

Al Khaleej Takaful Insurance Company Q.P.S.C.
Condensed Consolidated Interim Financial Statements
30 June 2021

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

**Condensed Consolidated Interim Financial Statements
30 June 2021**

Contents	Page(s)
Independent auditor's report on review of condensed consolidated interim financial statements	1-2
Condensed consolidated interim financial statements:	
Condensed consolidated statement of financial position	3-4
Condensed consolidated statement of policyholders' revenues and expenses	5
Condensed consolidated statement of policyholders' surplus	6
Condensed consolidated income statement	7
Condensed consolidated statement of changes in shareholders' equity	8
Condensed consolidated statement of cash flows	9
Notes to the condensed consolidated interim financial statements	10- 30



KPMG
25 C Ring Road
PO Box 4473, Doha
State of Qatar
Telephone: +974 4457 6444
Fax: +974 4442 5626
Website: home.kpmg/qa

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

To the Shareholders of Al Khaleej Takaful Insurance Company Q.P.S.C.

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Al Khaleej Takaful Insurance Company Q.P.S.C. (the "Company") and its subsidiaries (together referred to as the "Group") as at and for the six months ended 30 June 2021 which include:

- The condensed consolidated statement of financial position as at 30 June 2021,
- The condensed consolidated statement of policyholders' revenues and expenses for the three and six months periods ended 30 June 2021,
- The condensed consolidated statement of policyholders' surplus for the six months period ended 30 June 2021,
- The condensed consolidated income statement for the three and six months periods ended 30 June 2021,
- The condensed consolidated statement of changes in shareholders' equity for the six months period ended 30 June 2021,
- The condensed consolidated statement of cash flows for the six months period ended 30 June 2021,
- Notes to the condensed consolidated interim financial statements.

The Board of Directors of the Company is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organization for Islamic Financial Institutions ('AAOIFI'). Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

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



INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at and for the six month periods ended 30 June 2021 are not prepared, in all material respects, in accordance with Financial Accounting Standards issued by AAOIFI.

Other matter

The condensed consolidated interim financial statement of the Group for the six month period ended June 30, 2020 and the annual consolidated financial statements for the year ended December 31, 2020 were reviewed and audited by another auditor, whose review report dated August 5, 2020 and audit report dated March 28, 2021 expressed an unmodified conclusion and opinion respectively.

03 August 2021
Doha
State of Qatar

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

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

Condensed consolidated statement of financial position

As at 30 June 2021

In Qatari Riyals

	Notes	June 30, 2021 (Reviewed)	December 31, 2020 (Audited)
Policyholders' assets			
Cash and bank balances	6	66,559,376	59,095,275
Investments at fair value through equity	8 (a)	21,210,339	17,228,094
Investments at fair value through income statement	8 (b)	433,503	1,251,975
Takaful balances receivable		70,380,588	57,783,903
Retakaful balances receivable		48,621,719	35,807,642
Retakaful share of unearned contributions	7	65,836,754	60,808,289
Retakaful share of gross outstanding claims	7	69,070,790	121,705,909
Retakaful share of claims incurred but not reported	7	29,964,990	31,641,699
Deferred commission	7	10,920,507	8,643,852
Other receivables and prepayments		12,582,332	11,199,099
Investment properties	10	30,006,641	30,442,893
Total policyholders' assets		425,587,539	435,608,630
Shareholders' assets			
Cash and bank balances	6	86,911,761	135,538,213
Time deposits	6	70,100,000	100,000
Investments at fair value through equity	8 (a)	76,130,641	80,089,475
Investments at fair value through income statement	8 (b)	7,300,000	7,300,000
Assets held for sale		21,454,007	21,454,007
Takaful balances receivable		58,240	58,258
Retakaful balances receivable		136,808	136,808
Retakaful share of gross outstanding claims	7	398,721	398,721
Other receivables and prepayments	9	6,393,002	53,510,984
Investment properties	10	234,304,414	195,031,343
Fixed assets	11	11,038,743	11,420,719
Property under development		-	84,920
Investments in associate	12	6,509,253	6,509,253
Total shareholders' assets		520,735,590	511,632,701
Total assets		946,323,129	947,241,331

The Condensed Consolidated Interim Statement of Financial Position continues on next page.



The notes from pages 10 to 30 form an integral part of the condensed consolidated interim financial statements.

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

Condensed consolidated statement of financial position (continued)

As at 30 June 2021

In Qatari Riyals

	Notes	June 30, 2021 (Reviewed)	December 31, 2020 (Audited)
Policyholder's equity			
Retained surplus		33,228,237	28,663,298
Fair value reserve	16	6,953,852	4,256,094
Total policyholders' equity		40,182,089	32,919,392
Policyholder's liabilities			
Unearned contributions	7	139,853,594	122,864,974
Gross outstanding claims	7	104,405,875	152,566,954
Claims incurred but not reported	7	47,510,541	48,946,753
Deferred commission income	7	10,539,265	8,478,710
Accounts payable and other liabilities		19,231,783	16,701,529
Retakaful and takaful balances payable		58,068,889	47,350,393
Distributable surplus		5,795,503	5,779,925
Total policyholders' liabilities		385,405,450	402,689,238
Total policyholders' equity and liabilities		425,587,539	435,608,630
Shareholders' liabilities			
Gross outstanding claims	7	400,000	400,000
Accounts payable and other liabilities		17,298,299	27,593,501
Retakaful and takaful balances payable		1,433,177	1,433,427
Provision for income tax	18	12,491	22,522
Employees' end of service benefits		5,307,365	5,064,498
Total shareholders' liabilities		24,451,332	34,513,948
Shareholders' equity			
Share capital	13	255,279,020	255,279,020
Legal reserve	14	241,552,033	241,552,033
General reserve	15	75,477	75,477
Fair value reserve	16	(7,370,949)	(6,272,956)
Retained earnings		6,748,677	(13,514,821)
Total shareholders' equity		496,284,258	477,118,753
Total shareholders' liabilities and equity		520,735,590	511,632,701
Total liabilities, surplus of policyholders' and shareholders' equity		946,323,129	947,241,331

These condensed consolidated interim financial information were approved by the Company's Board of Directors on 03 August 2021 and signed on their behalf by:



Sheikh Mohamed Bin Fahd Bin Jabor Al Thani
Vice Chairman



Mr. Abdulla Ali Al-Assiri
Chief Executive Officer

The notes from pages 10 to 3C form an integral part of the condensed consolidated interim financial statements.

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

Condensed consolidated statement of policyholders' revenues and expenses

For the three and six month period ended 30 June 2021

In Qatari Riyals

	For the three months period ended 30 June		For the six months period ended 30 June	
	2021 (Reviewed)	2020 (Reviewed)	2021 (Reviewed)	2020 (Reviewed)
Takaful revenues				
Gross contributions	76,146,406	67,264,695	162,712,126	163,284,522
Retakaful share of gross contributions	(41,283,284)	(33,537,606)	(85,447,832)	(86,186,540)
Net retained contributions	34,863,122	33,727,089	77,264,294	77,097,982
Movement in unearned contributions	(3,287,590)	(8,579,423)	(11,960,155)	(18,657,919)
Net earned contributions	31,575,532	25,147,666	65,304,139	58,440,063
Retakaful commission and other takaful income	7,585,875	5,318,532	17,058,175	11,054,215
Change in deferred commission	(6,968)	(572,354)	216,100	(413,434)
Total takaful revenue	39,154,439	29,893,844	82,578,414	69,080,844
Takaful expenses				
Gross claims paid	(31,541,094)	(46,140,139)	(53,372,629)	(84,187,325)
Retakaful share of claims paid	17,684,323	37,076,277	26,035,560	57,865,953
Net claims paid	(13,856,771)	(9,063,862)	(27,337,069)	(26,321,372)
Movement in outstanding claims	(3,015,692)	(2,468,426)	(4,474,040)	(4,540,666)
Movement in claims incurred but not reported reserves	(63,069)	(2,478,240)	(240,497)	(3,910,095)
Commission and other takaful expenses	(6,855,507)	(5,384,706)	(14,220,494)	(12,431,908)
Total takaful expenses	(23,791,039)	(19,395,234)	(46,272,100)	(47,204,041)
Net surplus from takaful operations	15,363,400	10,498,610	36,306,314	21,876,803
Investment (loss) / income of takaful policy holders	(3,095)	1,502,976	(3,095)	1,743,937
Income from deposits	123,407	75,483	219,575	204,719
Dividend income	598,154	857,614	916,738	1,220,588
Rental income	-	540,000	-	1,080,000
Other income	-	-	13,151	-
Total surplus	16,081,866	13,474,683	37,452,683	26,126,047
Other expenses				
Wakala fees	(15,675,650)	(10,054,431)	(30,139,459)	(24,884,157)
Depreciation	(218,126)	(217,529)	(436,252)	(435,057)
Other expenses	(762,916)	(749,272)	(1,509,575)	(1,505,375)
Mudareb expenses	(502,925)	(2,083,251)	(802,458)	(2,974,471)
Total other expenses	(17,159,617)	(13,104,483)	(32,887,744)	(29,799,060)
(Deficit) / Surplus of revenues over expenses	(1,077,751)	370,200	4,564,939	(3,673,013)

The notes from pages 10 to 30 form an integral part of the condensed consolidated interim financial statements.

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

Condensed consolidated statement of policyholders' Surplus

For the six month period ended 30 June 2021

In Qatari Riyals

	For the six months period ended 30 June	
	2021	2020
	(Reviewed)	(Reviewed)
Retained surplus balance at beginning of the period	28,663,298	16,713,452
Surplus / (Deficit) for the period	4,564,939	(3,673,013)
Retained surplus balance at end of the period	33,228,237	13,040,439



The notes from pages 10 to 30 form an integral part of the condensed consolidated interim financial statements.

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

Condensed consolidated income statement

For the three and six month period ended 30 June 2021

In Qatari Riyals

	Notes	For the three month period ended 30 June		For the six month period ended 30 June	
		2021 (Reviewed)	2020 (Reviewed)	2021 (Reviewed)	2020 (Reviewed)
Shareholders' revenues and expenses					
Claims paid		-	-	1,040	-
Re-insurance share of claims paid		-	-	-	-
Net claims paid		-	-	1,040	-
Movement in outstanding claims		-	-	-	204,484
Total insurance income		-	-	1,040	204,484
Surplus from insurance operations		-	-	1,040	204,484
Investments and other income					
Wakala income		15,675,650	10,054,431	30,139,459	24,884,157
Mudarib income		502,925	2,083,251	802,458	2,974,471
Income from deposits		131,044	75,379	264,115	158,132
Dividend income		178,317	740,034	1,846,631	5,251,333
Net realized gain on sale of investment at fair value through equity		104,011	(1,888,719)	12,448,219	333,827
Gain on disposal of fixed assets		-	291,824	-	291,824
Net rental income		2,257,223	2,351,260	3,439,354	4,912,693
Other income		298,854	112	610,439	6,322
Total investment and other income		19,148,024	13,707,572	49,550,675	38,812,759
Expenses					
General and administrative expenses	17	(6,793,383)	(7,323,290)	(13,981,485)	(15,292,224)
Depreciation		(1,157,764)	(1,159,973)	(2,542,781)	(2,310,485)
Total expenses		(7,951,147)	(8,483,263)	(16,524,266)	(17,602,709)
Net income		11,196,877	5,224,309	33,027,449	21,414,534
Basic and diluted earnings per share (QR per share)	21	0.044	0.020	0.129	0.084



The notes from pages 10 to 30 form an integral part of the condensed consolidated interim financial statements.

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

Condensed consolidated statement of changes in shareholders' equity

For the six month period ended 30 June 2021

In Qatari Riyals

	Share Capital QR.	Legal reserve QR.	General reserve QR.	Fair value reserve QR.	(Accumulated loss) / Retained earnings QR.	Total QR.
Balance as at 1 January 2021 (Audited)	255,279,020	241,552,033	75,477	(6,272,956)	(13,514,821)	477,118,753
Net income for the period	-	-	-	-	33,027,449	33,027,449
Movement in fair value reserve	-	-	-	(1,097,993)	-	(1,097,993)
Dividends paid	-	-	-	-	(12,763,951)	(12,763,951)
Balance as at end of 30 June 2021 (Reviewed)	<u>255,279,020</u>	<u>241,552,033</u>	<u>75,477</u>	<u>(7,370,949)</u>	<u>6,748,677</u>	<u>496,284,258</u>
Balance at 1 January 2020 (Audited)	255,279,024	237,935,418	75,477	(1,493,772)	45,737,057	537,533,204
Net income for the period	-	-	-	-	21,414,534	21,414,534
Movement in fair value reserve	-	-	-	(13,863,228)	-	(13,863,228)
Dividends paid	-	-	-	-	(12,763,951)	(12,763,951)
Balance as at end of 30 June 2020 (Reviewed)	<u>255,279,024</u>	<u>237,935,418</u>	<u>75,477</u>	<u>(15,357,000)</u>	<u>54,387,640</u>	<u>532,320,559</u>

The notes from pages 10 to 30 form an integral part of the condensed consolidated interim financial statements.

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

Condensed consolidated statement of cash flows

For the six month period ended 30 June 2021

In Qatari Riyals

	Note	For the six months period ended 30 June	
		2021 (Reviewed)	2020 (Reviewed)
Cash flows from operating activities			
Net income for the period		33,027,449	21,414,534
Policyholders' surplus / (deficit) for the period		4,564,939	(3,673,013)
		<u>37,592,388</u>	<u>17,741,521</u>
<i>Adjustments for :</i>			
Depreciation of fixed assets and investment properties		2,979,033	2,745,542
Income from deposits		(483,690)	(362,851)
Dividend income		(2,763,369)	(6,471,921)
Rental income		(3,439,354)	(5,992,693)
Write off of property under development		84,920	171,900
Gain on sale of fixed assets		-	(291,824)
Net realized gain on sale of investment at fair value through equity		(12,445,124)	(2,077,764)
Provision for employees' end of service benefits		245,235	197,525
Operating profit before working capital changes		21,770,039	5,659,435
<i>Changes in:</i>			
Takaful balances receivable		(12,596,667)	(1,816,236)
Retakaful balances receivable		(12,814,077)	(9,695,796)
Retakaful share of unearned contributions		(5,028,465)	(8,945,361)
Retakaful share of outstanding claims		52,635,119	22,696,405
Deferred commission		(2,276,655)	(1,293,049)
Other receivable and prepayments		5,734,749	58,957
Unearned contributions		16,988,620	27,240,860
Gross outstanding claims		(48,161,079)	(18,360,224)
Claims incurred but not reported		240,497	3,910,097
Deferred commission income		2,060,555	1,706,484
Accounts payable and other liabilities		(9,182,042)	(4,575,183)
Retakaful balances payable		10,718,246	860,979
Cash generated from operating activities		20,088,840	17,447,368
Employees' end of service benefits paid		(2,368)	(140,025)
Net cash generated from operating activities		20,086,472	17,307,343
Cash flows from investing activities			
Additions of investment at fair value through equity		(60,470,099)	(79,578,327)
Proceeds from disposal of investment at fair value through equity		74,491,577	115,191,943
Net proceeds from redemption of investments at fair value through income statement		818,472	763,596
Acquisition of fixed assets		(1,141,674)	(2,457,613)
Proceeds from disposal of fixed assets		-	428,499
Income from deposits		483,690	362,851
Dividends income received		2,763,369	6,471,921
Rental income		3,439,354	5,992,693
Net movement in term deposits		(70,000,000)	7,400,000
Acquisition of investment properties		(292,202)	-
Net cash (used in) / generated from investing activities		(49,907,513)	54,575,563
Cash flows from financing activities			
Dividends paid to shareholders		(11,356,888)	(11,105,298)
Surplus distributed to policyholders		15,578	(27,596)
Net cash used in financing activities		(11,341,310)	(11,132,894)
Net (decrease) / increase in cash and cash equivalents		(41,162,351)	60,750,012
Cash and cash equivalents at 1 January		194,633,488	60,328,279
Cash and cash equivalents at 30 June	6	153,471,137	121,078,291

The notes from pages 10 to 30 form an integral part of the condensed consolidated interim financial statements.

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

Notes to the condensed consolidated interim financial statements For the six month period ended 30 June 2021

1. LEGAL STATUS AND ACTIVITIES

Al Khaleej Takaful Insurance Company Q.P.S.C. (the “Company”) (Formerly known as “Al Khaleej Takaful Group Q.P.S.C.”) is a Qatari shareholding company registered and incorporated in the State of Qatar under Emiri Decree No. 53 issued on 21 December 1978 and listed on Qatar Exchange. The Company’s registered address is Grand Hamad Street, Doha 4555, Qatar. The Company and its subsidiaries (together referred to as the “Group”) are engaged in the business of insurance, reinsurance, Takaful insurance and real estate investment.

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

These condensed consolidated interim financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 03 August 2021.

2. BASIS OF PREPARATION

a) Statement of compliance and preparation

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

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

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

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at December 31, 2020. In addition, results for the six-month period ended June 30, 2021 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2021.

2. BASIS OF PREPARATION (CONTINUED)

b) Significant accounting judgment, estimates and assumptions

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

In preparing these condensed interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2020, except for the effects of adoption of FAS 32 as described in note 3 in significant accounting policies.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except as noted below:

During the period, the Company applied the following standard in preparation of these condensed consolidated interim financial statements. The adoption of the below standard did not result in changes to previously reported net results or equity of the Company, but they may result in additional disclosures at year end:

a) 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.

This new standard aims to address the issues faced by the Islamic finance industry in relation to accounting and financial reporting as well as to improve the existing treatments in line with the global practices. This standard shall be effective for the financial periods beginning on or after 1 January 2021 with early adoption permitted.

At inception of a contract, the Group assesses whether a contract is, or contains, an Ijarah based on if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and an Ijarah liability at the Ijarah commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the Ijarah liability adjusted for any prepaid and accrued Ijarah expenses. The right-of-use asset is then carried at fair value in line with its underlying asset. Any fair value adjustments are recognized in directly in the income statement.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) FAS 32 “Ijarah” (continued)

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. 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.

The adoption of the standard did not result in changes to previously reported net profit or equity of the Group and has no effect on the condensed consolidated interim financial statements, however, may result in additional disclosures at year end.

b) 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 Group is currently evaluating the impact of this standard.

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

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

FAS 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’ah 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.

4. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements as at and for the year ended December 31, 2020.

5. SHARI'A SUPERVISORY BOARD

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

6. CASH AND BANK BALANCES

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

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

	30 June 2021	31 December 2020
	(Reviewed)	(Audited)
Policyholders		
Cash on hand	226,714	222,591
Call accounts (Islamic banks) (2)	51,364,124	53,632,141
Current accounts (Islamic banks) (3)	<u>14,968,538</u>	<u>5,240,543</u>
Total	<u>66,559,376</u>	<u>59,095,275</u>
Shareholders		
Cash on hand	12,891	16,976
Investment deposits (Islamic banks) (1)	70,100,000	100,000
Call accounts (Islamic banks) (2)	59,376,932	93,728,195
Current accounts (Islamic banks) (3)	<u>27,521,938</u>	<u>41,793,042</u>
Total	<u>157,011,761</u>	<u>135,638,213</u>
Total cash and bank balances	223,571,137	194,733,488
Less: deposits with original maturity of more than three months	<u>(70,100,000)</u>	<u>(100,000)</u>
Total cash and cash equivalents	<u>153,471,137</u>	<u>194,633,488</u>

- (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.

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

	30 June 2021		31 December 2020	
	(Reviewed)		(Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
Gross insurance/takaful contract liabilities				
Claims reported unsettled	104,405,875	400,000	152,566,954	400,000
Claims incurred but not reported	47,510,541	-	48,946,753	-
Unearned contributions	139,853,594	-	122,864,974	-
Deferred commissions	10,539,265	-	8,478,710	-
Total	302,309,275	400,000	332,857,391	400,000
Reinsurers'/retakaful share of insurance/takaful liabilities				
Claims reported unsettled	69,070,790	398,721	121,705,909	398,721
Claims incurred but not reported	29,964,990	-	31,641,699	-
Unearned contributions	65,836,754	-	60,808,289	-
Deferred commissions	10,920,507	-	8,643,852	-
Total	175,793,041	398,721	222,799,749	398,721
Net insurance/takaful liabilities				
Claims reported unsettled	35,335,085	1,279	30,861,045	1,279
Claims incurred but not reported	17,545,551	-	17,305,054	-
Unearned contributions	74,016,840	-	62,056,685	-
Deferred commissions	(381,242)	-	(165,142)	-
Total	126,516,234	1,279	110,057,642	1,279

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

Notes to the condensed consolidated interim financial statements
For the six month period ended 30 June 2021

In Qatari Riyals

7. REINSURANCE/RETAKAFUL CONTRACT ASSETS AND INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTINUED)

7.1 Movement in Reinsurance/Retakaful Contract Assets and Insurance/Takaful Contract Liabilities

30 June 2021

(Reviewed)

	Policyholders			Shareholders		
	Gross insurance liabilities	Reinsurance contract assets	Net	Gross insurance liabilities	Reinsurance contract assets	Net
At January 1						
Reported claims	152,566,954	121,705,909	30,861,045	400,000	398,721	1,279
Unearned contributions IBNR and other technical reserves	122,864,974	60,808,289	62,056,685	-	-	-
	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
<i>Movement during the period / year</i>						
Reported claims	(48,161,079)	(52,635,119)	4,474,040	-	-	-
Unearned contributions IBNR and other technical reserves	16,988,620	5,028,465	11,960,155	-	-	-
	(1,436,212)	(1,676,709)	240,497	-	-	-
Total	(32,608,671)	(49,283,363)	16,674,692	-	-	-
Balances at June 30, 2021 / December 31, 2020						
Reported claims	104,405,875	69,070,790	35,335,084	400,000	398,721	1,279
Unearned contributions IBNR and other technical reserves	139,853,594	65,836,754	74,016,841	-	-	-
	47,510,541	29,964,990	17,545,551	-	-	-
Total	291,770,010	164,872,534	126,897,476	400,000	398,721	1,279

7. REINSURANCE/RETAKAFUL CONTRACT ASSETS AND INSURANCE/TAKAFUL CONTRACT LIABILITIES (CONTINUED)

7.1 Movement in Reinsurance/Retakaful Contract Assets and Insurance/Takaful Contract Liabilities (Continued)

31 December 2020

(Audited)

	Policyholders			Shareholders		
	Gross insurance liabilities	Reinsurance contract assets	Net	Gross insurance liabilities	Reinsurance contract assets	Net
At January 1						
Reported claims	185,710,379	155,441,577	30,268,802	747,289	541,067	206,222
Unearned contributions	109,059,293	54,644,739	54,414,554	-	-	-
IBNR and other technical reserves	45,811,235	32,411,649	13,399,586	-	-	-
Total	<u>340,580,907</u>	<u>242,497,965</u>	<u>98,082,942</u>	<u>747,289</u>	<u>541,067</u>	<u>206,222</u>
<i>Movement during the period / year</i>						
Reported claims	(33,143,425)	(33,735,668)	592,243	(347,289)	(142,346)	(204,943)
Unearned contributions	13,805,681	6,163,550	7,642,131	-	-	-
IBNR and other technical reserves	3,135,516	(769,950)	3,905,468	-	-	-
Total	<u>(16,202,226)</u>	<u>(28,342,068)</u>	<u>12,139,842</u>	<u>(347,289)</u>	<u>(142,346)</u>	<u>(204,943)</u>
Balances at June 30, 2021 / December 31, 2020						
Reported claims	152,566,954	121,705,909	30,861,045	400,000	398,721	1,279
Unearned contributions	122,864,974	60,808,289	62,056,685	-	-	-
IBNR and other technical reserves	48,946,753	31,641,699	17,305,054	-	-	-
Total	<u>324,378,681</u>	<u>214,155,897</u>	<u>110,222,784</u>	<u>400,000</u>	<u>398,721</u>	<u>1,279</u>

8. FINANCIAL INVESTMENTS

A. INVESTMENTS AT FAIR VALUE THROUGH EQUITY

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

	30 June 2021		31 December 2020	
	(Reviewed)		(Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
Quoted investments (i)				
Local equity shares*	18,956,133	44,907,625	15,135,541	48,765,985
Foreign equity shares	629,317	1,258,635	467,664	935,330
Total (1)	19,585,450	46,166,260	15,603,205	49,701,315
Unquoted investments (ii)				
Local equity shares	1,494,894	29,927,981	1,494,894	30,351,760
Foreign equity shares	129,995	36,400	129,995	36,400
Total (2)	1,624,889	29,964,381	1,624,889	30,388,160
Total investments at fair value through equity (1+2)	21,210,339	76,130,641	17,228,094	80,089,475

(i) The quoted investments constitute mainly securities listed in Qatar Exchange.

(ii) The unquoted investments represent investments in companies in which the Group is a founding shareholder.

* Investments in equity consists of shareholders quoted investment amounting to QR. 2,925,000 that is frozen and therefore not immediately disposable.

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

	30 June 2021		31 December 2020	
	(Reviewed)		(Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
	QR.	QR.	QR.	QR.
Balance at January 1	17,228,094	80,089,475	21,899,077	157,535,039
Additions	1,365,263	59,104,836	3,809,282	114,563,831
Disposals	(80,776)	(61,965,677)	(6,788,177)	(187,230,211)
Changes in fair value	2,697,758	(1,097,993)	(1,692,088)	(4,779,184)
Balance at end	21,210,339	76,130,641	17,228,094	80,089,475

8. FINANCIAL INVESTMENTS (CONTINUED)

B. INVESTMENTS AT FAIR VALUE THROUGH INCOME STATEMENT

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

	30 June 2021 (Reviewed)		31 December 2020 (Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
Investments (i)	<u>433,503</u>	<u>7,300,000</u>	<u>1,251,975</u>	<u>7,300,000</u>

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

	30 June 2021 (Reviewed)		31 December 2020 (Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
Balance at January 1	1,251,975	7,300,000	2,806,128	3,650,000
Additions	-	-	-	3,650,000
Redemption	<u>(818,472)</u>	<u>-</u>	<u>(1,554,153)</u>	<u>-</u>
Balance at end	<u>433,503</u>	<u>7,300,000</u>	<u>1,251,975</u>	<u>7,300,000</u>

9. OTHER RECEIVABLES AND PREPAYMENTS

Included in the shareholders other receivables is an amount of QR 76 million at June 30, 2021 (December 31, 2020: QR 114 million) which is a receivable from a previous chief executive officer due to sale of certain investments during the year 2018 for a total consideration of QR 146 million. During the year 2019, the Group has collected an amount of QR 30 million as per the initial agreed payment schedule. An impairment loss of QR 76 million was recorded in 2020. As a result of the current 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.

10. INVESTMENT PROPERTIES

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

a) Policyholders	Land	Buildings	Total
Cost:			
Balance at 1 January 2020 / 31 December 2020 / 30 June 2021	<u>17,352,540</u>	<u>17,885,077</u>	<u>35,237,617</u>
Accumulated Depreciation:			
Balance at 1 January 2020	-	3,919,830	3,919,830
Depreciation for the year	-	<u>874,894</u>	<u>874,894</u>
Balance at 31 December 2020	-	4,794,724	4,794,724
Depreciation for the period	-	<u>436,252</u>	<u>436,252</u>
Balance at 30 June 2021	-	<u>5,230,976</u>	<u>5,230,976</u>
Carrying amounts			
31 December 2020 (Audited)	<u>17,352,540</u>	<u>13,090,353</u>	<u>30,442,893</u>
30 June 2021 (Reviewed)	<u>17,352,540</u>	<u>12,654,101</u>	<u>30,006,641</u>

**Notes to the condensed consolidated interim financial statements
For the six month period ended 30 June 2021**

In Qatari Riyals

10. INVESTMENT PROPERTIES (CONTINUED)

b) Shareholders	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
Balance at 1 January 2020 / 31 December 2020	147,701,028	73,047,794	220,748,822
Additions during the period	40,292,202	-	40,292,202
Transfer from other receivable and fixed assets	450,000	1,238,500	1,688,500
Balance at 30 June 2021	188,443,230	74,286,294	262,729,524
Accumulated Depreciation:			
Balance at 1 January 2020	-	22,064,372	22,064,372
Depreciation for the year	-	3,653,107	3,653,107
Balance at 31 December 2020	-	25,717,479	25,717,479
Depreciation for the period	-	1,855,755	1,855,755
Transfer from fixed asset	-	851,876	851,876
Balance at 30 June 2021	-	28,425,110	28,425,110
Carrying amounts			
December 31, 2020 (Audited)	147,701,028	47,330,315	195,031,343
June 30, 2021 (Reviewed)	188,443,230	45,861,184	234,304,414

During the period, Group transferred from fixed assets land and store to investment property amounting to QR 1,688,500 due to the change of use. Further, a land amounting to QR 40,000,000 was acquired which was receivable from previous chief executive officer.

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

The Group has not carried out any independent valuation as of June 30, 2021, since management believes that the market condition has not changed significantly compared to December 31, 2020, the date on which an independent valuation has been conducted.

11. FIXED ASSETS

a) Policyholders	<u>Computer QR.</u>	<u>Total QR.</u>
Cost:		
Balance as at 1 January 2020 / 31 December 2020 / 30 June 2021	2,777,628	2,777,628
Accumulated Depreciation:		
Balance as at 1 January 2020 / 31 December 2020 / 30 June 2021	2,777,628	2,777,628
Carrying amounts		
Balance as at 1 January 2020 / 31 December 2020 / 30 June 2021	-	-

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

Notes to the condensed consolidated interim financial statements
For the six month period ended 30 June 2021

In Qatari Riyals

11. FIXED ASSETS (CONTINUED)

b) Shareholders	Freehold land	Buildings	Computer and equipment	Furniture and fixtures	Motor vehicle	Work in progress	Total
Cost:							
Balance as 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 (Audited)	6,251,500	15,050,694	7,774,181	9,071,921	503,000	81,989	38,733,285
Additions during the period	-	-	274,605	867,069	-	-	1,141,674
Transfers during the period (Note10)	(450,000)	(1,238,500)	-	-	-	-	(1,688,500)
Balance at 30 June 2021 (Reviewed)	5,801,500	13,812,194	8,048,786	9,938,990	503,000	81,989	38,186,459
Accumulated Depreciation:							
Balance as 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 (Audited)	-	12,447,100	5,883,248	8,825,714	74,515	81,989	27,312,566
Depreciation for the period	-	61,633	353,334	221,759	50,300	-	687,026
Transfer during the period (Note10)	-	(851,876)	-	-	-	-	(851,876)
Balance at 30 June 2021 (Reviewed)	-	11,656,857	6,236,582	9,047,473	124,815	81,989	27,147,716
Carrying amounts							
Balance at 31 December 2020 (Audited)	6,251,500	2,603,594	1,890,933	246,207	428,485	-	11,420,719
Balance at 30 June 2021 (Reviewed)	5,801,500	2,155,337	1,812,204	891,517	378,185	-	11,038,743

12. INVESTMENT IN ASSOCIATES

The Group has the following investment in associates:

<u>Name of Associate</u>	<u>Principal Activity</u>	<u>Country of incorporation</u>	<u>2021</u>	<u>2020</u>
Qatari Unified Bureau Insurance W.L.L.	Takaful Insurance	Qatar	25%	25%

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

	<u>30 June 2021</u>	<u>31 December 2020</u>
	(Reviewed)	(Audited)
At 30 June / 31 December 2020 / 30 June 2020	<u>6,509,253</u>	<u>6,509,253</u>

13. SHARE CAPITAL

	<u>30 June 2021</u>	<u>31 December 2020</u>
	(Reviewed)	(Audited)
<i>Authorized, issued and paid up capital</i>		
Share capital of QR 1 each (QR)	<u>255,279,020</u>	<u>255,279,020</u>
Number of shares of QR 1 each	<u>255,279,020</u>	<u>255,279,020</u>

14. LEGAL RESERVE

Legal reserve is computed in accordance with the provisions of the Qatar Central Bank (QCB) regulations, Qatar Commercial Companies' Law and the company's Articles of Association at 10% of the net profit for the year. This reserve is to be maintained until it equates 100% of the paid up capital and is not available for distribution except in circumstances specified in the Qatar Central Bank (QCB) regulations and Qatar Commercial Companies Law. The transfer for the year 2021 will be done at year end.

15. GENERAL RESERVE

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

16. FAIR VALUE RESERVES

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

	30 June 2021		31 December 2020	
	(Reviewed)		(Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
	QR.	QR.	QR.	QR.
Quoted investments				
At 1 January	4,361,200	(1,047,577)	5,948,182	768,322
Net movement	2,697,758	(674,214)	(1,586,982)	(1,815,899)
At 30 June / 31 December	7,058,958	(1,721,791)	4,361,200	(1,047,577)
Unquoted investments				
At 1 January	(105,106)	(5,225,379)	-	(2,262,094)
Net movement	-	(423,779)	(105,106)	(2,963,285)
At 30 June / 31 December	(105,106)	(5,649,158)	(105,106)	(5,225,379)
Total				
At 30 June / 31 December	6,953,852	(7,370,949)	4,256,094	(6,272,956)

17. GENERAL AND ADMINISTRATION EXPENSES

	30 June 2021	30 June 2020
	(Reviewed)	(Reviewed)
Staff costs	10,111,033	11,355,622
Governmental expenses	416,422	421,467
Repair and maintenance	746,080	698,324
Insurance expenses	637,740	180,154
Marketing and advertising	527,853	382,203
Professional fees	840,690	482,611
Electricity and water and postal expenses	76,195	310,574
Refreshment and stationery	19,901	211,355
Sharia supervisory board fee	100,000	100,000
Bank charges	50,452	170,403
Miscellaneous	455,119	979,511
	13,981,485	15,292,224

18. INCOME TAX EXPENSES

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

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

19. RELATED PARTIES

(a) Related party transactions

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

	30 June 2021		30 June 2020	
	(Reviewed)		(Reviewed)	
	Contributions	Claims	Contributions	Claims
	QR	QR	QR	QR
Board of Directors	596,038	-	14,894,222	14,588,535

(b) Compensation of key management personnel:

	30 June 2021	30 June 2020
	(Reviewed)	(Reviewed)
Salaries and other short term benefits	1,720,577	1,881,460
Employees' end of service benefit for the period	19,791	8,726
	1,740,368	1,890,186

20. SEGMENT REPORTING

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

	<u>Marine & Aviation</u>	<u>Fire</u>	<u>General accident & Energy</u>	<u>Motor</u>	<u>Takaful & Medical</u>	<u>Total</u>
<i>For the period ended June 30, 2021 (Reviewed):</i>						
Gross contributions	8,060,333	25,823,161	23,153,626	50,441,840	55,233,166	162,712,126
Retakaful share of gross contributions	(6,415,630)	(22,525,931)	(19,971,371)	(3,572,119)	(32,962,781)	(85,447,832)
Retained contributions	1,644,703	3,297,230	3,182,255	46,869,721	22,270,385	77,264,294
Movement in unearned contributions	(232,491)	(973,621)	(743,726)	(2,630,531)	(7,379,786)	(11,960,155)
Net retained contributions	1,412,212	2,323,609	2,438,529	44,239,190	14,890,599	65,304,139
Retakaful commission and other takaful income	1,444,667	6,913,825	6,319,635	1,453,500	926,548	17,058,175
Change in deferred commission	(109,473)	(722,916)	(1,221,264)	870,245	1,399,508	216,100
Total insurance revenue	2,747,406	8,514,518	7,536,900	46,562,935	17,216,655	82,578,414
Gross claims paid	(276,673)	(3,450,396)	(10,270,027)	(17,246,423)	(22,128,070)	(53,371,589)
Retakaful share of claims paid	364,536	3,297,555	8,810,844	1,382,565	12,180,060	26,035,560
Net claims	87,863	(152,841)	(1,459,183)	(15,863,858)	(9,948,010)	(27,336,029)
Movement in outstanding claims	(357,459)	168,448	207,430	(4,930,976)	438,517	(4,474,040)
Movement in claims incurred but not reported reserves	(85,543)	(200,162)	(11,772)	(175,808)	232,788	(240,497)
Commission and other takaful expenses	(427,474)	(1,184,800)	(1,170,222)	(7,273,517)	(4,164,481)	(14,220,494)
Net claims incurred	(782,613)	(1,369,355)	(2,433,747)	(28,244,159)	(13,441,186)	(46,271,060)
Net surplus from insurance operations	1,964,793	7,145,163	5,103,153	18,318,776	3,775,469	36,307,354

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

Notes to the condensed consolidated interim financial statements
For the six month period ended 30 June 2021

In Qatari Riyals

20. SEGMENT REPORTING (CONTINUED)

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

	Marine & Aviation	Fire	General accident & Energy	Motor	Takaful & Medical	Total
<i>For the period ended June 30, 2020 (Reviewed):</i>						
Gross contributions	7,352,352	29,976,581	20,205,276	52,941,214	52,809,099	163,284,522
Retakaful share of gross contributions	(6,239,719)	(28,809,354)	(17,159,307)	(5,078,918)	(28,899,242)	(86,186,540)
Retained contributions	1,112,633	1,167,227	3,045,969	47,862,296	23,909,857	77,097,982
Movement in unearned contributions	347,226	(795,837)	(735,584)	(7,823,592)	(9,650,132)	(18,657,919)
Net retained contributions	1,459,859	371,390	2,310,385	40,038,704	14,259,725	58,440,063
Retakaful commission and other takaful income	1,092,349	4,482,875	2,980,852	2,019,280	478,859	11,054,215
Change in deferred commission	285,308	(480,448)	(1,539,054)	242,730	1,078,030	(413,434)
Total insurance revenue	2,837,516	4,373,817	3,752,183	42,300,714	15,816,614	69,080,844
Gross claims paid	(22,116)	(24,250,113)	(25,072,422)	(18,562,161)	(16,280,513)	(84,187,325)
Retakaful share of claims paid	120,684	23,087,186	24,621,187	2,576,645	7,460,251	57,865,953
Net claims	98,568	(1,162,927)	(451,235)	(15,985,516)	(8,820,262)	(26,321,372)
Movement in outstanding claims	(638,671)	788,629	(708,379)	(3,803,016)	25,255	(4,336,182)
Movement in claims incurred but not reported reserves	(54,562)	(460,036)	(245,310)	(1,892,854)	(1,257,333)	(3,910,095)
Commission and other takaful expenses	(339,033)	(998,052)	(658,558)	(6,570,692)	(3,865,573)	(12,431,908)
Net claims incurred	(933,698)	(1,832,386)	(2,063,482)	(28,252,078)	(13,917,913)	(46,999,557)
Net surplus from insurance operations	1,903,818	2,541,431	1,688,701	14,048,636	1,898,701	22,081,287

20. SEGMENT REPORTING (CONTINUED)

(b) Business segments

The Group's main business segment (Policyholders' and Shareholders') are as follows:

For the period ended 30 June 2021:

	<u>Underwriting</u>	<u>Investments</u>	<u>Real Estate</u>	<u>Unallocated</u>	<u>Total</u>
Net income	36,307,354	15,692,183	1,147,347	(15,554,496)	37,592,388
Total assets	361,948,493	133,037,743	264,311,055	187,025,838	946,323,129
Total liabilities	368,019,335	-	-	41,837,447	409,856,782

For the period ended 30 June 2020 / year ended 31 December 2020:

	<u>Underwriting</u>	<u>Investments</u>	<u>Real Estate</u>	<u>Unallocated</u>	<u>Total</u>
Net income	22,081,287	8,912,536	5,992,693	(19,244,995)	17,741,521
Total assets	316,985,081	133,932,804	225,474,236	270,849,210	947,241,331
Total liabilities	387,821,136	-	-	50,253,966	438,075,102

(c) Geographical segments

The Group operates in the State of Qatar only.

21. BASIC AND DILUTED EARNINGS PER SHARE

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

	For the three month period ended June		For the six month period ended June	
	2021 (Reviewed)	2020 (Reviewed)	2021 (Reviewed)	2020 (Reviewed)
Profit attributable to shareholders	11,196,877	5,224,309	33,027,449	21,414,534
Weighted average number of ordinary shares*	255,279,020	255,279,024	255,279,020	255,279,024
Basic earnings per share (QR)	0.044	0.020	0.129	0.084

*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.

22. DIVIDEND DECLARED AND PAID

The Board of Directors has proposed in their meeting dated 3 March 2021 to distribute cash dividends of QR 0.05 per share amounting to QR 12,763,951. The proposed dividends 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.

23. MUDAREB SHARE 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 Group's Board of Directors.

The Wakala fee is provided to shareholders' at the rate of 21% till April 2021 and 26% from May 2021 of net retained contribution as approved by the Board and Sharia'a supervisory board as on their meeting dated 1 May 2021 (2020: 20% of net retained contribution from 1 January 2020 to 10 November 2020 and 25% from 11 November to 31 December 2020).

24. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group's financial assets (cash and bank balances, time deposits, investments at fair value through equity, takaful balances receivable and other receivables and prepayments) and financial liabilities (distributable surplus, bank overdraft, and accounts payable and other 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.

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

Notes to the condensed consolidated interim financial statements
For the six month period ended 30 June 2021

In Qatari Riyals

24. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classification and fair values

As at 30 June 2021 (reviewed):

	Carrying Value			Fair Value			
	Fair value through equity	Amortized cost	Financial liabilities	Total carrying amount	Level 1	Level 2	Level 3
Financial assets measured at fair value							
Policyholders							
Investments at fair value through equity	21,210,339	-	-	21,210,339	19,585,450	-	1,624,889
Investments at fair value through income statement	433,503	-	-	433,503	-	433,503	-
Financial assets not measured at fair value							
Bank balances and time deposits	-	66,559,376	-	66,559,376			
Takaful balances receivable	-	70,380,588	-	70,380,588			
Other receivables and prepayments	-	12,582,332	-	12,582,332			
Financial liabilities not measured at fair value							
Accounts payable and Other liabilities	-	-	19,231,783	19,231,783			
Dividends for policyholders	-	-	5,795,503	5,795,503			
Financial assets measured at fair value							
Shareholders							
Investments at fair value through equity	76,130,641	-	-	76,130,641	46,166,260	-	29,964,381
Investments at fair value through income statement	7,300,000	-	-	7,300,000	-	7,300,000	-
Financial assets not measured at fair value							
Bank balances and time deposits	-	157,011,761	-	157,011,761			
Takaful balances receivable	-	58,240	-	58,240			
Other receivables and prepayments	-	6,393,002	-	6,393,002			
Financial liabilities not measured at fair value							
Accounts payable and Other liabilities	-	-	17,298,299	17,298,299			
Employees' end of service benefits	-	-	5,307,365	5,307,365			
	105,074,483	312,985,299	47,632,950	465,692,732			

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

Notes to the condensed consolidated interim financial statements
For the six month period ended 30 June 2021

In Qatari Riyals

24. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classification and fair values (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
Financial 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	-
Financial 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			
Other receivables and prepayments	-	11,199,099	-	11,199,099			
Financial liabilities not measured at fair value							
Accounts payable and Other liabilities	-	-	16,701,529	16,701,529			
Dividends for policyholders	-	-	5,779,925	5,779,925			
Financial 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	-
Financial assets not measured at fair value							
Bank balances and time deposits	-	135,638,213	-	135,638,213			
Takaful balances receivable	-	58,258	-	58,258			
Other receivables and prepayments	-	53,510,984	-	53,510,984			
Financial liabilities not measured at fair value							
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	317,285,732	55,139,453	478,294,729			

During the period ended 30 June 2021 and year ended 31 December 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.

24. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The reconciliation of Level 3 is as follows:

	Policyholder		Shareholder	
	30 June 2021 (Reviewed)	31 December 2020 (Audited)	30 June 2021 (Reviewed)	31 December 2020 (Audited)
At the beginning of the period / year	1,624,889	1,729,995	30,388,160	33,351,445
Fair value losses during the period / year	-	(105,106)	(423,779)	(2,963,285)
At the beginning of the period / year	1,624,889	1,624,889	29,964,381	30,388,160

25. ASSETS HELD FOR SALE

The Group's management has decided as per recommendation of "Sharia Supervisory Board" to sell their shares in its associate company "The Bahrain National Life Assurance Company B.S.C.", because the associate company provides traditional insurance services. Therefore, the investment has been recorded as "asset held for sale" in the interim condensed consolidated statement of financial position. The final negotiations of selling are in progress to obtain the highest price. Shown below is a summary of investment in "The Bahrain National Life Assurance Company".

	Country of incorporation	2021	2020
The Bahrain National Life Assurance Company B.S.C.	Kingdom of Bahrain	25%	25%

26. 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.