and accrued ijarah expense made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any ijarah incentives received.

Subsequent measurement

Items of right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of a right-of-use asset using the straight-line method over the earlier of the ijarah term and its useful life. It is depreciated over its useful life, if the ijarah agreement either transfers ownership of the right-of-use asset to the Group by the end of the ijarah term or reflects that the Group will exercise a purchase option at the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment.

In addition, the carrying value of a right of use asset may be periodically adjusted for certain remeasurements of the related ijarah liability (see accounting policy "Ijarah liabilities").

Derecognition

An item of a right-of-use asset is derecognised at the earlier of end of the ijarah term, cancellation of ijarah contract or transfer of control of the underlying asset. In case control of the underlying asset passes to the Group the carrying value of the right-of-use asset is reclassified to property and equipment.

4. Significant accounting policies (continued)

Q. Impairment of non-financial assets

At each statement of financial position date, the Group reviews the carrying amounts of its tangible assets (fixed assets and investment property) 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.

R. General and administrative expenses

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

S. 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.

T. Fair values

The Group measures financial and certain non-financial instruments at fair value at each consolidated financial position date. Fair value related disclosures for such instruments are disclosed in the following notes:

- financial assets at fair value through equity in Note 7.
- financial assets at fair value through income statement in Note 7.
- quantitative disclosures of fair value measurement hierarchy in Note 37.
- disclosures for valuation methods, significant estimates and assumptions in Note 37.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

4. Significant accounting policies (continued)

T. Fair values (continued)

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines the policies and procedures for both recurring fair value measurement such as unquoted financial assets at fair value through other comprehensive income and for non-recurring measurement.

External valuers are involved in the valuation of significant assets and liabilities, such as takaful contract liabilities. Involvement of external valuers is decided upon annually by the management after discussion with and approval by the Group's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Group, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial assets at fair value through equity / profit or loss

Quoted equity instruments

The fair value of equity 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 on the consolidated statement of financial position date.

Managed funds

The fair value of managed funds that are actively traded in organized secondary financial market is determined by reference to published net asset values and offer prices at the close of business on the consolidated statement of financial position date.

Unquoted equity instruments

At each reporting period, the management internally estimates the fair values of unquoted equity instruments using adjusted net asset value method which is a permitted valuation technique by IFRS 13.

Quoted bonds and debt instruments

The fair value of debt instruments that are actively traded in organized and secondary financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities at the close of business on the consolidated statement of financial position date.

4. Significant accounting policies (continued)

T. Fair values (continued)

Non-financial assets
The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

U. Income Tax

Income tax
Income tax expenses recognized in the consolidated statement of income statement, 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.

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.

4. Significant accounting policies (continued)

V. Ijarah

Group as a lessee: Policy applicable from 1 January 2021

At inception of a contract, the Group assesses whether a contract is, or contains, an ijarah. A contract is, or contains, an ijarah if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either the Group has the right to operate the asset; or the Group designed the asset in a way that predetermines how and for what purpose it will be used.

The above policy is applied to contracts effective as on or entered into after 1 January 2021.

Where it is established that the Group is a lessee, a right-of-use asset (See accounting policy "Right-of-use assets") and an ijarah liability are recognized at the ijarah commencement date.

The Ijarah liability is initially recognized net of (i) gross amount of total Ijarah rentals payable for the Ijarah term and (ii) related deferred Ijarah cost, being the difference between the gross Ijarah liability and the prime cost of right-of-use asset. Deferred Ijarah cost is amortized over the Ijarah term based on effective rate of return method to consolidated income statement within other operating and administrative expenses.

Ijarah payments included in the measurement of the ijarah liability comprise the following:

- fixed ijarah rentals less any incentives receivable;
- variable ijarah rentals including the supplementary rentals duly measured at best estimates applying the index rates and other assumptions as of the commencement date;
- payments of additional rentals, if any, for terminating the ijarah, if the ijarah term reflects the lessee exercising an option to terminate the ijarah, subject to Shari'a requirements.

Short-term ijarah and ijarah of low-value assets

The Group has elected not to recognise right-of-use assets and ijarah liabilities for short-term ijarah of properties that have an ijarah term of 12 months or less and ijarah of low-value assets. The Group recognises the ijarah payments associated with these ijarah as an expense on a straight-line basis over the ijarah term.

Ijarah – Group as a lessee: Policy applicable before 1 January 2021

Ijarah of property and equipment where the Group had substantially all the risks and rewards of ownership were classified as finance ijarah. Finance ijarah were capitalised at the inception of the ijarah at the lower of the fair value of the leased property and the present value of the minimum ijarah payments. Each ijarah payment was allocated between the liability and ijarah cost so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of ijarah cost, were shown on the consolidated statement of financial position as finance ijarah liabilities. The cost element of the ijarah cost was charged to consolidated profit or loss over the ijarah period so as to produce a constant periodic rate of return on the remaining balance of the liability for each period. The assets acquired under finance ijarah were depreciated on a straight-line basis over the shorter of the ijarah term and their useful economic life, unless there was reasonable certainty that the Group would obtain ownership by the end of the lease term, in which case the assets were depreciated over their estimated useful lives. The Group did not have finance ijarah in the comparative year.

Ijarah in which a significant portion of the risks and rewards of ownership are retained by the lessor were classified as operating ijarah. Payments made under operating ijarah (net of any incentives received from the lessor) were charged to consolidated profit or loss on a straight-line basis over the period of the ijarah.

4. Significant accounting policies (continued)

W. 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.

X. 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. Segment results that are reported to senior management includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and head office expenses. 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.

For management purposes, the Group is organized into business units based on its business activities and has four reportable segments: takaful, investment, real estate and unallocated. takaful segment represents the results of takaful and retakaful business.

Further, takaful segment is organized into four major takaful lines that it manages and operates independently. The major takaful lines are:

- Marine and Aviation: issuing contracts to cover every step of the distribution chains, including goods in transit, storage, and project cargo for specialist shipments and to protect organisations from the many varied risks to any vessels.
- General Accident: issuing contracts that provide comprehensive cover to the insured's properties.
- Life and medical: providing cover to protect insured financially from unforeseen accidents that cause bodily injury or harm. The cover compensates for accidental death/injury, permanent/temporary disability, medical expenses, and emergency transportation costs.
- Motor: issuing contracts that provide comprehensive cover to the insured's motor vehicles and third party.

Y. Social and sports contribution 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 net profit to a state social fund.

Z. 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.

AA. 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.

BB. General reserve

As per the articles of association of the Group, the directors may create a general reserve in shareholders equity to meet the contribution deficiency that may arise.

4. Significant accounting policies (continued)

CC. 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.

DD. Share of profit from associates

As per the Qatar Central Bank's instructions dated 4 March 2019, share of profits of associates should be transferred from the retained earnings to reserve for share of profits of associates. Declared and received dividends from associates are distributable portion of this reserve.

5. Critical judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 4, 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.

- Impairment of financial assets
The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

- 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 consolidated 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
The estimation of the ultimate liability arising from claims made under takaful contracts is the Group's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Group will ultimately pay for such claims. The ultimate cost of setting claims is estimated using a range of loss reserving methods. These techniques assume that the Group's own claims experience is indicative of future claims development patterns and therefore ultimate claims cost. The assumptions used, including loss ratios and future claims inflation are implicitly derived from the historical claims development data on which the projections are based, although judgment is applied to assess the extent to which past trends might not apply in the future trends are expected to emerge. Also, the estimation for claims IBNR using statistical models include an estimation made to meet certain contingencies such as unexpected and unfavorable court judgments which may require a higher payout than originally estimated and settlement of claims, which may take longer than expected, resulting in actual payouts being higher than estimated.

5. Critical judgements and key sources of estimation uncertainty (continued)

- *Claims made under takaful contracts (continued)*

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.

- Impairment of investments at fair value through equity

The Company follows the guidance of FAS 33 "Investment in Sukuk, Shares and Similar Instruments" to determine when investment at fair value through equity is impaired. This determination requires significant judgment. In making this judgement, the Company assesses, among other factors, whether objective evidence of impairment exists. The Company determines that investment securities are impaired when there has been a 'significant' or 'prolonged' decline in the fair value below its cost. The determination of what is 'significant' i.e. decline in market value by 30%, or 'prolonged' i.e. continues decline for nine months, requires judgment and is assessed based on qualitative and quantitative factors, for each investment securities separately. In making a judgment on impairment, the Company evaluates among other factors, evidence of deterioration in the financial health of the entity, impact of delay in execution, industry and sector performance, changes in technology and operational and financing cash flows.

6. 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 less than three months. 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:

	2021	2020
Policyholders		
Cash on hand	-	222,591
Call accounts (Islamic banks) (2)	67,656,714	53,632,141
Current accounts (Islamic banks) (3)	6,018,730	5,240,543
Total	**73,675,444**	59,095,275
Shareholders		
Cash on hand	10,000	16,976
Investment deposits (Islamic Banks) (1)	90,100,000	100,000
Call accounts (Islamic banks) (2)	45,540,184	93,728,195
Current accounts (Islamic banks) (3)	50,752,645	41,793,042
Total	**186,402,829**	135,638,213
Cash and cash equivalents in the consolidated statement of financial position	**260,078,273**	194,733,488
Less: deposits with original maturity more than three months	(90,100,000)	(100,000)
Cash and cash equivalents in the consolidated statement of cash flows	**169,978,273**	194,633,488

(1) Investment deposits earn profit at rates ranging from 0.9% to 1.2% (31 December 2020: 0.9% to 1.2%).

(2) Call accounts earn profit at rates ranging from 0.25% to 0.75% (31 December 2020: 0.25% to 0.75%).

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

(4) Investment deposits includes deposit kept in Masraf Al Rayan and Qatar First bank which is due to be matured in December 2022.

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.

7. Financial investments

a. Investments at Fair Value Through Equity

	31 December 2021		31 December 2020	
	Policyholders	**Shareholders**	Policyholders	Shareholders
Quoted investments (i)				
Local equity shares*	18,039,779	35,128,380	15,135,541	48,765,985
Foreign equity shares	569,292	1,138,585	467,664	935,330
Total (1)	**18,609,071**	**36,266,965**	15,603,205	49,701,315
Unquoted investments (ii)				
Local equity shares	-	26,577,139	1,494,894	30,351,760
Foreign equity shares	-	-	129,995	36,400
Total (2)	**-**	**26,577,139**	1,624,889	30,388,160
Total investments at fair value through equity (1+2)	**18,609,071**	**62,844,104**	17,228,094	80,089,475

(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 2,350,000 that is frozen and therefore not immediately disposable.

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

	31 December 2021		31 December 2020	
	Policyholders	**Shareholders**	Policyholders	Shareholders
Balance at 1 January	17,228,094	80,089,475	21,899,077	157,535,039
Additions	1,365,263	68,182,157	3,809,282	114,563,831
Disposals	(1,984,505)	(83,276,843)	(6,788,177)	(187,230,211)
Impairment	(1,718,260)	(9,036,400)	-	-
Changes in fair value	3,718,479	6,885,715	(1,692,088)	(4,779,184)
Balance at 31 December (Note 1)	**18,609,071**	**62,844,104**	17,228,094	80,089,475

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

	31 December 2021		31 December 2020	
	Policyholders	**Shareholders**	Policyholders	Shareholders
Investments at fair value through equity	**18,609,071**	**62,844,104**	17,228,094	80,089,475

7. 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 2021		31 December 2020	
	Policyholders	**Shareholders**	Policyholders	Shareholders
Investments (i)	**-**	**7,300,000**	1,251,975	7,300,000

(i) This constitutes an investment in foreign sukuk and investment funds managed by Q-Invest. Foreign sukuk was redeemed during the year, whereas Q-invest SQN income fund has stated interest rate of 7% per annum (2020 :7% per annum) and is due to be mature in October 2024.

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

	2021		2020	
	Policyholders	**Shareholders**	Policyholders	Shareholders
Balance at 1 January	1,251,975	7,300,000	2,806,128	3,650,000
Addition during the year	-	-	-	3,650,000
Redemptions during the year	(1,251,975)	-	(1,554,153)	-
Balance at 31 December	**-**	**7,300,000**	1,251,975	7,300,000

8. Takaful balances receivable

	2021		2020	
	Policyholders	**Shareholders**	Policyholders	Shareholders
Corporate	59,950,816	55,840	55,938,333	58,258
Retail	909,378	2,400	1,060,980	-
Government	466,953	-	2,320,913	-
	61,327,147	**58,240**	59,320,226	58,258
Less: Provision for doubtful debts	(2,356,228)	-	(1,536,323)	-
At 31 December	**58,970,919**	**58,240**	57,783,903	58,258

Takaful receivables comprise a large number of customers mainly within the State of Qatar. Four companies account for 25% of the accounts receivable as of 31 December 2021 (2020: 33%).

Takaful receivable includes QAR 803,287 which is due to related parties. (Note 32(b))

	2021	2020
Aging:		
0-60 days	25,812,747	21,777,053
61-120 days	14,866,646	12,956,492
121-180 days	7,635,580	8,469,888
181-365 days	9,726,105	12,839,931
Above 365 days	3,344,309	3,335,120
Total	**61,385,387**	59,378,484

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.

8. Takaful balances receivable (continued)

The movement on the provision for doubtful receivables as follows:

	2021	2020
Balance at 1 January	1,536,323	3,847,506
Charge / (reversal) for the year	819,905	(2,311,183)
Balance at 31 December	**2,356,228**	1,536,323

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 retakaful companies normally require settlement on a quarterly basis.

9. Retakaful balances receivable

	2021		2020	
	Policyholders	**Shareholders**	Policyholders	Shareholders
Local reinsurers	33,060,362	246,211	30,432,472	246,211
Foreign reinsurers	9,415,518	96,985	10,021,676	96,985
	42,475,880	**343,196**	40,454,148	343,196
Less: Provision for doubtful debts	(1,551,649)	(206,388)	(4,646,506)	(206,388)
At 31 December	**40,924,231**	**136,808**	35,807,642	136,808

The movement on the provision for doubtful retakaful receivables as follows:

	2021	2020
Balance at 1 January	4,852,894	277,612
(Reversal) / charge for the year	(3,094,857)	4,575,282
Balance at 31 December	**1,758,037**	4,852,894

10. Retakaful contract assets and takaful contract liabilities

	2021		2020	
	Policyholders	**Shareholders**	Policyholders	Shareholders
Gross takaful contract liabilities				
Claims reported unsettled	116,104,997	400,000	152,566,954	400,000
Claims incurred but not reported and other technical reserves	46,383,000	-	48,946,753	-
Unearned contributions and mathematical reserves	128,188,200	-	122,864,974	-
Deferred commissions	8,505,792	-	8,478,710	-
Total	**299,181,989**	**400,000**	332,857,391	400,000
Retakaful share of takaful liabilities				
Claims reported unsettled	81,478,359	398,721	121,705,909	398,721
Claims incurred but not reported and other technical reserves	28,926,896	-	31,641,699	-
Unearned contributions and mathematical reserves	51,703,270	-	60,808,289	-
Deferred commissions	11,946,382	-	8,643,852	-
Total	**174,054,907**	**398,721**	222,799,749	398,721
Net takaful liabilities				
Claims reported unsettled	34,626,638	1,279	30,861,045	1,279
Claims incurred but not reported and other technical reserves	17,456,104	-	17,305,054	-
Unearned contributions and mathematical reserves	76,484,930	-	62,056,685	-
Deferred commissions	(3,440,590)	-	(165,142)	-
Total	**125,127,082**	**1,279**	110,057,642	1,279

10. Retakaful contract assets and takaful contract liabilities (continued)

10.1 Movement in Retakaful Contract Assets and Takaful Contract Liabilities

	31 December 2021					
	Policyholders			Shareholders		
	Gross takaful liabilities	Retakaful contract assets	Net	Gross takaful liabilities	Retakaful contract assets	Net
At 1 January						
Reported claims (a)	152,566,954	121,705,909	30,861,045	400,000	398,721	1,279
Unearned contributions and mathematical reserves (b)	122,864,974	60,808,289	62,056,685	-	-	-
IBNR and other technical reserves (a)	48,946,753	31,641,699	17,305,054	-	-	-
Total	**324,378,681**	**214,155,897**	**110,222,784**	**400,000**	**398,721**	**1,279**
Movement during the period / year						
Reported claims (a)	(36,461,957)	(40,227,550)	3,765,593	-	-	-
Unearned contributions and mathematical reserves (b)	5,323,226	(9,105,019)	14,428,245	-	-	-
IBNR and other technical reserves (a)	(2,563,753)	(2,714,803)	151,050	-	-	-
Total	**(33,702,484)**	**(52,047,372)**	**18,344,888**	**-**	**-**	**-**
Balances at 31 December, 2021						
Reported claims (a)	116,104,997	81,478,359	34,626,638	400,000	398,721	1,279
Unearned contributions and mathematical reserves (b)	128,188,200	51,703,270	76,484,930	-	-	-
IBNR and other technical reserves (a)	46,383,000	28,926,896	17,456,104	-	-	-
Total	**290,676,197**	**162,108,525**	**128,567,672**	**400,000**	**398,721**	**1,279**

10. Retakaful contract assets and takaful contract liabilities (continued)

10.1 Movement in Retakaful Contract Assets and Takaful Contract Liabilities (continued)

	31 December 2020					
	Policyholders			Shareholders		
	Gross takaful liabilities	Retakaful contract assets	Net	Gross takaful liabilities	Retakaful contract assets	Net
At 1 January						
Reported claims (a)	185,710,379	155,441,577	30,268,802	747,289	541,067	206,222
Unearned contributions and mathematical reserves (b)	109,059,293	54,644,739	54,414,554	-	-	-
IBNR and other technical reserves (a)	45,811,235	32,411,649	13,399,586	-	-	-
Total	340,580,907	242,497,965	98,082,942	747,289	541,067	206,222
Movement during the period / year						
Reported claims (a)	(33,143,425)	(33,735,668)	592,243	(347,289)	(142,346)	(204,943)
Unearned contributions and mathematical reserves (b)	13,805,681	6,163,550	7,642,131	-	-	-
IBNR and other technical reserves (a)	3,135,516	(769,950)	3,905,468	-	-	-
Total	(16,202,226)	(28,342,068)	12,139,842	(347,289)	(142,346)	(204,943)
Balances at 31 December 2020						
Reported claims (a)	152,566,954	121,705,909	30,861,045	400,000	398,721	1,279
Unearned contributions and mathematical reserves (b)	122,864,974	60,808,289	62,056,685	-	-	-
IBNR and other technical reserves (a)	48,946,753	31,641,699	17,305,054	-	-	-
Total	324,378,681	214,155,897	110,222,784	400,000	398,721	1,279

10. Retakaful contract assets and takaful contract liabilities (continued)

10.1 Movement in Retakaful Contract Assets and Takaful Contract Liabilities (continued)

(a) Outstanding claims and claims incurred but not reported and other provisions for policyholders and shareholders

	31 December 2021			31 December 2020		
	Gross	**Reinsurers' share**	**Net**	Gross	Reinsurers' share	Net
At 1 January						
Claims	152,966,954	122,104,630	30,862,324	186,457,668	155,982,644	30,475,024
IBNR and other reserves	48,946,753	31,641,699	17,305,054	45,811,235	32,411,649	13,399,586
	201,913,707	**153,746,329**	**48,167,378**	232,268,903	188,394,293	43,874,610
Takaful claims paid during the year	(36,461,957)	(40,227,550)	3,765,593	(33,490,714)	(33,878,014)	387,302
Incurred during the year	(2,563,753)	(2,714,803)	151,050	3,135,518	(769,950)	3,905,466
At 31 December	**162,887,997**	**110,803,976**	**52,084,021**	201,913,707	153,746,329	48,167,378

Analysis of outstanding claims and claims incurred but not reported and other provisions for policyholders and shareholders

	31 December 2021			31 December 2020		
	Gross	**Reinsurers' share**	**Net**	Gross	Reinsurers' share	Net
Claims	116,504,997	81,877,080	34,627,917	152,966,954	122,104,630	30,862,324
IBNR and other reserves	46,383,000	28,926,896	17,456,104	48,946,753	31,641,699	17,305,054
At 31 December	**162,887,997**	**110,803,976**	**52,084,021**	201,913,707	153,746,329	48,167,378

(b) Analysis of unearned contribution risk

	31 December 2021			31 December 2020		
	Takaful contract liabilities	**Retakaful of liabilities**	**Net**	Takaful contract liabilities	Retakaful of liabilities	Net
At 1 January	122,864,974	60,808,289	62,056,685	109,059,293	54,644,739	54,414,554
Contributions written during the year	301,762,888	152,893,119	148,869,769	303,618,079	170,004,267	133,613,812
Contributions earned during the year	(296,439,662)	(161,998,138)	(134,441,524)	(289,812,398)	(163,840,717)	(125,971,681)
At 31 December	**128,188,200**	**51,703,270**	**76,484,930**	122,864,974	60,808,289	62,056,685

10. Retakaful contract assets and takaful contract liabilities (continued)

10.2 Claim Development Table

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 - 2021

	Accident Year					
	2017 and before	**2018**	**2019**	**2020**	**2021**	**Total**
Estimate of cumulative claims						
At end of the accident year	554,836,068	61,760,753	65,389,878	44,477,315	77,534,051	
One year later	57,332,956	52,327,805	44,409,777	26,981,192		
Two years later	14,022,447	38,464,778	7,027,588			
Three years later	14,295,131	13,270,241				
Four years later	4,848,900					
Cumulative payments to date	**(645,335,502)**	**(165,823,577)**	**(116,827,243)**	**(71,458,507)**	**(77,534,051)**	**(1,076,978,880)**
Current estimate of cumulative claims	**661,248,684**	**196,127,542**	**137,192,509**	**101,475,366**	**143,822,776**	**1,239,866,877**
Total cumulative claims recognized in the statement of financial position as of 31 December 2021	**15,913,182**	**30,303,965**	**20,365,266**	**30,016,859**	**66,288,725**	**162,887,997**

Claim Development Table - 2020

	Accident Year					
	2016 and before	2017	2018	2019	2020	Total
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	-	-	-	-	
Cumulative payments to date	(534,749,041)	(105,737,558)	(152,553,336)	(109,799,655)	(44,477,315)	(947,316,905)
Current estimate of cumulative claims	550,771,615	110,788,615	224,441,556	154,145,122	109,083,704	1,149,230,612
Total cumulative claims recognized in the statement of financial position as of 31 December 2020	16,022,574	5,051,057	71,888,220	44,345,467	64,606,389	201,913,707

11. Other receivables and Prepayments

	2021		2020	
	Policyholders	**Shareholders**	Policyholders	Shareholders
Refundable deposits	5,900,419	299,469	1,640,688	329,469
Employee advances	736,890	1,365	1,103,639	207
Advances and Prepayments	252,920	2,297,572	-	1,710,109
Accrued revenue	-	426,949	-	42,367
Cases receivable	7,504,131	1,827,675	6,516,867	2,069,111
Others (1)	3,888,868	85,583,501	3,035,150	128,406,261
	18,283,228	**90,436,531**	12,296,343	132,557,524
Less: Impairment	(2,940,534)	(79,046,540)	(1,097,244)	(79,046,540)
At 31 December	**15,342,694**	**11,389,991**	11,199,099	53,510,984

(1) Included in the shareholders other receivables is an amount of QR 76 million at 31 December 2021 (31 December 2020: QR 114 million) which is a receivable from the former chief executive officer of the Group 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. An impairment loss of QR 76 million was recorded in 2020. As a result of the negotiations, management of the Group has recovered the remaining balance of QR 40 million through transfer of an investment property to the Group during the year 2021.

The movement on the provision for doubtful debts as follows:

	2021	2020
Balance at 1 January	80,143,784	4,143,784
Charge for the year	1,843,290	76,000,000
Balance at 31 December	**81,987,074**	80,143,784

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**
Cost:			
Balance as at 1 January 2020 / 31 December 2020 / 31 December 2021	17,352,540	17,885,077	35,237,617
Accumulated Depreciation:			
Balance at 1 January 2020	-	3,919,830	3,919,830
Depreciation for the year	-	874,894	874,894
Balance at 31 December 2020	-	4,794,724	4,794,724
Depreciation for the year	-	872,504	872,504
Balance at 31 December 2021	-	5,667,228	5,667,228
Carrying amounts			
31 December 2020	17,352,540	13,090,353	30,442,893
31 December 2021	**17,352,540**	**12,217,849**	**29,570,389**

12. Investment properties (continued)

b) Shareholders	Right of use Assets - Land	Land	Buildings	Total
Cost:				
Balance at 1 January 2020 / 31 December 2020	-	147,701,028	73,047,794	220,748,822
Additions during the year (2)	-	40,292,201	-	40,292,201
Transfer from Property and equipment (1)	-	6,251,500	15,132,683	21,384,183
Transfer to right of use asset (3)	30,500,000	(30,500,000)	-	-
Addition to right of use asset (3)	4,290,481	-	-	4,290,481
Balance at 31 December 2021	34,790,481	163,744,729	88,180,477	286,715,687
Accumulated Depreciation:				
Balance at 1 January 2020	-	-	22,064,372	22,064,372
Depreciation	-	-	3,653,107	3,653,107
Balance at 31 December 2020	-	-	25,717,479	25,717,479
Depreciation	869,762	-	3,834,777	4,704,539
Transfer from fixed assets	-	-	12,529,089	12,529,089
Balance at 31 December 2021	869,762	-	42,081,345	42,951,107
Carrying amounts				
31 December 2020	-	147,701,028	47,330,315	195,031,343
31 December 2021	**33,920,719**	**163,744,729**	**46,099,132**	**243,764,580**

(2) During the year, Group transferred a land and a store from fixed assets to investment property amounting to QR 15,132,682 due to the change of use.

(3) Additions includes land amounting to QR 40,000,000 that was acquired against outstanding receivables from the former chief executive officer (Note 11).

(4) The Group has leased out three lands in industrial area which is further rented to third parties for short term.

As at 31 December 2021, the fair value of the Group's investment property amounting to QR 277 million 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. Property and equipment

a) Policyholders	Computer	Total
Cost:		
Balance as at 1 January 2020 / 31 December 2020 / 31 December 2021	2,777,628	2,777,628
Accumulated Depreciation:		
Balance as at 1 January 2020 / 31 December 2020 / 31 December 2021	2,777,628	2,777,628
Carrying amounts		
Balance as at 1 January 2020 / 31 December 2020 / 31 December 2021	-	-

In Qatari Riyals

13. Property and equipment (continued)

b) Shareholders	Freehold land	Buildings	Computer and equipment	Furniture and fixtures	Motor vehicle	Work in progress	Total
Cost:							
Balance at 1 January 2020	6,251,500	15,050,694	5,731,975	9,068,352	1,935,970	81,989	38,120,480
Additions during the year	-	-	2,045,565	3,569	493,033	-	2,542,167
Disposals during the year	-	-	(3,359)	-	(1,926,003)	-	(1,929,362)
Balance at 31 December 2020	6,251,500	15,050,694	7,774,181	9,071,921	503,000	81,989	38,733,285
Additions during the year	-	-	387,185	1,117,864	-	-	1,505,049
Transfers during the year (Note 12)	(6,251,500)	(15,050,694)	-	-	-	(81,989)	(21,384,183)
Balance at 31 December 2021	-	-	**8,161,366**	**10,189,785**	**503,000**	-	**18,854,151**
Accumulated Depreciation:							
Balance at 1 January 2020	-	12,262,586	5,425,804	8,703,759	1,712,053	81,989	28,186,191
Depreciation for the year	-	184,514	457,444	121,955	151,789	-	915,702
Disposals charge for the year	-	-	-	-	(1,789,327)	-	(1,789,327)
Balance at 31 December 2020	-	12,447,100	5,883,248	8,825,714	74,515	81,989	27,312,566
Depreciation for the year	-	-	411,127	583,073	100,600	-	1,094,800
Transfer during the year (Note 12)	-	(12,447,100)	-	-	-	(81,989)	(12,529,089)
Balance at 31 December 2021	-	-	**6,294,375**	**9,408,787**	**175,115**	-	**15,878,277**
Carrying amounts							
Balance at 31 December 2020	6,251,500	2,603,594	1,890,933	246,207	428,485	-	11,420,719
Balance at 31 December 2021	-	-	**1,866,991**	**780,998**	**327,885**	-	**2,975,874**

14. Investment in Associate

The Group has two investments in associates, Qatar Unified Bureau Insurance W.L.L and Bahrain National Life Assurance Company B.S.C. Qatar Unified Bureau Insurance W.L.L incorporated in Qatar, in which the Group has 25% of the interest. It is principally engaged in takaful. Qatari Unified Bureau Insurance W.L.L is not publicly listed. Bahrain National Life Assurance Company B.S.C. is incorporated in Bahrain, in which the Group has 25% of the interest. It is principally engaged in insurance business. During the year, the Group has reclassified Bahrain National Life Assurance Company B.S.C. from held for sale to investment in associate for which prior year balance has been restated. (Note 41).

Movements in investment in the associate are as follows:

	2021	2020 (Restated)
At 1 January	44,886,505	40,977,405
Share of profit for the year	1,286,697	2,684,475
Dividends received during the year	(250,000)	-
Movement in fair value reserve	-	1,224,625
Carrying amount at 31 December	**45,923,202**	44,886,505

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

	2021	2020 (Restated)
Total assets	280,386,464	231,079,453
Total liabilities	(133,569,630)	(96,957,942)
Net assets (100%)	146,816,834	134,121,511
The Group's Share of net assets (25%)	36,704,209	33,530,378
Revenue	81,747,686	102,721,973
The Group's Share of profit (25%)	1,286,697	2,684,475

The share of profit from the associates are given below;

	2021	2020 (Restated)
Qatar Unified Bureau Insurance W.L.L	1,286,697	-
Bahrain National Life Assurance Company B.S.C	-	2,684,475
At 31 December	**1,286,697**	2,684,475

15. Takaful balances payable

	2021		2020	
	Policyholders	**Shareholders**	Policyholders	Shareholders
Corporate	18,109,801	987,162	12,063,040	987,395
Retail	472,304	-	314,604	-
Government	2,823,175	73,347	1,880,533	73,364
At 31 December	**21,405,280**	**1,060,509**	14,258,177	1,060,759

16. Retakaful balances payable

	2021		2020	
	Policyholders	**Shareholders**	Policyholders	Shareholders
Local reinsurers	1,098,599	-	1,765,350	-
Foreign reinsurers	19,414,378	372,668	31,326,866	372,668
At 31 December	**20,512,977**	**372,668**	33,092,216	372,668

17. Accounts Payable and Other Liabilities

	2021		2020	
	Policyholders	**Shareholders**	Policyholders	Shareholders
Accruals and provisions	19,764,200	1,552,421	13,550,554	3,460,045
Contribution received in advance	1,275,620	-	524,618	-
Dividends payable	-	11,838,312	-	11,027,650
Provision for staff bonus	-	2,855,528	-	2,290,247
Provision for staff leave	-	1,789,378	-	1,994,601
Provision for Social and Sports activities Contribution	-	1,003,237	-	-
Board of Directors Remuneration (Note 28)	-	1,800,000	-	881,208
Deferred rental income	-	376,095	-	5,588,193
Others	3,595,400	1,064,685	2,626,357	2,351,557
At 31 December	24,635,220	22,279,656	16,701,529	27,593,501

18. Distributable Surplus

	2021	2020
At 1 January	5,779,925	5,821,783
Distributed during the year	(4,161,073)	(41,858)
At 31 December	**1,618,852**	5,779,925

19. Employees' end of service benefits

	2021	2020
At 1 January	5,064,498	4,822,943
Charge for the year	654,438	480,102
Paid during the year	(179,655)	(238,547)
At 31 December	**5,539,281**	5,064,498

20. Share Capital

	2021	2020
Authorized, issued and paid-up capital		
Share capital of QR 1 each (QR)	**255,279,020**	255,279,020
No. of shares of QR 1 each (Nos.)	**255,279,020**	255,279,020

21. 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 amounting to QR 4,022,730.

22. 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.

23. Policyholder surplus

During the year, the Sharia Supervisory Board has resolved to transfer unclaimed surplus outstanding for more than 5 years amounting to QR 4,170,953 from the distributable surplus account to the policyholders' retained surplus.

24. Fair Value Reserve

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:

	2021		2020	
	Policyholders	**Shareholders**	Policyholders	Shareholders
Quoted investments				
At 1 January	4,361,200	(1,047,577)	5,948,182	768,322
Net movement during the year				
Disposal of investments	-	835,597	2,140,821	(17,831,555)
Fair value change during the year	3,613,373	824,739	(3,727,803)	16,015,656
At 31 December (1)	**7,974,573**	**612,759**	**4,361,200**	**(1,047,577)**
Unquoted investments				
At 1 January	(105,106)	(5,225,379)	-	(2,262,094)
Net movement	105,106	5,225,379	(105,106)	(2,963,285)
At 31 December (2)	-	-	(105,106)	(5,225,379)
Investment in Associates				
At 1 January	-	3,993,975	-	2,769,350
Movement in fair value reserve of associate	-	-	-	1,275,578
At 31 December (3)	-	**3,993,975**	-	**3,993,975**
At 31 December (1+2+3)	**7,974,573**	**4,606,734**	**4,256,094**	**(2,278,981)**

25. Ijarah liabilities

The movements of ijarah liabilities were as follows:

	2021
Balance at 1 January	-
Addition (1)	4,290,481
Payment	(212,200)
Derecognition	-
Amortisation of deferred ijarah	153,196
	4,231,477

(1) On 1 January 2021 the Group entered into a ijarah contract with the Ministry of Municipality & Environment Doha Municipality obtaining exclusive rights to use of the lands for QR 150, QR 12,500 and QR 5,033 per month.The ijarah bears an implicit discount rate of 4% per annum and is effectively secured as the rights to the ijarah asset revert to the lessor in the event of default. As per the accounting policy of the Group, the group is amortizing the ROA for these plots of land on 40 years.

26. General and administration expenses

	2021	2020
Staff costs	23,980,355	20,585,198
Travel expenses	132,357	-
Sharia supervisory board fee	200,000	200,000
Repair and maintenance	1,452,317	1,142,695
Professional fees	1,395,942	1,231,906
Insurance expenses	234,832	206,591
Governmental expenses	675,522	544,267
Bank charges	164,204	275,930
Marketing and advertising	1,075,913	974,322
Electricity and telephone	916,878	702,593
Refreshment and stationary	329,855	413,612
Miscellaneous	371,556	256,930
	30,929,731	26,534,044

27. 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.

28. 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 2021 has been proposed at QR 1,800,000 (2020: QR 881,208) (Note 32). The provision is subject to the approval by the forthcoming shareholders general assembly.

29. 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.

30. Social and sports contribution 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 amounting to QR 1,008,237 (2020: Nil)

31. Reserve for share of profits of associates

As per the Qatar Central Bank's instructions dated 4 March 2019, share of profits of associates should be transferred from the retained earnings to reserve for share of profits of associates. Declared and received dividends from associates are distributable portion of this reserve. During the year, the Group has transferred an amount of QR 1.03 million to this reserve (2020: 2.68 million).

32. 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:

Nature of transactions	2021	2020
Contribution	2,278,464	27,438,761
Claims	152,339	10,853,388

b) Receivable from related parties:

Nature of Relationship	2021	2020
Board members	**803,287**	676,574

*Takaful receivables from related parties are added to takaful receivables (Note 8).

c) Payable to related parties:

Nature of Relationship	2021	2020
Board members	**16,530**	269,465

**Claims payable to related parties are added to the takaful payables (Note 15).

d) Compensation of key management personnel:

	2021	2020
Board of directors' remuneration (Note 28)	1,800,000	881,208
Salaries and other short-term benefits	3,236,918	3,480,642
Employees' end of service benefit	34,156	17,549
	5,071,074	4,379,399

33. Segment Information

For management purposes, the Group is organized into business units based on its business activities and has four reportable segments: takaful, investment, real estate and unallocated. Takaful segment represents the results of takaful and retakaful business. Further, takaful segment is organized into four major takaful lines – Marine & Aviation, General Accident (Fire, General Accident, Energy & Engineering), Motor and Takaful & 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 operating and administrative expenses and certain other expenses are not allocated to the takaful lines for performance monitoring purpose. The data with respect to segment information are as follows.

a) Segment consolidated policyholders' revenues and expenses and shareholders' income statement

	2021				
	Underwriting	Investments	Real Estate	Unallocated	Total
Gross contributions	301,762,888	-	-	-	301,762,888
Retakaful share of gross contributions	(152,893,119)	-	-	-	(152,893,119)
Net retained contributions	**148,869,769**	-	-	-	**148,869,769**
Movement in unearned contributions and mathematical reserves	(14,428,245)	-	-	-	(14,428,245)
Net earned contributions	**134,441,524**	-	-	-	**134,441,524**
Retakaful commission and other takaful income	25,933,196	-	-	-	25,933,196
Change in deferred commission	3,275,448	-	-	-	3,275,448
Total takaful revenue	**163,650,168**	-	-	-	**163,650,168**
Gross claims paid	(129,530,012)	-	-	-	(129,530,012)
Retakaful share of claims paid	67,136,460	-	-	-	67,136,460
Net claims paid	**(62,393,552)**	-	-	-	**(62,393,552)**
Movement in outstanding claims	(3,765,593)	-	-	-	(3,765,593)
Movement in claims incurred but not reported and other technical reserves	(151,050)	-	-	-	(151,050)
Commission and other takaful expenses	(30,841,480)	-	-	-	(30,841,480)
Total takaful expenses	**(97,151,675)**	-	-	-	**(97,151,675)**
Net surplus from takaful operations	**66,498,493**	-	-	-	**66,498,493**
Dividend Income	-	2,745,619	-	-	2,745,619
Net realized gain on sale of investments	-	13,355,298	-	-	13,355,298
Net rental income	-	-	9,168,158	-	9,168,158
Deposit Income	-	2,136,379	-	-	2,136,379
Share of profit from associates	-	1,286,697	-	-	1,286,697
Impairment loss on investments at fair value through equity	-	(10,754,660)	-	-	(10,754,660)
Net provision for impairment on financial assets	-	-	-	431,662	431,662
Net investment income	-	**8,769,333**	**9,168,158**	**431,662**	**18,369,153**
Other income	-	-	-	1,119,697	1,119,697
Depreciation	-	-	(5,577,043)	(1,094,800)	(6,671,843)
General and administrative expenses	-	-	-	(30,929,731)	(30,929,731)
Amortisation of deferred ijarah	-	-	(153,196)	-	(153,196)
Other expenses	-	-	-	(3,300,042)	(3,300,042)
Board of directors' remuneration	-	-	-	(1,800,000)	(1,800,000)
Total other expenses	-	-	**(5,730,239)**	**(36,004,876)**	**(41,735,115)**
Profit / (loss) before tax	**66,498,493**	**8,769,333**	**3,437,919**	**(35,573,214)**	**43,132,531**
Income tax	-	-	-	(18,542)	(18,542)
Profit / (loss) after tax	**66,498,493**	**8,769,333**	**3,437,919**	**(35,591,756)**	**43,113,989**

33. Segment Information (continued)

a) Segment consolidated policyholders' revenues and expenses and shareholders' income statement (continued)

	2020				
	Underwriting	Investments	Real Estate	Unallocated	Total
Gross contributions	303,618,079	-	-	-	303,618,079
Retakaful share of gross contributions	(170,004,267)	-	-	-	(170,004,267)
Net retained contributions	133,613,812	-	-	-	133,613,812
Movement in unearned contributions and mathematical reserves	(8,332,857)	-	-	-	(8,332,857)
Net earned contributions	125,280,955	-	-	-	125,280,955
Retakaful commission and other takaful income	20,542,965	-	-	-	20,542,965
Change in deferred commission	(622,273)	-	-	-	(622,273)
Total takaful revenue	145,201,647	-	-	-	145,201,647
Gross claims paid	(144,558,033)	-	-	-	(144,558,033)
Retakaful share of claims paid	89,095,985	-	-	-	89,095,985
Net claims paid	(55,462,048)	-	-	-	(55,462,048)
Movement in outstanding claims	(387,302)	-	-	-	(387,302)
Movement in claims incurred but not reported and other technical reserves	(3,905,466)	-	-	-	(3,905,466)
Commission and other takaful expenses	(23,973,378)	-	-	-	(23,973,378)
Total takaful expenses	(83,728,194)	-	-	-	(83,728,194)
Net surplus from takaful operations	61,473,453	-	-	-	61,473,453
Dividend Income	-	6,873,974	-	-	6,873,974
Net realized gain on sale of investments	-	5,710,669	-	-	5,710,669
Net rental income	-	-	10,059,164	-	10,059,164
Deposit Income	-	644,827	-	-	644,827
Share of profit from associates	-	2,684,475	-	-	2,684,475
Net provision for impairment on financial assets	-	-	-	(78,264,099)	(78,264,099)
Gain on disposal of property and equipment	-	-	-	307,965	307,965
Net investment income / (expense)	-	15,913,945	10,059,164	(77,956,134)	(51,983,025)
Other income	-	-	-	2,272,511	2,272,511
Depreciation	-	-	(4,528,001)	(915,702)	(5,443,703)
General and administrative expenses	-	-	-	(26,534,044)	(26,534,044)
Other expenses	-	-	-	(6,263,963)	(6,263,963)
Board of directors' remuneration	-	-	-	(881,208)	(881,208)
Total other expenses	-	-	(4,528,001)	(32,322,406)	(36,850,407)
Profit / (loss) before tax	61,473,453	15,913,945	5,531,163	(110,278,540)	(27,359,979)
Income tax	-	-	-	(10,276)	(10,276)
Profit / (loss) after tax	61,473,453	15,913,945	5,531,163	(110,288,816)	(27,370,255)

33. Segment Information (continued)

Segment assets and liabilities

	2021				
	Underwriting	**Investments**	**Real Estate**	**Unallocated**	**Total**
Policyholders' assets					
Cash and bank balances	73,675,444	-	-	-	73,675,444
Investments at fair value through equity	-	18,609,071	-	-	18,609,071
Investments at fair value through income statement	-	-	-	-	-
Takaful balances receivable	58,970,919	-	-	-	58,970,919
Retakaful balances receivable	40,924,231	-	-	-	40,924,231
Retakaful contract assets	162,108,525	-	-	-	162,108,525
Deferred commission	11,946,382	-	-	-	11,946,382
Other receivables and prepayments	-	-	-	15,342,694	15,342,694
Investment properties	-	-	29,570,389	-	29,570,389
Total policyholders' assets	**347,625,501**	**18,609,071**	**29,570,389**	**15,342,694**	**411,147,655**
Shareholders' assets					
Cash and bank balances	-	-	-	96,302,829	96,302,829
Time deposits	-	-	-	90,100,000	90,100,000
Investments at fair value through equity	-	62,844,104	-	-	62,844,104
Investments at fair value through income statement	-	7,300,000	-	-	7,300,000
Takaful balances receivable	58,240	-	-	-	58,240
Retakaful balances receivable	136,808	-	-	-	136,808
Retakaful contract assets	398,721	-	-	-	398,721
Other receivables and prepayments	-	-	-	11,389,991	11,389,991
Investment properties	-	-	243,764,580	-	243,764,580
Property and equipment	-	-	-	2,975,874	2,975,874
Property under development	-	-	-	-	-
Investments in associate	-	45,923,202	-	-	45,923,202
Total shareholders' assets	**593,769**	**116,067,306**	**243,764,580**	**200,768,694**	**561,194,349**
Total assets	**348,219,270**	**134,676,377**	**273,334,969**	**216,111,388**	**972,342,004**

33. Segment Information (continued)

Segment assets and liabilities (continued)

	2021				
	Underwriting	**Investments**	**Real Estate**	**Unallocated**	**Total**
Policyholder's liabilities					
Takaful contract liabilities	290,676,197	-	-	-	290,676,197
Deferred commission income	8,505,792	-	-	-	8,505,792
Accounts payable and other liabilities		-	-	24,635,220	24,635,220
Takaful balances payable	21,405,280	-	-	-	21,405,280
Retakaful balances payable	20,512,977	-	-	-	20,512,977
Distributable surplus	1,618,852	-	-	-	1,618,852
Total policyholders' liabilities	**342,719,098**	**-**	**-**	**24,635,220**	**367,354,318**
Shareholders' liabilities					
Takaful contract liabilities	400,000	-	-	-	400,000
Ijarah liabilities	-	-	4,231,477	-	4,231,477
Accounts payable and other liabilities	-	-	-	22,279,656	22,279,656
Takaful balances payable	1,060,509	-	-	-	1,060,509
Retakaful balances payable	372,668	-	-	-	372,668
Provision for income tax	-	-	-	20,757	20,757
Employees' end of service benefits	-	-	-	5,539,281	5,539,281
Total shareholders' liabilities	**1,833,177**	**-**	**4,231,477**	**27,839,694**	**33,904,348**
Total Liabilities	**344,552,275**	**-**	**4,231,477**	**52,474,914**	**401,258,666**

33. Segment Information (continued)

Segment assets and liabilities (continued)

	2020				
	Underwriting	Investments	Real Estate	Unallocated	Total
Policyholders' assets					
Cash and bank balances	59,095,275	-	-	-	59,095,275
Investments at fair value through equity	-	17,228,094	-	-	17,228,094
Investments at fair value through income statement	-	1,251,975	-	-	1,251,975
Takaful balances receivable	57,783,903	-	-	-	57,783,903
Retakaful balances receivable	35,807,642	-	-	-	35,807,642
Retakaful contract assets	214,155,897	-	-	-	214,155,897
Deferred commission	8,643,852	-	-	-	8,643,852
Other receivables and prepayments	-	-	-	11,199,099	11,199,099
Investment properties	-	-	30,442,893	-	30,442,893
Total policyholders' assets	375,486,569	18,480,069	30,442,893	11,199,099	435,608,630
Shareholders' assets					
Cash and bank balances	-	-	-	135,538,213	135,538,213
Time deposits	-	-	-	100,000	100,000
Investments at fair value through equity	-	80,089,475	-	-	80,089,475
Investments at fair value through income statement	-	7,300,000	-	-	7,300,000
Takaful balances receivable	58,258	-	-	-	58,258
Retakaful balances receivable	136,808	-	-	-	136,808
Retakaful contract assets	398,721	-	-	-	398,721
Other receivables and prepayments	-	-	-	53,510,984	53,510,984
Investment properties	-	-	195,031,343	-	195,031,343
Right of use assets	-	-	-	-	-
Property and equipment	-	-	-	11,420,719	11,420,719
Property under development	-	-	-	84,920	84,920
Investments in associate	-	44,886,505	-	-	44,886,505
Total shareholders' assets	593,787	132,275,980	195,031,343	200,654,836	528,555,946
Total assets	376,080,356	150,756,049	225,474,236	211,853,935	964,164,576

33. Segment Information (continued)

Segment assets and liabilities (continued)

	2020				
	Underwriting	Investments	Real Estate	Unallocated	Total
Policyholder's liabilities					
Takaful contract liabilities	324,378,681	-	-	-	324,378,681
Deferred commission income	8,478,710	-	-	-	8,478,710
Accounts payable and other liabilities		-	-	16,701,529	16,701,529
Takaful balances payable	14,258,177	-	-	-	14,258,177
Retakaful balances payable	33,092,216	-	-	-	33,092,216
Distributable surplus	5,779,925	-	-	-	5,779,925
Total policyholders' liabilities	385,987,709	-	-	16,701,529	402,689,238
Shareholders' liabilities					
Takaful contract liabilities	400,000	-	-	-	400,000
Ijarah liabilities	-	-	-	-	-
Accounts payable and other liabilities	-	-	-	27,593,501	27,593,501
Takaful balances payable	1,060,759		-	-	1,060,759
Retakaful balances payable	372,668	-	-	-	372,668
Provision for income tax	-	-	-	22,522	22,522
Employees' end of service benefits	-	-	-	5,064,498	5,064,498
Total shareholders' liabilities	1,833,427	-	-	32,680,521	34,513,948
Total Liabilities	387,821,136	-	-	49,382,050	437,203,186

33. Segment Information (continued)

b) Net underwriting results (policyholders' and shareholders')

For the year ended 31 December 2021

	Marine & Aviation	General Accident	Motor	Takaful and Medical	Total
Gross contributions	14,615,228	87,415,087	107,099,615	92,632,958	301,762,888
Retakaful share of gross contributions	(12,137,669)	(75,949,542)	(7,613,682)	(57,192,226)	(152,893,119)
Retained contribution	**2,477,559**	**11,465,545**	**99,485,933**	**35,440,732**	**148,869,769**
Movement in unearned contributions and mathematical reserves	(147,136)	(986,125)	(10,372,952)	(2,922,032)	(14,428,245)
Net retained contributions	**2,330,423**	**10,479,420**	**89,112,981**	**32,518,700**	**134,441,524**
Retakaful commission and other takaful income	2,116,850	20,063,229	2,632,788	1,120,329	25,933,196
Change in deferred commission	(122,477)	(285,852)	2,686,426	997,351	3,275,448
Total takaful revenue (1)	**4,324,796**	**30,256,797**	**94,432,195**	**34,636,380**	**163,650,168**
Gross claims paid	(8,571,924)	(24,024,056)	(43,893,217)	(53,040,815)	(129,530,012)
Retakaful share of claims paid	7,435,629	22,411,498	3,729,607	33,559,726	67,136,460
Net claims paid	**(1,136,295)**	**(1,612,558)**	**(40,163,610)**	**(19,481,089)**	**(62,393,552)**
Movement in outstanding claims	100,095	296,818	(3,971,608)	(190,898)	(3,765,593)
Movement in claims incurred but not reported reserve and other technical reserves	(211,030)	14,121	1,253,710	(1,207,851)	(151,050)
Net claims incurred (2)	**(1,247,230)**	**(1,301,619)**	**(42,881,508)**	**(20,879,838)**	**(66,310,195)**
Commission and other takaful expenses (3)	(712,201)	(4,424,077)	(17,461,500)	(8,243,702)	(30,841,480)
Net surplus from takaful operations (1+2+3)	**2,365,365**	**24,531,101**	**34,089,187**	**5,512,840**	**66,498,493**

In Qatari Riyals

33. Segment Information (continued)

b) Net underwriting results (policyholders' and shareholders') (continued)

For the year ended 31 December 2020

	Marine & Aviation	General Accident	Motor	Takaful and Medical	Total
Gross contributions	14,857,621	100,485,655	100,208,820	88,065,983	303,618,079
Retakaful share of gross contributions	(12,942,809)	(93,062,419)	(9,664,381)	(54,334,658)	(170,004,267)
Retained contribution	1,914,812	7,423,236	90,544,439	33,731,325	133,613,812
Movement in unearned contributions and mathematical reserves	252,901	(137,959)	(7,452,428)	(995,371)	(8,332,857)
Net retained contributions	2,167,713	7,285,277	83,092,011	32,735,954	125,280,955
Retakaful commission and other takaful income	1,908,364	14,219,142	3,666,189	749,270	20,542,965
Change in deferred commission	378,654	(1,689,788)	647,556	41,305	(622,273)
Total takaful revenue (1)	4,454,731	19,814,631	87,405,756	33,526,529	145,201,647
Gross claims paid	(10,857,637)	(59,553,187)	(39,191,423)	(34,955,786)	(144,558,033)
Retakaful share of claims paid	10,435,417	57,223,064	4,167,576	17,269,928	89,095,985
Net claims paid	(422,220)	(2,330,123)	(35,023,847)	(17,685,858)	(55,462,048)
Movement in outstanding claims	(461,303)	115,587	754,029	(795,615)	(387,302)
Movement in claims incurred but not reported reserve and other technical reserves	(67,612)	(870,502)	(1,785,419)	(1,181,933)	(3,905,466)
Net claims incurred (2)	(951,135)	(3,085,038)	(36,055,237)	(19,663,406)	(59,754,816)
Commission and other takaful expenses (3)	(720,360)	(3,432,048)	(12,680,618)	(7,140,352)	(23,973,378)
Net surplus from takaful operations (1+2+3)	2,783,236	13,297,545	38,669,901	6,722,771	61,473,453

33. Segment Information (continued)

c) Business segments

The Group's main business segments (policyholders' and shareholders') are as follows:

As at and for the year ended 31 December 2021:

	Underwriting	**Investments**	**Real Estate**	**Unallocated**	**Total**
Net income	66,498,493	8,769,333	3,437,919	(35,591,756)	**43,113,989**
Total assets	348,219,270	134,676,377	273,334,969	216,111,388	**972,342,004**
Total liabilities	344,552,275	-	4,231,477	52,474,914	**401,258,666**

As at and for the year ended 31 December 2020:

	Underwriting	Investments	Real Estate	Unallocated	Total
Net income	61,473,453	15,913,945	5,531,163	(110,288,816)	(27,370,255)
Total assets	376,080,356	150,756,049	225,474,236	211,853,935	964,164,576
Total liabilities	387,821,136	-	-	49,382,050	437,203,186

d) Geographical segments

The Group operates in the State of Qatar only.

34. Contingent liabilities and capital commitments

	2021	2020
Bank guarantees (1)	**944,770**	1,760,279
Tender bond (1)	**527,100**	17,568

Legal claims

The takaful sector of the Group is subject to litigations and is continuously involved in legal proceedings arising in its normal course of business. The Group carries adequate provisions against such litigations which are included as part of takaful contract liabilities.

The Group is also a party to non-takaful related litigations against former chief executive officer of the group (Note 11).

(1) Bank guarantees and tender bonds

These relates to tenders and guarantees submitted to obtain government takaful contracts against QR 1.47 million.

35. 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.

	2021	2020 *(Restated)*
Profit / (loss) attributable to shareholders	**40,129,476**	(39,320,101)
Weighted average number of ordinary shares (*)	**255,279,020**	255,279,020
Basic earnings per share (QR)	**0.16**	(0.15)

*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.

36. 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.

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

36. Financial instruments and risk management (continued)

Capital management framework (continued)

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.

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 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 do not bear the risks associated with takaful operations where it uses takaful fund, retained surplus and retakaful 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.

- Frequency and severity of claims

The frequency and severity of claims can be determined after consideration of several factors as follows:

- past experience of the claims;
- economic level;
- laws and regulations; and
- public awareness

36. Financial instruments and risk management (continued)

Capital management framework (continued)

Takaful risk (continued)

- Frequency and severity of claims (continued)

The Group manages these risks through its underwriting strategy, adequate retakaful arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. The Group has the right to re-price the risk on renewal. Takaful contracts also entitle the Group to pursue third parties for payment of some or all costs (for example, subrogation). The retakaful arrangements include proportional and non-proportional coverage. The effect of such retakaful arrangements is that the Group should not suffer major takaful losses.

The Group has specialized claims units dealing with the mitigation of risks surrounding general takaful claims. This unit investigates, adjusts and settles all general takaful claims. The general takaful claims are reviewed individually regularly and adjusted to reflect the latest information on the underlying facts, current law, jurisdiction, contractual terms and conditions, and other factors. The Group actively manages settlements of general takaful claims to reduce its exposure to unpredictable developments.

Sources of uncertainty in the estimation of future claim payments
Claims on general takaful contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, a larger element of the claims provision relates to incurred but not reported claims (IBNR) which are settled over a short to medium term period.

There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures adopted. The compensation paid on these contracts is the monetary awards granted for the loss suffered by the policyholders or third parties (for third party liability covers).

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation values and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprise a provision for IBNR, a provision for reported claims not yet paid and a provision for unexpired risks as at the consolidated statement of financial position date.

In calculating the estimated cost of unpaid claims (both reported and not), the Group's estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of takaful claims and takaful premiums earned in a particular financial year in relation to such claims) and an estimate based upon actual claims experience using predetermined formula where greater weight is given to actual claims experience as time passes. An actuarial valuation is done every year to ensure the adequacy of the reserves.

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.

36. Financial instruments and risk management (continued)

Capital management framework (continued)

Takaful risk (continued)

Process used to decide on assumptions:
The risks associated with these takaful contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. The exposure of the Group to claims associated with general takaful is material. This exposure is concentrated in Qatar where significant transactions take place.

The Group uses assumptions based on a mixture of internal and actuarial report to measure its general takaful related claims liabilities. Internal data is derived mostly from the Group's monthly claims reports and screening of the actual takaful contracts carried out at year-end to derive data for the contracts held. The Group has reviewed the individual contracts and their actual exposure to claims. This information is used to develop scenarios related to the latency of claims that are used for the projections of the ultimate number of claims.

The table below sets out the concentration of outstanding claims provision by type of contract:

	2021			2020		
	Gross Reserves	**Retakaful Reserves**	**Net Reserves**	Gross Reserves	Retakaful Reserves	Net Reserves
Marine and aviation	7,188,731	(6,279,608)	909,123	7,861,931	(6,852,712)	1,009,219
General accident	70,587,300	(66,563,538)	4,023,762	111,272,954	(106,553,655)	4,719,299
Motor	33,577,469	(5,138,640)	28,438,829	30,270,396	(6,201,894)	24,068,502
Takaful and Medical	5,151,497	(3,895,294)	1,256,203	3,561,673	(2,496,369)	1,065,304
	116,504,997	**(81,877,080)**	**34,627,917**	152,966,954	(122,104,630)	30,862,324

Sensitivity analysis
The reasonableness of the estimation process is tested by an analysis of sensitivity around several scenarios.

The sensitivity of the Company's income to takaful risks is as follows:

		2021		2020	
	Change in assumptions	**Impact on net earned contributions**	**Impact on equity**	Impact on net earned contributions	Impact on equity
Loss ratio	**+5%**	**6,722,076**	**(6,722,076)**	6,264,048	(6,264,048)
	-5%	**(6,722,076)**	**6,722,076**	(6,264,048)	6,264,048

The sensitivity to a 5% increase/decrease in gross loss ratios is the same both net and gross of retakaful as this increase does not result in any material excess of loss retakaful limits being reached.

36. Financial instruments and risk management (continued)

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.

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.

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 consolidated 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.

The table below shows the maximum exposure to credit risk for the components of the statement of financial position:

- Age analysis

31 December 2021

	< 60 days	**61 to 120 days**	**121 to 180 days**	**181 to above 365 days**	**Total**
Takaful balance receivable	25,812,747	14,866,646	7,635,580	13,070,414	61,385,387
Retakaful receivable	22,561,808	9,414,921	4,323,404	6,518,943	42,819,076
Total	**48,374,555**	**24,281,567**	**11,958,984**	**19,589,357**	**104,204,463**

31 December 2020

	< 60 days	61 to 120 days	121 to 180 days	181 to above 365 days	Total
Takaful balance receivable	21,777,053	12,956,492	8,469,888	16,175,051	59,378,484
Retakaful receivable	10,945,760	7,614,080	7,247,516	14,989,988	40,797,344
Total	32,722,813	20,570,572	15,717,404	31,165,039	100,175,828

36. Financial instruments and risk management (continued)

Cash at bank
The Group's cash at bank is held with banks which were rated by Moody's as shown in the table below:

Credit ratings	**2021**	2020
A1	203,847,066	147,284,426
A2	376,890	1,503,751
A3	722,476	705,615
AA-	-	3,014
Ba2	392,477	3,425,673
Ba1	207,737	31,820
Baa1	54,521,627	41,539,622
	260,068,273	**194,493,921**

Management considers that its cash at bank has low credit risk based on the above external credit ratings of the counterparties, which are all at "investment grade" (above Baa3). Impairment on cash at bank has been measured on a 12-month expected loss basis and reflects the short-term maturities of the exposures.

The carrying amounts of the cash at bank of the Group did not require any adjustment because the result of applying the ECL model was immaterial.

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.

36. Financial instruments and risk management (continued)

Liquidity risk (continued)

-Maturity profiles(continued)

31 December 2021	**Up to a year**	**1 to 5 years**	**Total**
Financial and takaful assets			
Investments at fair value through income statement	-	7,300,000	7,300,000
Takaful receivables	59,029,159	-	59,029,159
Retakaful contract assets	162,507,246	-	162,507,246
Retakaful receivables	41,061,039	-	41,061,039
Time deposits	90,000,000	100,000	90,100,000
Cash and cash equivalents	169,978,273	-	169,978,273
Total	**522,575,717**	**7,400,000**	**529,975,717**

31 December 2021	**Up to a year**	**1 to 5 years**	**Total**
Financial and takaful liabilities			
Takaful balance payable	22,465,789	-	22,465,789
Retakaful balance payable	20,885,645	-	20,885,645
Takaful contract liabilities	291,076,197	-	291,076,197
Payables and other liabilities	46,914,876	-	46,914,876
Total	**381,342,507**	**-**	**381,342,507**

31 December 2020	Up to a year	1 to 5 years	Total
Financial assets			
Takaful receivables	57,842,161	-	57,842,161
Retakaful contract assets	214,554,618	-	214,554,618
Retakaful receivables	35,944,450	-	35,944,450
Time deposits	100,000	-	100,000
Cash and cash equivalents	194,633,488	-	194,633,488
Total	503,074,717	-	503,074,717

31 December 2020	Up to a year	1 to 5 years	Total
Financial liabilities			
Takaful balance payable	15,318,936	-	15,318,936
Retakaful balance payable	33,464,884	-	33,464,884
Takaful contract liabilities	324,778,681	-	324,778,681
Payables and other liabilities	44,295,030	-	44,295,030
Total	417,857,531	-	417,857,531

36. Financial instruments and risk management (continued)

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 2021	31 December 2020
Cash flow sensitivity – Call / deposit accounts	**901,000**	1,000

A decrease of 100 basis points in interest rate at the reporting date would have exactly the same but opposite impact in equity and profit or loss.

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 change in equity prices is expected to be equal and opposite to the effect of the increase shown.

	Changes in equity prices	**Effect on equity / Income statement**	**Effect on profit**
2021			
Investments at fair value through equity	±5%	**4,072,659**	-
2020			
Investments at fair value through equity	±5%	4,865,878	-

36. Financial instruments and risk management (continued)

Capital Management

The Group's capital management policy for its takaful and non–takaful business is to hold sufficient capital to cover the statutory requirements based on the Qatar Central Bank's instructions, including any additional amounts required by the regulator as well as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors the return on capital, which is defined as profit for the year divided by total 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 operations of the Group are also subject to regulatory requirements within the jurisdictions in which it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g., capital adequacy) to minimize the risk of default and insolvency on the part of the takaful companies to meet unforeseen liabilities as they arise. The Group and its regulated subsidiaries in general have complied with the requirements throughout the financial year. In reporting financial strength, capital and solvency are measured using the rules prescribed by the Qatar Central Bank. These regulatory capital tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of business written.

37. Fair value measurement

The Group's assets and liabilities are measured at amortised cost and not at fair value. Management believes that the carrying values of these financial assets and financial liabilities as at the reporting date are a reasonable approximation of their fair 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; and

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

37. Fair value measurement (continued)

Accounting classification and fair values of asset and liabilities

As at 31 December 2021:

	Carrying Value				Fair Value		
	Fair value through equity	**Amortized cost**	**Financial liabilities**	**Total carrying amount**	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value							
Policyholders							
Investments at fair value through equity	18,609,071	-	-	18,609,071	18,609,071	-	-
Investments at fair value through income statement	-	-	-	-	-	-	-
Assets not measured at fair value							
Bank balances and time deposits	-	73,675,444	-	73,675,444			
Takaful balances receivable	-	58,970,919	-	58,970,919			
Retakaful balances receivable	-	40,924,231	-	40,924,231			
Other receivables and prepayments	-	15,342,694	-	15,342,694			
Liabilities not measured at fair value							
Takaful balances payable	-	-	21,405,280	21,405,280			
Retakaful balances payable	-	-	20,512,977	20,512,977			
Accounts payable and Other liabilities	-	-	24,635,220	24,635,220			
Dividends for policyholders	-	-	1,618,852	1,618,852			
Assets measured at fair value							
Shareholders							
Investments at fair value through equity	62,844,104	-	-	62,844,104	36,266,965	-	26,577,139
Investments at fair value through income statement	7,300,000	-	-	7,300,000	-	7,300,000	-
Assets not measured at fair value							
Bank balances and time deposits	-	186,402,829	-	186,402,829			
Takaful balances receivable	-	58,240	-	58,240			
Retakaful balances receivable	-	136,808	-	136,808			
Other receivables and prepayments	-	11,389,991	-	11,389,991			
Liabilities not measured at fair value							
Takaful balances payable	-	-	1,060,509	1,060,509			
Retakaful balances payable	-	-	372,668	372,668			
Accounts payable and Other liabilities	-	-	22,279,656	22,279,656			
Employees' end of service benefits	-	-	5,539,281	5,539,281			
	88,753,175	**386,901,156**	**97,424,443**	**573,078,774**			

37. Fair value measurement (continued)

Accounting classification and fair values of financial asset and liabilities (continued)

As at 31 December 2020:

	Carrying Value				Fair Value		
	Fair value through equity	Amortized cost	Financial liabilities	Total carrying amount	Level 1	Level 2	Level 3
Assets measured at fair value							
Policyholders							
Investments at fair value through equity	17,228,094	-	-	17,228,094	15,603,205	-	1,624,889
Investments at fair value through income statement	1,251,975	-	-	1,251,975	-	1,251,975	-
Assets not measured at fair value							
Bank balances and time deposits	-	59,095,275	-	59,095,275			
Takaful balances receivable	-	57,783,903	-	57,783,903			
Retakaful balances receivable	-	35,807,642	-	35,807,642			
Other receivables and prepayments	-	11,199,099	-	11,199,099			
Liabilities not measured at fair value							
Takaful balances payable	-	-	14,258,177	14,258,177			
Retakaful balances payable	-	-	33,092,216	33,092,216			
Accounts payable and Other liabilities	-	-	16,701,529	16,701,529			
Dividends for policyholders	-	-	5,779,925	5,779,925			
Assets measured at fair value							
Shareholders							
Investments at fair value through equity	80,089,475	-	-	80,089,475	49,701,315	-	30,388,160
Investments at fair value through income statement	7,300,000	-	-	7,300,000	-	7,300,000	-
Assets not measured at fair value							
Bank balances and time deposits	-	135,638,213	-	135,638,213			
Takaful balances receivable	-	58,258	-	58,258			
Retakaful balances receivable	-	136,808	-	136,808			
Other receivables and prepayments	-	53,510,984	-	53,510,984			
Liabilities not measured at fair value							
Takaful balances payable	-	-	1,060,759	1,060,759			
Retakaful balances payable	-	-	372,668	372,668			
Accounts payable and Other liabilities	-	-	27,593,501	27,593,501			
Employees' end of service benefits	-	-	5,064,498	5,064,498			
	105,869,544	353,230,182	103,923,273	563,022,999			

During the years ended 31 December 2021 and 2020, 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.

37. Fair value measurement (continued)

The reconciliation of Level 3 is as follows:

	Policyholder		Shareholder	
	31 December 2021	31 December 2020	**31 December 2021**	31 December 2020
At the beginning of the year	1,624,889	1,729,995	30,388,160	33,351,445
Fair value losses during the year	(1,613,154)	(105,106)	(3,811,021)	(2,963,285)
Redemption during the year	(11,735)	-	-	-
At the ending of the year	-	1,624,889	**26,577,139**	30,388,160

Sensitivity information for unquoted equity investments

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy of the Group's unquoted equity investments is based on the price-to-earnings ratio in which the value of unquoted shares is related to the earnings attributable to each share rather than the dividend payable on such share.

A 5% variation in the valuation will result in the value of unquoted equity investments to increase/decrease by QR 1,328,857 (2020: QR 1,600,652).

38. Mudareb and wakala fees

Mudareb fees are calculated at a rate of 70% (2020: 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 21% till April 2021 of gross written contribution after deducting gross written contribution from fronting business as approved by the Board and Shari'a supervisory board, the rate was subsequently increased as approved by the shari'a board meeting dated May 1, 2021 from 11 May 2021 to 26%. (2020: 20% of net retained contribution from 1 January 2020 to 10 November 2020 and 25% from 11 November to 31 December 2020).

39. Zakat

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

40. Dividend declared and paid

The Board of Directors has proposed in their meeting to distribute cash dividends of QR 0.075 per share amounting to QR 19,145,927. The proposed dividends are subject to the approval of the General Assembly meeting.

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 have been approved in the General Assembly meeting dated April 6, 2021.

At the Annual General Meeting on 5 April 2019, 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.

41. Comparative figures, reclassification and restatement of prior year financial statements

The comparative figures presented have been reclassified where necessary to preserve consistency with the current year figures. However, such reclassifications did not have any effect on the net profit or the total equity for the comparative year.

(a) Reclassification related to statement of financial position

As at 31 December 2021	Amount as previously stated	Reclassification	Amount after reclassification
Assets			
Retakaful share of unearned contributions and mathematical reserves	51,703,270	(51,703,270)	-
Retakaful share of gross outstanding claims	81,877,080	(81,877,080)	-
Retakaful share of claims incurred but not reported and other technical reserves	28,926,896	(28,926,896)	-
Takaful contract assets	-	162,507,246	162,507,246
Total	**162,507,246**	-	**162,507,246**

As at 31 December 2021	Amount as previously stated	Reclassification	Amount after reclassification
Liabilities			
Unearned contributions and mathematical reserves	128,188,200	(128,188,200)	-
Gross outstanding claims	116,504,997	(116,504,997)	-
Claims incurred but not reported and other technical reserves	46,383,000	(46,383,000)	-
Takaful contract liabilities	-	291,076,197	291,076,197
Retakaful and takaful balances payable	43,351,434	(43,351,434)	-
Retakaful balances payable	-	22,465,789	22,465,789
Takaful balances payable	-	20,885,645	20,885,645
Total	**334,427,631**	-	**334,427,631**

(b) Restatement of prior years' financial statements

The Group has decided to reclassify held for sale investment, "Bahrain National Life Assurance Company B.S.C. to investment in associate as the Board has decided to keep the investment unless a potential offer is received. As a result of such reclassification, the Group has restated its balances in investment in associate, asset held for sale, share of profit from associate and retained earnings for the fair presentation. In accordance with IAS 1, Presentation of financial statements and IFRS 5, Non-current assets held for sale and discontinued operations, the below mentioned "comparative" numbers as at 1 January 2020 and 31 December 2020 have been restated as summarized below:

Shareholders' assets	As at 1 January 2020 as previously stated	Adjustment	As at 1 January 2020 as restated
Consolidated statement of financial position			
Investment in associate	6,509,253	31,698,802	38,208,055
Asset held for sale	21,454,007	(21,454,007)	-
Reserve for share of associates	-	10,244,795	10,244,795
Fair value reserve	-	2,769,350	2,769,350

41. Comparative figures, reclassification and restatement of prior year financial statements (continued)

(b) Restatement of prior years' financial statements (continued)

Shareholders' assets	**As at 31 December 2020 as previously stated**	**Adjustment**	**As at 31 December 2020 as restated**
Consolidated statement of financial position			
Investment in associate	6,509,253	34,383,277	40,892,530
Asset held for sale	21,454,007	(21,454,007)	-
Reserve for share of associates	-	12,929,270	12,929,270
Fair value reserve	-	3,993,975	3,993,975
Consolidated income statement			
Share of profit from associates	-	2,684,475	2,684,475
Basic and diluted earnings per share (QR per share)	(0.16)	0.1	(0.15)

42. Subsequent events

There were no significant events after the reporting date, which have bearing on the understanding of these consolidated financial statements.

43. Impact of COVID-19

The coronavirus ("COVID-19") pandemic has spread across various geographies globally, causing disruption to business and economic activities. COVID-19 has brought uncertainties in the global economic environment.

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

The Group has considered potential impacts of the current economic volatility in determination of the reported amounts of the Group's financial and non-financial assets and these are considered to represent management's best assessment based on observable information. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations.

44. Approval of consolidated financial statements

The consolidated financial statements were approved by the Board of Directors and authorized for issue on 28 February 2022.