2014
ANNUAL REPORT

A Proud Partner in your Success

QIC

شركة قطر للتأمين

Qatar Insurance Company

Qatar's
flagship
insurance
company

His Highness
Sheikh Tamim bin Hamad Al-Thani
The Emir of State of Qatar

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QIC Group Structure & Key Information

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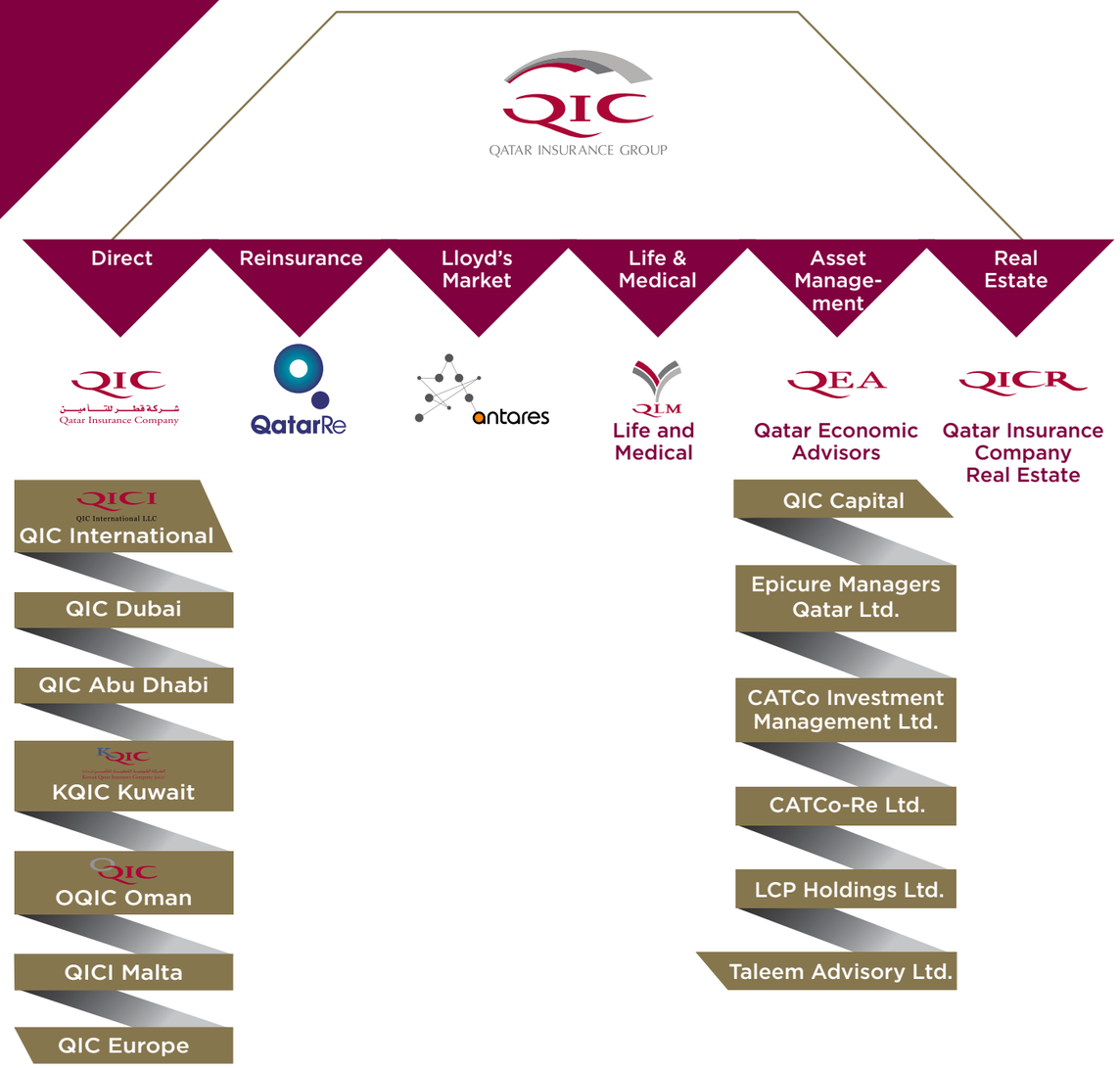
Group Structure



Key Information

QIC

QR Million	2014	2013	2012	2011	2010
Gross Premiums Written	5,614	3,532	2,559	2,383	2,153
Underwriting results	664	485	343	338	426
Net profit attributable to parent	1,001	753	610	592	590
Investment Income	1,027	717	555	509	411
Cash and Investments	9,567	8,283	5,566	5,316	5,043
Return on equity (%)	18.4	17.1	17.5	17.7	19.1
Total Assets	16,097	11,633	8,251	7,772	7,237
Equity attributable to parent	5,705	5,187	3,620	3,339	3,339

Our Shares

	2014	2013	2012	2011	2010
Earnings per share (QR)*	6.24	4.69	3.80	3.69	3.67
QIC market capitalisation (QR Mn)	14,545	8,541	6,056	5,782	6,206
Dividend per share (QR)	2.5	2.5	2.5	4	6.5
Bonus Share (%)	15%	25%	20%	20%	0
Share price at 31 December (QR)	90.6	66.5	67.9	77.8	83.5
Book value per share (QR)	36	40.39	40.59	44.98	44.97

*Restated for the effect of issuance of Bonus Shares

Financial Strength Rating

Standard and Poor's

A.M. Best

Group's Vision & Statement of Values

The Group's Vision of the future is to maintain our drive for growth and excellence through innovation, diversification and responsible leadership. By means of existing and new strategic alliances and partnerships we aim to create the optimum framework for continuous profitable development.

At QIC Group we value each employee and acknowledge their own distinctive contribution. We value their effort, their enterprise, their contribution and opinions.

Our Group is being built on teamwork, respect, and mutual trust. Each person, at whatever level she or he may operate, is empowered and will therefore make their own unique contribution. Each employee is encouraged to be responsible for their own actions. We encourage positive contribution, acknowledge innovation and reward excellence. We encourage a safe workplace, comply with all laws and regulations and strive to meet the expectations and requirements of our customers. We value our customers as trusted partners.

We value constructive feedback and candid comment. We endeavour to absorb these into our business model. Honest criticism is accepted as a valued contribution to our organisation. We meet our obligations to shareholders, customers, employees and society.

Chairman & Managing Director's Message

A Proud Partner in your Success

Chairman & Managing Director's Message

"A true testament to QIC's success lies in its business philosophy - to create value and maintain credibility, which your Company has been following for over half a century. Your Company has always been acknowledged for its first-class business performance and outstanding service delivery."

Dear Valued Shareholders,

With immense pride and pleasure, I present to you our Annual Report for the year ended 31 December 2014. In this report, we highlight our financial outcomes and prominent developments during 2014. We also elucidate what we hope to achieve in 2015 as we continue towards our objective of obtaining the highest returns for our shareholders and the best products and services for our clients by enhancing our status and performance as the most trusted insurance Group in Qatar and in the MENA region.

The year 2014 was truly remarkable as it marked fifty years of our operation in the Qatari soil. Recapitulating our journey from the humble beginnings at Souq Waqif to the prominent QIC building in West Bay where we are headquartered, we feel a sense of accomplishment for reaching such a significant milestone. Through these fifty years, we have exuded operational excellence and have carved a niche' for ourselves in the history of Qatar's insurance industry, thus contributing positively towards boosting Qatar's insurance sector.

In 2014 QIC achieved a net profit of QAR 1001 million, reflecting an increase of 33% on the previous year's performance. The return on equity reached 18.5%, while earnings per share increased from QAR 4.69 to QAR 6.24.

Besides recording year-on-year profits, the Group was highly successful in acquiring the Antares Group of companies in a deal which was worth more than QAR one billion. Antares along with the Group's reinsurance arm Qatar Re constitutes the key pillars of the Group's international operations, representing approximately 60% of the overall Gross Written Premiums at the Group level.

While outlining business plans for the next year, the Group has also taken into consideration the targeted expansion in international and reinsurance activities, in addition to the expected growth in local and regional operations (direct insurance) as a result of the upcoming infrastructure development projects planned across the region.

On behalf of the Board of Directors, I would like to express my sincere appreciation and gratitude to His Highness Sheikh Tamim bin Hamad Al Thani, the Emir of the State of Qatar for his visionary leadership and guidance.

Finally I reaffirm that QIC Group while achieving its current and future goals will contribute significantly to the national economy of Qatar, as a part of the nation's march towards development, progress and fulfillment of Qatar National Vision 2030.

Sheikh Khalid bin Mohammed bin Ali Al-Thani
Chairman & Managing Director

Board of Directors' Report

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Board of Directors

Sheikh Khalid bin Mohammed bin Ali Al-Thani
Chairman & Managing Director

Mr. Abdulla bin Khalifa Al-Attiya
Deputy Chairman

Mr. Hussain Ibrahim Al-Fardan
Board Member

Mr. Jassim Mohammed Al-Jaidah
Board Member

Sheikh Hamad bin Faisal bin Thani Al-Thani
Board Member

Mr. Khalaf Ahmed Al-Mannai
Board Member

Sheikh Jassim bin Hamad bin Jassim bin Jabor Al-Thani
Board Member

Sheikh Khalid bin Hamad bin Khalifa Al-Thani
Board Member

Sheikh Saoud bin Khalid bin Hamad Al-Thani
Board Member

Mr. Khalifa Abdulla Turki Al Subaey
Group President & CEO

Board of Directors

Board of Directors' Report

The directors of Qatar Insurance Company (QIC) are pleased to present the 50th Annual Report together with the audited financial statements for the year ended December 31, 2014 and the business forecasts for the year 2015.

Under the leadership of His Highness the Emir, Sheikh Tamim bin Hamad Al-Thani, Qatar continues steadfastly on its long-term path of sustainable economic diversification from hydrocarbons, which in the past few years has been the primary driver of tremendous economic growth.

In preparation for the FIFA 2022 World Cup, the Qatar Government's investments in large-scale infrastructure projects is reaching its peak and is driving the economy towards achieving the strategic objectives set out in the Qatar National Vision 2030. Insurance companies have a very important role to play in this expansion and are becoming an ever more significant part of Qatar's economy.

The 2014 year will always be cherished as a significant year as your Company celebrated 50 years of operational excellence. The journey, from its inception in 1964, has been truly remarkable and exciting. Over the last fifty years, your Company has grown from being a leader in the domestic market to a leader in the wider MENA region. It is our vision that, by 2030, your Company will be among the top fifty global insurers.

As Qatar's leading insurance Company, we take pride in insuring the nation's growing infrastructure. In 2014, your Company was proud to lead a six-member consortium of Qatari insurance companies awarded the contract to provide insurance for the construction of Qatar's integrated rail network- one of the largest single project tunneling and rail construction projects ever embarked upon. Other significant infrastructure projects in which your Company played an important role include the new Hamad International Airport.

As a provider of choice in the insurance and reinsurance sectors, your Company has been successful in maintaining and developing its prominent position not only in Qatar, but across the wider MENA region. Moreover, through the increased diversification of its personal lines offering, your Company continues to be well placed to meet the insurance needs of all its valued customers. Importantly, 2014 has been a year in which your Company has continued to focus on providing its customers with enhanced service delivery, product innovations and enhancements. This is reflected in the Company having launched the nation's first loyalty program "U-Club". This new and exciting initiative offers a host of benefits to the Company's customers to thank and reward them for their continued loyalty and trust.

In line with its channel strategy to reach out to new customers and grow its existing customer base, in 2014, your Company established new branches in strategic locations to enhance its service level standards and become more accessible to its customers.

For the QIC Group, the quality, diversity and balance of the risk pool is critical to value creation and sustainable performance, as it has a direct bearing on the profitability and growth opportunities of our business. By diversifying geographically and setting up subsidiaries in strategic international locations, your Company has established a global underwriting footprint and a diversified risk portfolio.

The acquisition of Antares Holdings Limited (a specialist insurance and reinsurance Group operating in the Lloyd's of London insurance market), completed in June 2014, represents a significant step forward in QIC Group's Vision to become a leading international insurance and reinsurance Group. This key acquisition has enabled the Group to further diversify the niche lines of business it underwrites and enhance its global footprint. The importance of this acquisition and the significant contribution made to QIC Group by its reinsurance arm, Qatar Re, is reflected by the fact that approximately 60% of the Group's overall Gross Written Premiums are derived from these entities.

Towards the end of 2014, the QIC Group established a wholly-owned non-life insurance subsidiary in Malta, following authorisation from the Malta Financial Services Authority. This important new platform - QIC Europe Limited ("QEL") will enable QIC Group to underwrite high quality risks throughout the European Economic Area and further enhance its international presence in Europe.

Remaining true to its forward-looking business philosophy, your Company has delivered on its strategic objectives and has achieved outstanding results during the year.

The Gross Written Premium for your Company grew to QAR 5614 million with a 59% year-on-year growth (2013: 3531 million). Net Insurance revenue for the year increased by 37% to QAR 664 million (2013: QAR 485 million). The investment income grew to QAR 846 million from QAR 582 million in 2013, demonstrating an increase of 45%.

By focussing on its core capabilities and expanding in areas of high potential, your Company has achieved a net profit of QAR 1001 million in 2014, up by 33% (2013: 752.935 million) after Board of Directors Remuneration of QAR 22.50 million (2013: QAR 22.50 million) resulting in earnings per share of QAR 6.24 (2013: QAR 4.69).

In the midst of a highly dynamic and challenging environment, your Company continued to show robust performance by placing at the heart of its activities its customers and their requirements for insurance.

Against a backdrop of declining oil prices and an increasingly competitive business environment, your Company continued to generate increased growth due to its effective and prudent management of investments. By delivering consistent yields and by identifying alternate streams of income, our investment team has once again proved their mettle in handling investments.

We consider Enterprise Risk Management (ERM) to be a core element in the ongoing success of the Group. Our ERM framework is underpinned by three pillars; capital management, exposure management and risk management. It allows for an integrated approach to the management of insurance, operational, credit, market and liquidity risk. During 2014 we made notable progress in further embedding ERM throughout the Group and implemented enhancements in the key areas of risk appetite setting and monitoring, exposure monitoring and control, risk governance, economic capital modeling and risk reporting. 2015 will see this progress continue to integrate internally recognised risk, exposure and capital management practices across the Group.

QIC Group has continued to apply global standards in its assessment of the current and future solvency and capital adequacy requirements of the Group, to ensure it remains well positioned and supported as it pursues its strategic goals ahead.

As approved by the shareholders in their meeting on November 23, 2014, the Company has initiated the procedures for the issuance of convertible notes with a principal amount of QAR 910 million and is in the process of negotiating the final terms and conditions.

QIC and its guaranteed subsidiaries (including QIC Europe Limited) continue to be rated A /Stable by Standard & Poor's and A (Excellent) by A.M. Best, demonstrating the consistent financial strength and ability of these entities to meet their ongoing insurance policy and contract obligations. Antares Managing Agency Limited (managing Antares Syndicate 1274) enjoys the Lloyd's financial strength ratings of A+ (Strong) from Standard & Poor's, A (Excellent) from A.M. Best and AA- (Very Strong) from Fitch Ratings.

For 2015, a key area of focus will be the further enhancement of the services we provide to our customers. To this end, we will be holding training and development programmes to assess and evaluate our service delivery standards. We will also look forward to roll out to our subsidiary companies the IT infrastructure improvements developed in 2014.

As always, we will continue to ensure that the Group's growing operations – both domestic and international - remain efficient and cost-effective to ensure that we maximise shareholder value and, ultimately, the success of your Company.

Your Company takes its social responsibilities extremely seriously and provides support to the community in cultural, sporting and educational initiatives. For this year your Company has allocated 2.5% of its profits generated within Qatar (QAR 14.822 million) towards the social fund established by the Government of Qatar.

The Board also allocated 5% of the profit for the year 2014 towards the special reserve to protect the company against catastrophic events as was approved in the Annual General Meeting held in February 2010.

At the culmination of the 50th year, the directors are pleased to recommend a cash dividend of QAR 2.50 per share (2013: QAR 2.5 per share) and a bonus share of 15% (3 shares for every 20 shares) (2013: 25%).

We look forward to 2015 with quiet optimism and hope to achieve progress in all our ventures.

The Board expresses its sincere gratitude to the Government of the State of Qatar for their continued support and guidance towards the progress of QIC. The Board also thanks all its customers and shareholders for their continued trust and support and the management and staff, whose commitment and dedication have resulted in the continued success of the company.

History & Heritage

"It is not the destination, but the remarkable journey of fifty years and enriching experiences that have set us apart."

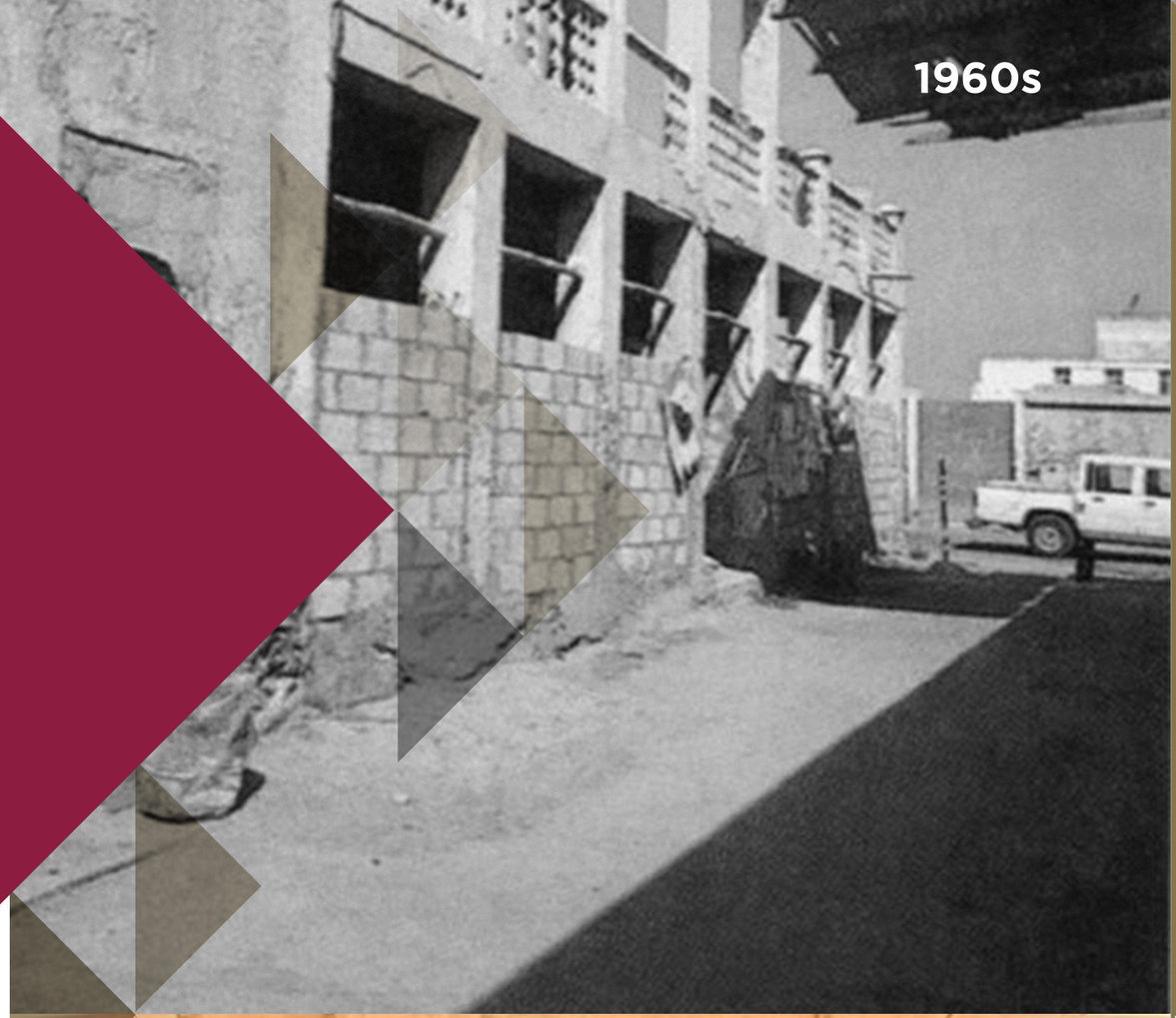
1964 marked the beginning of a new era in Qatar's insurance industry. Founded in March 1964 by the Emiri Decree, QIC sparked the beginning of an enduring legacy in Qatar's insurance sector.

Being the oldest and the largest national insurance company, we have from the very beginning been committed to the burgeoning needs of Qatar's development. We have painstakingly crafted innovative insurance solutions to bear risks related to the growing energy, marine, aviation and property and commercial business insurance sector. Casting a spotlight on personal insurance, we have been tailoring insurance solutions for the well-being and safety of Qatar and its people.

We have always delivered on our promises and have exceeded expectations, reinforcing assurance, which is an essential component of our business.

We take pride in the fact that over the past fifty years, we have always handled our customers' claims as promptly as possible, regardless of the size. Our robust performance history has not only helped us demonstrate our integrity and credibility, but has also helped us inherit our customers trust, faith, reliability and confidence. This has shaped and defined our identity, our business ethics and heritage- something that we deeply treasure.

Our S&P's 'A'/Stable rating and A.M. Best 'A' (Excellent) rating underpins the quality of service and security we have been providing to our customers for over half a century. This has helped us carve a name in the sands of time. With unwavering support of our customers, we aspire to continue managing both our customers' risks and their expectations.


1960s


1980s
شركة قطر للتأمين
QATAR INSURANCE CO.


1970s
QATAR INSURANCE CO.
مجوهرات
ليم


Millenium 2000

Timeline from 1964-2014

- **1964** – QIC established
- **1968** – QIC Dubai branch established
- **1986** – New Management, New Vision
- **1990** – Premium income reached QAR 100 million
- **1994** – LNG came to Qatar & QIC was the insurer of choice
- **2000** – Declaration of our Millennium Vision
- **2002** – QIC Abu Dhabi branch opened
- **2003** – Standard & Poor's rating obtained
- **2004** – Oman Qatar Insurance Company established; QIC established branch in Kuwait
- **2006** – Premium income crossed QAR 1 billion
- **2007** – QIC International established
- **2008** – Qatar Insurance Group established
- **2009** – Q-Re, our specialist reinsurance company established
- **2011** – Q Life & Medical Insurance Company LLC established
- **2012** – Qatar Re opened branches in Zurich & Bermuda & a representative office in London
- **2013** – Premium income crossed US$ 1 billion
- **2014** – QIC established QIC Europe Ltd (QEL); QIC's 50th Anniversary; Antares Acquisition; Net profit crossed QAR 1 billion

Group President & CEO's Message

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Group President & CEO's Message

"2014 has been a memorable year for QIC as we commemorated fifty golden years of operation. I feel very optimistic about 2015 as we resolve to get closer to our customers and take the business to the next stage of its evolution. Over the last fifty years, we have been highly successful in building a sound platform on which QIC's future will be built. We look forward to embarking on another exciting journey to further our commitment towards our customers, our employees, our shareholders and the communities we operate in."

Dear Valued Shareholders,

I am delighted to present the key achievements of Qatar Insurance Group during 2014, a prosperous year that witnessed important developments across the Group, both in Qatar and internationally.

Completing fifty years of successful operations in 2014 was a considerable feat and an accomplishment by itself. It is also a testament to our success that we created a robust insurance platform built on outstanding customer service delivery, product innovation and prudence when it came to underwriting risks across continents and investing in better yielding assets. We believe that the reassurance our customers get from our range of products and the comfort, care and support that we provide when most needed continues to reinforce the trust they place in us year after year.

We have consistently maintained financial security rating of your Company at'A'which is a reflection of your Company's strong underlying business fundamentals, realised through focussed and successful execution of its well-defined strategies within a prudent and acceptable risk management framework.

In 2014, QIC maintained its rating of 'A'/Stable by S&P and 'A' (Excellent) by A.M. Best. Other subsidiaries of your Company, namely QICI, Qatar Re, QLM, KQIC and QIC Europe Ltd. have been assigned an 'A'/Stable rating by S&P, with QICI and Qatar Re also assigned an 'A' (Excellent) rating by A.M. Best. Antares Syndicate 1274 benefits from the Lloyd's financial strength ratings of 'A'+ (Strong) from S&P, 'A' (Excellent) from A.M. Best and AA- (Very Strong) from Fitch Ratings. This demonstrates clearly your Company's credit worthiness and financial strength to honour all types of claims in a timely manner.

Your Company has always been acknowledged for its first-class business performance and outstanding customer service standards delivering excellence throughout the year. This underpins the international best practice which your Company has adopted and continues to follow year after year. It also reinforces the fact that our strategies were effective in

managing the regional and global macroeconomic dynamics which impacted major economies.

I am pleased to report that during 2014, your Company demonstrated robust growth and achieved a record net profit of QAR 1001 million, up from QAR 753 million in 2013, representing an increase of 33%. Our insurance underwriting operations performed well with net underwriting result of QAR 664 million compared to QAR 485 million in 2013. Gross Written Premium for 2014 stood at QAR 5614 million, recording an increase of 59% over 2013. Guided by prudent and conservative investment strategy, your Company continued to generate significant investment income and other revenues, which grew by 43% during 2014 to QAR 1027 million. We were successful in increasing our retention ratios to 77% vis-à-vis a retention ratio of 70% in 2013.

In line with your Company's aim to become a leading global insurance group, our acquisition of Antares Holdings Limited (together with its subsidiaries) - a specialist insurer and reinsurer operating in the Lloyd's market, represents a significant step forward towards the realisation of this vision. We have been highly successful in integrating the businesses both culturally and at an operational level in a very short time and have managed to benefit from the synergies provided by this acquisition. The completion of this acquisition in such a short time also provided essential impetus to growth and stability.

Antares' acquisition has also given QIC access to the Lloyd's market, the world's leading market for writing complex risk business. This acquisition of a licensed and regulated Bermudian Class 3 reinsurance entity has also helped broaden the scope and capabilities of the QIC Group and, in due course, would provide a platform for QIC's broader international expansion. In view of this expansion, our underwriting footprint today spans all continents.

As part of the Group's expansion into the European Economic Area ("EEA"), in November 2014 QIC established a wholly-owned non-life insurance subsidiary in Malta named QIC Europe Limited ("QEL"). QEL is regulated by Malta Financial Services Authority ("MFSA"), a highly regarded financial services industry regulator. QEL will benefit from the European Union's 'freedom of services' rules and will serve as the Group's platform to underwrite high quality risks across the EEA. QEL's European operations will complement QIC International's domestic non-life insurance operations in Malta.

In 2014, our reinsurance arm Q-Re was rebranded as Qatar Re to demonstrate a fundamental transformation from being a regional reinsurer to a global reinsurer with reinsurance hubs in Zurich and Bermuda and a representative office in London.

As part of our goal to move closer to our customers and increase accessibility, we are well equipped to penetrate the market both locally and on an international level. We have expanded our branch network by adding a new branch and have increased the number of insurance products that are sold online. Such initiatives are an integral part of our business plan for 2015 and we plan to continue to expand our network not only in Qatar but also across the wider region.

I strongly believe that the secret to success of your Company lies in its people, who run the organisation. Our people are our assets. Bearing that in mind, in 2013, we focussed primarily on enhancing our HR related aspects, which we implemented successfully in 2014. Going forward, I am hopeful that 2015 will also be a year of consolidation for key soft skills related to HR.

As part of QIC's Qatarisation initiative, our goal is to be the choicest workplace for skilled and competent Qataris. We continue to put in our best efforts to identify and invest in our local talent pool. We believe in the maxim that growth of our people is crucial for our expansion and success. We also continue to provide access to comprehensive scholarship programmes in order to provide long-term career development opportunities to Qataris across various departments of your Company. For example, we offered sponsorship to many Qatari students to complete their graduation in Qatar and in the UK and US. Some of the sponsored students who completed their graduation have been recruited in leadership positions in various departments of your Company.

In 2014, we were highly successful in implementing our enhanced IT retail suite of products-'Anoud', developed – in house. Given the success of 'Anoud', plans are in place to enhance the product further and take it forward to implement in other lines of business.

We consider Enterprise Risk Management (ERM) to be a core element in the ongoing success of the organisation. The Group's ERM framework is underpinned by three pillars; capital management, exposure management and risk management and allows for an integrated approach to the management of Insurance, Operational, Credit, Market, Liquidity, and Group Risk. During the course of 2014, we have continued to make giant strides in embedding ERM and have implemented enhancements in risk appetite, exposure monitoring and control, risk governance, economic capital modeling and risk reporting. This was further aided by the acquisition of Antares, which helped the Group gain additional expertise in ERM. 2015 will see this progress continue further, driven by an intrinsic desire to integrate market leading risk, exposure and capital management practices across the Group, combined with an increasingly challenging regulatory environment both in Qatar and outside Qatar.

For 2015, we have developed a well thought out plan, which was approved by the Board of Directors. For the coming year, we will focus primarily on overseas growth and will look to expand beyond the GCC region. In order to have access to the requisite funds available for this expansion, we took a conscious decision of entering the bond market in 2014. Going forward, for the next three years, our area of thrust would be to increase the yield of our share capital and develop additional streams of income.

Our major thrust going forward will be to enhance our retail portfolio which will enable better utilisation of your capital.

Being a responsible corporate citizen, your Company is a firm believer in Corporate Social Responsibility (CSR). The Group provides support to all sports activities and initiatives as a part of its commitment towards the community. Moving beyond the role of just being an official sponsor for various CSR activities, your Company considers such initiatives as a part of its drive to support and give back to the community. We believe that that the more we grow as a company, the better placed we are to support more CSR related activities. As part of our commitment, this year too we allocated 2.5% of profits generated from our Qatar operations to sponsor such CSR activities.

To conclude, I wish to express my sincere gratitude to His Highness the Emir, Sheikh Tamim bin Hamad Al-Thani, whose leadership has ensured continued prosperity for the State of Qatar. We also extend our gratitude to His Excellency, the Governor of Qatar Central Bank, Sheikh Abdullah Saud Al-Thani for his support and counsel.

I also wish to express our collective thanks to all our shareholders for their unwavering support, guidance and encouragement.

Khalifa Abdulla Turki Al Subaey
Group President & CEO

Management Team

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Management Team

Mr. Khalifa A. Al Subaey
Group President & CEO

Mr. Ali Saleh Al Fadala
Senior Deputy Group President & CEO

Mr. Ali Al Mannai
Deputy Group CEO

Mr. Sunil Talwar
Deputy Group CEO

Mr. Ahmed Yousef
Senior Advisor to the Group President & CEO

Mr. Ian Sangster
Advisor to the Group President & CEO - QIC Group

Mr. P.E. Alexander
Chief Executive Officer – QIC Qatar

Mr. Ewen McRobbie
Chief Executive Officer - QICI

Mr. Gunther Saacke
Chief Executive Officer – Qatar Re

Mr. Salem Khalaf Al Mannai
Deputy CEO - Q Life & Medical Insurance Co

Mr. Fahad Al Mana
Deputy CEO - QICI

Mr. Sandeep Nanda
Executive Vice President - Qatar Economic Advisors

Mr. Stephen Redmond
Managing Director
Antares Managing Agency Ltd.

Management Team

QIC was the first domestic insurance company founded in the nascent State of Qatar. QIC is now a dominant insurer in Qatar.

Senior Deputy Group President & CEO's Message

"Our contribution to improve the quality of life for the nationals and residents of Qatar goes beyond just the provision of insurance products. Customers choose QIC to protect their people and prized possessions because they value our familiarity with various markets, product expertise, service delivery and financial stability."

For 2015, our key area of focus is to take a conscious step towards international integration. With increasing involvement of enterprises in international markets, companies need to innovate constantly and grow beyond borders to avoid stagnation. Whilst retaining our leadership role in our home market, we chose to be ambitious and implemented our well thought out internationalisation strategy by entering the global insurance and reinsurance arena.

Considering the targeted expansion in our international reinsurance operations, we engaged Oliver Wyman and worked closely with them to design and implement our internationalisation strategy, which has been highly successful right from the start. Thus, gathering further momentum with our progress, we have spread beyond the Middle East, and have now positioned ourselves to be known and recognised in the global insurance and reinsurance space.

Our internationalisation strategy is aligned to our mission, which is to be ranked amongst the top fifty global insurers by 2030. Our first international venture dates back to 1968, when we set up our first international branch office in Dubai, UAE. Today, our global footprint is spread across seven countries- Oman, Kuwait, UAE, Malta, UK, Switzerland and Bermuda. To elucidate, approximately 60% of our overall written premiums are generated from Qatar Re and Antares, the key pillars of the Group's international operations.

As a business, insurance is highly 'service-oriented' and 'service-intensive'. Being at the heart of delivering excellent customer service levels, we keep aligning ourselves to be further responsive to the voice of our customers and their evolving needs.

Insurance is all about being there for our customers when they need us most. As a response to market demand, and an increasing market share, we have expanded our branch network to include offices in new strategic locations. This is a crucial part of our initiative to expand our reach to new customers and grow our existing customer base.

By enhancing our service levels and becoming more accessible to our customers at their convenience, we have strived consistently to be in sync with the requirements of local life and businesses in Qatar and across the globe.

"As an organisation with deep roots in Qatar, QIC is dedicated to recruiting and supporting local talent and to the wellbeing and development of all its staff. We recognise that the continued success of the Group is dependent upon attracting and retaining the best."

Deputy Group CEO's Message

The QIC Group has continued to perform an important role in attracting and developing staff from both inside and outside of Qatar. Our success as a Group is to a large extent dependent upon our ability to attract and retain the right staff and we have therefore continued to make a significant investment in the education and training of our employees.

As a Group with a long operating history in Qatar, we share our nation's view of the importance of Qatarisation and remain committed to ensuring the success of this important initiative. In support of this, the Group has invested in the education, training and ongoing development of its Qatari staff. The benefits to the Group and to the nation as a whole of a skilled and dedicated local workforce both today and in the future are clear.

At the QIC Group we value our longstanding association with our customers and we rely on their views and thoughts on our products and services to ensure we continue to meet their needs. We are striving constantly to develop and enhance our offering and this has been reflected in the establishment of new branch offices in Qatar and significant investment in information technology. These key initiatives are designed to make our products and services even more accessible to both existing and new customers. We also recognise that in order to attract and retain our valued customers, in what is an increasingly competitive marketplace, we must continue to be innovative and consider how we can enhance our customers' experience. The introduction in 2014 of Qatar's first loyalty programme for policyholders of QIC's car insurance demonstrates our commitment to this.

The needs and wellbeing of our customers and staff will again be a key area of focus for the Group in the coming year and we look forward to the continued success of all our stakeholders.

"In 2014, the Group expanded its international operations in pursuit of its strategic objective to establish itself as a leading international insurance and reinsurance Group. Concurrently, 2014's impressive financial performance reflected the Group's continued growth and stability arising from the ongoing diversification of its underwriting operations and robust performance in investments."

Deputy Group CEO's Message

In 2014, QIC took significant steps forward towards the realisation of its Vision to become a leading global insurance and reinsurance Group.

In June 2014, QIC completed the acquisition of Antares Holdings Limited (Antares), a leading specialist insurance and reinsurance group operating in the Lloyd's market in the UK. The acquisition of Antares expanded the Group's existing global footprint through access to Lloyd's Syndicate 1274 and Antares' own integrated managing agency, as well as a Bermudian Class 3 reinsurer. Antares' first class team, specialty capabilities and aligned underwriting philosophies afford the Group tremendous opportunities.

In November 2014, following regulatory authorisation by the Malta Financial Services Authority, QIC established a fully-owned Malta-based EU subsidiary, QIC Europe Limited (QEL). QEL will help the Group enhance its existing non-life and specialty insurance footprint in the European Union (EU). QEL will become a key strategic platform for the Group's international subsidiaries – Qatar Re and Antares – to underwrite European Economic Area situated risks. In 2014 the Group's impressive financial performance reflected it'scontinued growth and stability arising from the ongoing diversification of its underwriting operations and robust performance in investments.

"Since 1964, we have been delivering on our promises to customers. We resolve constantly to go the extra mile to meet and exceed our customers' expectations. By implementing our strategy of reaching out to new customers and growing our existing customer base, we are already an integral part of local business life in Qatar."

Message from CEO, QIC Qatar

2014 was yet another remarkable and exciting year for us as it marked QIC's golden jubilee. We were successful in achieving our targets in 2014 and were delighted with our business performance. Despite prevailing challenges in the marketplace, we fared well and maintained our position as the market leader.

Pursuant to our motto, "to reach out to customers," we continued to go the extra mile to meet and exceed our customers' expectations. To expand our reach to new customers and improve our service standards for our existing customers, in 2014, we grew our network to include branches in strategic locations. We also launched a range of innovative products, while enhancing our existing portfolio. To foster long term relationships with our customers, we launched a customer loyalty programme, "U-Club", which offers a series of benefits to reward customers for their long-term association and patronage. In 2014, QIC in conjunction with Qatar Mobility Innovations Centre (QMIC) played a significant role in assessing drivers' behaviour patterns and encouraging safe driving in Qatar by executing a pilot project, which will eventually pave the way for a product that will reduce premiums for cautious drivers.

The IT system developed by our in-house team now enables us to customise our products to suit customer demands and makes buying insurance easier online. We have also deployed our signature Automated Insurance Machines (AIMs) at strategic locations in Qatar especially at the Traffic departments making it easier for individual customers to renew or buy Motor, Travel and Home Insurance.

Qatar Rail's metro project and a myriad of world class mega projects in line with H.H. Emir's 2030 Vision are attracting worldwide attention. QIC was retained as the local leader to provide insurance cover for the Qatar Rail project on behalf of a consortium of national insurance companies. Government's support of the Qatari national insurance companies is noteworthy and deserves our appreciation. This has helped us maximise our risk retention locally while recognising long term partnership of international reinsurance leaders.
Our golden jubilee year gave us the opportunity to look back and cherish our long term partnerships with our loyal customers, intermediaries and reinsurers, with whom we have enjoyed business relationships that can be traced back to many decades.
At QIC, the rate of attrition has been very low. This demonstrates clearly our underlying philosophy of how we value and nurture long-term partnerships both with our customers and our employees.

Our objectives for 2015 would be to use our service platform to enhance our relationships with our existing customers and increase our branch network in order to be better accessible to all our customers. Simultaneously, we will continue to enhance our existing products and services to preserve our long-term relationships with our customers.

Understanding and acknowledging our customers' requirements have always been instrumental in designing innovative insurance solutions. Moving forward, we will embark on launching more innovative products in the marketplace. We are also looking to enhance our online suite of insurance products to make customers' online purchasing experience simpler and more convenient. Plans are underway to launch an application for lodging claims using an online platform. We will also install more AIMs in strategic locations for effective distribution of our products.

We will continue to service the market through product innovation, responsiveness, effective distribution and long-term partnerships. Going forward, I am hopeful that our 'customer-focussed' strategy will continue to serve us well in the years to come.

"The common denominator in everything we do is the combination of technical skills and expertise coupled with our passion and commitment to meeting the needs of our customers across the global marketplace. Growing from our physical presence in all key reinsurance hubs we are offering highly rated security and instant diversification to reinsurance panels, which is distinct from traditional sources of reinsurance capacity."

Message from CEO, Qatar Re

Established in 2009, Qatar Re is the reinsurance arm of QIC. Qatar Re writes all major property, casualty and specialty lines of business from its headquarters in Doha and branch offices in Zurich and Bermuda. Qatar Re also has a representative office in London.

Qatar Re is based on three premises. Firstly, we pursue an integrated portfolio management approach to underwriting as a key differentiator and measure the impact of each risk underwritten on the overall portfolio. Secondly, we provide lead quotations based on proprietary pricing capabilities and superior underwriting skills. Thirdly, we continue to grow in servicing our clients and brokers from our operational platforms established in all key reinsurance hubs. Having become a significant member of the QIC Group of companies we can offer highly rated security and instant diversification to reinsurance panels, which is distinct from traditional sources of reinsurance capacity. Looking more closely at our strategy mix, the common denominator in everything we do is a combination of technical skills and expertise coupled with our passion and commitment to meeting the needs of our customers across the global marketplace.

We consider ourselves as a 'contemporary' reinsurer because we went global right from the beginning in order to facilitate the creation of a highly diversified, efficient portfolio. This was reflected in all areas - our employees, business lines, markets, and locations. The approach has proven to be the right one. Despite sharply increased complexity of the operation the Qatar Re team managed to achieve significant growth in a challenging market place within a short period of time. In doing so we were able to write selectively those risks that fitted our portfolio and proved to be profitable for us.

In 2015 we expect to generate more profitable growth from project based opportunities, structured solutions, improved access to and traction in the European markets and from expanding global presence not least in the Asian markets. Going forward Qatar Re will stay on course. Committed to servicing our clients and brokers we will continue to diversify product offering and strengthen underwriting capabilities. As an employer Qatar Re will continue to invest in its workforce and further develop the pool of exceptional skills and talent that has allowed the company to evolve successfully in the global market place.

Message from CEO, QICI

"By operating across various subsidiaries, we have gathered a wealth of knowledge and experience in managing jurisdictions during adverse market conditions. In tandem with unmatched underwriting expertise and excellent customer service standards, we continue to offer an integrated spectrum of insurance solutions across Oman, Kuwait, UAE and Malta."

QICI was established in 2007 and is a subsidiary of the QIC Group. At its inception, QICI inherited from the Group its branches in Dubai and Abu Dhabi, plus an insurance agency in Malta. In addition, QICI assumed responsibility for OQIC in Oman and KQIC in Kuwait.

We primarily see ourselves as an investor on behalf of QIC Group for its insurance operations outside Qatar. Our role is to assist our subsidiaries and branches maximise growth in terms of both top and bottom line whilst remaining true to our core principle of prudent underwriting and risk selection. We believe in service excellence and implement innovative approaches to meet evolving consumer needs. We encourage a culture of collaborative engagement with our employees, integrate major technological innovations with superior operational practices and are committed to protecting our policyholders. By operating across various subsidiaries, we have gathered a wealth of knowledge and experience in managing jurisdictions during adverse market conditions.

In 2014, QICI reported GWP of QAR 2.874 billion; a growth of 33% vis-à-vis GWP of QAR 2.149 billion in 2013. Remaining true to its forward-looking business philosophy, QICI has delivered on its strategic objectives and hence achieved an improved result over 2013 by 6% in terms of Net Profit.

For 2015, we are bullish in our outlook and believe that the retail market will gain prominence, given that the penetration ratio of insurance spend to GDP is relatively low when compared to mature markets. Our retail platform, which has been tried and tested over the past few years in Doha is now ready for formal launch and our customers will see a plethora of new on-line offers this year. 2015 will also witness our deeper integration with our sister companies; Qatar Re and Antares at Lloyd's and which will allow the direct writers to target and provide more informed Commercial Lines products and information across the region.

Message from Deputy CEO, QLM

"QLM operates in one of the highest-growth economies in the MENA region. We aspire to become the provider of choice for Life and Health Insurance, which are vital for any human being."

Despite operating out of a highly competitive marketplace, QLM retains customers with high-valued Life and Health insurance products and services by providing them with the most satisfying ownership experience regardless of where they may be. As both lines of our business -Life and Medical are service intensive and sensitive, we have always focussed on our unique service delivery model and customer service philosophy and have achieved commendable success and unprecedented levels of customer satisfaction.

At QLM we have ensured that the key differentiation between Group Life and Individual Life is handled with innovative Group underwriting and higher non-medical limits. We have always believed that Life Insurance is for living individuals and thus have ensured to bundle living benefits with death benefits in a traditional Life insurance policy.

Medical insurance is not only used by people who fall sick, but is also used by individuals to ensure wellness. Living a whole and healthy life is every human's right and we ensure that every individual beneficiary covered by us is protected in a comprehensive manner and has timely access to the best healthcare services.

For the coming years, our focus will be on growing Life and Medical business with customer centric innovative products and services. We are confident of achieving new milestones in growth while enhancing our current product offerings. We are gearing up for FIFA World Cup 2022 to bring in specialised package products.

By making QLM as the provider of choice for all Life and Medical insurance solutions, multiplying the value of shareholders and enhancing the legacy of the Group, we demonstrate our commitment to the Group.

"We seek to develop and maintain a diverse portfolio of business lines, spread geographically, combining products and distribution with excellent service delivery."

Message from Managing Director, Antares Managing Agency Ltd.

2014 was a very significant year for Antares, especially after its acquisition by QIC. As a leading specialist insurance and reinsurance Group operating in the Lloyd's market, Antares writes a diversified portfolio of 12 distinct product lines with a focus on specialty lines.

With the acquisition of Antares, QIC immediately gained a foothold in the Lloyd's market and access to markets outside the MENA region. Antares also offers QIC a Bermudian platform with a Class 3 reinsurance license. Through this bilateral relationship, Antares aims to share knowledge and specialty product expertise with QIC to design the best possible insurance solutions for its domestic and regional clients.

Under its Qatar National Vision 2030, the Government of Qatar announced a large number of infrastructure projects, many of which are already underway. Given its dominant position in Qatar, QIC is at the forefront of addressing the insurance related needs of these infrastructure projects. Antares is looking forward to contributing and being a part of that plan. Since the news of QIC's acquisition was released in early 2014, Antares has been and continues to be approached with a number of business opportunities that it otherwise would not have seen.

Antares – through QIC's active support – will add new products to its existing offerings. Antares is adopting new ways to bring itself more in line with QIC to benefit from economies of scale. Antares is well-positioned to see significant benefits from combining the uniqueness of being a business operating in the Lloyd's market with the financial stability and security afforded by QIC.

QIC Real Estate

QIC Real Estate, QICR, along with other sovereign as well as private High Net Worth Investors (HNI) seek to acquire real estate assets across the GCC. Placement is done typically through QIC's dedicated local and international marketing and placement capabilities.

QICR's real estate portfolio includes prestigious landmarks such as the iconic commercial property Qatar Financial Centre, from where Qatar Financial Centre Regulatory Authority operates.

QICR set up a GCC Real Estate Fund, which owns assets in premier locations across Qatar. The Fund was raised by QIC and its partners, thus making provisions for seed capital as well as working funds, which are necessary for Management support and development of similar Real Estate projects. The Fund currently has Real Estate assets worth circa USD 100 million and is capped at USD 300 million. The Fund's life cycle is for approximately five years, with a possible maximum extension of two years.

QICR partnered with reputable Retail facilities and premium Healthcare providers in Qatar as well as with other GCC countries to develop properties and lease them on terms exceeding fifteen years. To exemplify, QICR has already embarked on its first development project at Al Messilah, a premier location in Doha, where a 15,000 sq. metre Lulu Hypermarket is being constructed. Construction is already underway and is expected to complete by end of 2015.

Simultaneously, plans are underway for the utilisation of the balance land at Al Messilah to develop high end leasable commercial space by 2016.

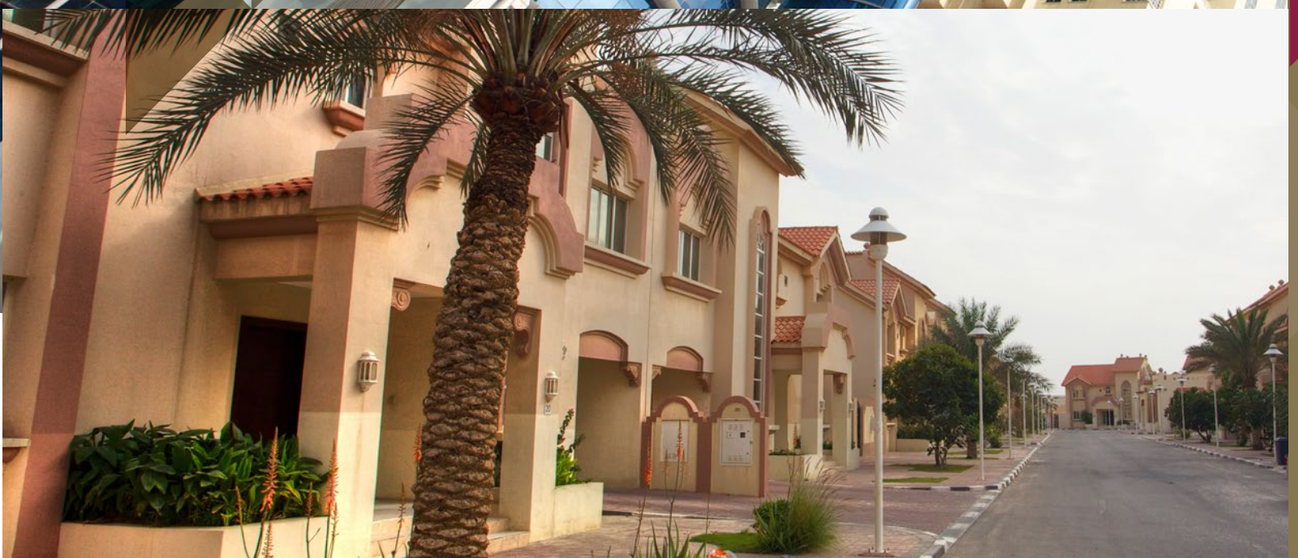
QICR's criteria for Investments:

QICR seeks to invest in Grade A income generating real estate assets.

- A typical product could comprise fully leased commercial properties, logistics and warehousing facilities in the GCC Free Zone areas or could include Central Business Districts (CBDs). Good tenant covenant with long lease terms typically exceeding 12 to 18 years and/or land leases in excess of 50 years. The lease should be three times net lease.
- Investment horizon ranging between five to seven years.
- Entry yield of circa 10%.
- Transparent ownership regulations.
- Each ticket size is approximately USD 25 to 30 million.

QICR is keen to develop leasable real estate in Qatar and is seeking to partner with major operators in the country to jointly identify such areas of co-operation.

QIC
Real Estate



QIC's 50th Anniversary

A Proud
Partner in your
Success

QIC's 50th Year Event Celebration

Semi-centennial celebration at Four Seasons Hotel:

QIC's journey started in 1964, when a group of ambitious entrepreneurial Qatari businessmen founded the first national insurance company in Qatar. With the support and guidance that was extended by the Government of Qatar, QIC commenced operations with a paid-up capital of 1.5 million Indian Rupees. Since its inception, QIC has been the powerhouse of growth and has grown both in structure and complexity from being a leader in the domestic market to a leader in the entire MENA region. Today, QIC's market capitalisation is in excess of USD 3.5 billion.

To share its journey of challenges, successes and achievements, QIC celebrated its golden jubilee on 16th February 2014, at the iconic Four Seasons Hotel in Doha. The event was patronised by the Governor of Qatar Central Bank (QCB), H.E. Sheikh Abdulla bin Saoud Al-Thani along with other excellencies, ministers, ambassadors, Sheikhs and eminent dignitaries, who graced the occasion with their presence.

The lavish evening was opened with an outstanding performance of Arabic Jazz music, which blended and complemented well with the glitzy, highbrow event and sumptuous dinner. To mark the celebration with a touch of spectacle, an outstanding display of fireworks left the audience completely enthralled. A highly renowned magician from the GCC kept the audience engaged and entertained with his magic and showmanship throughout the evening.

QIC's 50th Year Event Celebration

Corporate Social Responsibility

A Proud Partner in your Success

Corporate Social Responsibility

Aligning CSR to support QNV 2030

With booming businesses and an up surging economy, companies in Qatar are paving the way to put themselves on the map for their drive towards Corporate Social Responsibility (CSR). Qatar Insurance Group being a responsible corporate citizen is no different from the rest. Being the largest flagship insurer across Qatar and the MENA region, QIC Group has carved out a distinctive approach towards CSR by investing in Qatar's most significant resource – its people, who are the torchbearers and will aid in realising Qatar National Vision (QNV) 2030.

At QIC Group, we acknowledge and whole-heartedly support all CSR activities and initiatives as a part of our commitment towards the community. We understand the need to develop and sustain a social platform for supporting the four pillars of QNV 2030. In fact, our core values underpin the importance of aligning our strategies to accomplish 2030 Vision.

Our Corporate Conscience

We comply with the law, ethical standards and international norms for implementing CSR and walk the extra mile to engage in activities that further a social commitment and support a good cause. Being a responsible corporate citizen, we embrace accountability for corporate actions and strive to encourage a positive impact on our community, the environment, and our stakeholders including our customers, employees, shareholders and investors.
CSR is synonymous with our Statement of Values and echoes what QIC Group stands for. Moving beyond sponsorships, we believe in nurturing beneficial partnerships to develop impactful CSR initiatives to exchange best practices and share winning strategies.

CSR Engagements in 2014

Being a national insurance company, we take pride in extending full support to all initiatives related to promoting sports, innovative enterprises and approaches to inspire our youth in taking a proactive role in shaping the development of our nation. We define budgets and plan our corporate activities to demonstrate our commitment to all activities related to CSR.
We deploy expertise, technology, financial resources and build strategic partnerships to help build thriving, prosperous communities that improve people's lives and support our business. Our CSR model is focussed on building partnerships with organisations to create a lasting legacy that contributes to the fulfillment of QNV 2030.
We pursue various initiatives to encourage a healthy lifestyle through sports and promote road safety by organising road safety contests.

Corporate Social Responsibility

Sports

- Official tournament insurer for Commercial Bank Qatar Master's Golf Tournament:
  Since 2008, QIC has been the official tournament insurer of Commercial Bank Qatar Masters Golf Tournament. By being the tournament insurer for the eighth year in a row, QIC demonstrates its continued commitment to local sporting events and to raising Qatar's regional and global profile in support of the Qatar National Vision 2030.
- Official sponsor for AGM of AGU:
  QIC partnered with Asian Gymnastics Union (AGU) to be the official sponsor of their Annual General Meeting, which was held in Doha between 8-10th of December.
- Main sponsor for Qatar Masters Open Chess Tournament:
  QIC partnered with Qatar Chess Association (QCA) to be the main sponsor for Qatar Masters Open Chess Tournament, which started from 25th November and continued till 5th December, 2014.
- QIC Football:
  In 2013 QIC organised a football tournament for the insurance fraternity in Qatar. Besides serving as a platform to network, the match also helped to build team spirit amongst the players. The match had a spectacular end and QIC's employees secured the first runner up position.
- Qatar Handball Association:
  QIC has a sponsorship agreement with Qatar Handball Association for three consecutive years to extend its support for all activities.
- Al Rayyan Sports Club:
  QIC signed a contract for three seasons starting 2013 till 2016 with Al Rayyan Sports Club to sponsor their first football team.

Healthcare

QIC supported Qatar Cancer Society:
To increase public awareness about cancer and its prevention at local, regional as well as international levels, QIC extended its support to Doha Rugby Clubs on 7th February, 2014 for Think Pink Charity Day. The Rugby match was organised to raise funds for Qatar Cancer Society. The event was marked with great success as QAR 45,000 was raised for charity purposes.

Road Safety

Safe Driver Contest:
QIC in conjunction with Qatar Mobility Innovations Centre (QMIC) organised a pilot project to test the implementation of intelligent telematics platform as a means to assess drivers' behaviour patterns for three months. This pilot project also paved the way for improving road safety, which is a key priority in Qatar and the wider region.

At QIC, we believe in the tenet that that the more we grow as a Group, we would be better poised to support more CSR activities in the future. Starting 2015, we resolve to strive harder to become a leading corporate citizen and have measurable impact on the society and on our future generation.

QIC's Share Performance in 2014

A Proud Partner in your Success

QIC's Share Performance in 2014

- The performance of GCC markets was largely mixed with the Qatar market gaining the highest
- QIC shares outperformed compared to the QE Index and QE Insurance index

GCC markets' performance was mixed bag in 2014

Global markets witnessed an eventful year, with some markets reporting strong results despite increased geopolitical risks, lower than expected recovery in the global economy, uncertainty in timing and effect of macroeconomic policies in major economies and volatile oil prices. The S&P 500 index gained 11.4% in 2014, reflecting continued improvement in the US economy on the back of continued fall in debt levels and improving consumer sentiments. In 2014, MSCI World Index grew marginally by 2.9%, while MSCI Emerging Market was down 4.6%.

GCC markets reported mixed performance in 2014 with Qatar and Dubai markets reporting double digit gains, while largest market in the region, the Saudi Arabia market posted a 2.4% decline. The Qatari and Dubai markets posted 18.4% and 12.0% annual returns, helped by a further upgrade to emerging market status, this time from S&P Dow Jones. Separately, MSCI's move to increase the weighting of the two countries in its Emerging Market Index also helped encouraging demand from foreign investors. Bloomberg GCC index closed flat erasing the most of the gains recorded in the first half. Among other GCC markets, the Abu Dhabi market also reported gains of 5.6%, driven by gains posted by banking and consumer sectors. Saudi Arabia, the largest oil producer in OPEC, posted a loss of 2.4% in 2014 as Saudi's petrochemical sector declined over 22%. In 2014, the Kuwait market was the worst performer in the region, losing ground by 13.4%. The Oman market was down 7.2% during the year, as all sectors reported negative returns. The Bahrain market reported 14.2% rise during the year.

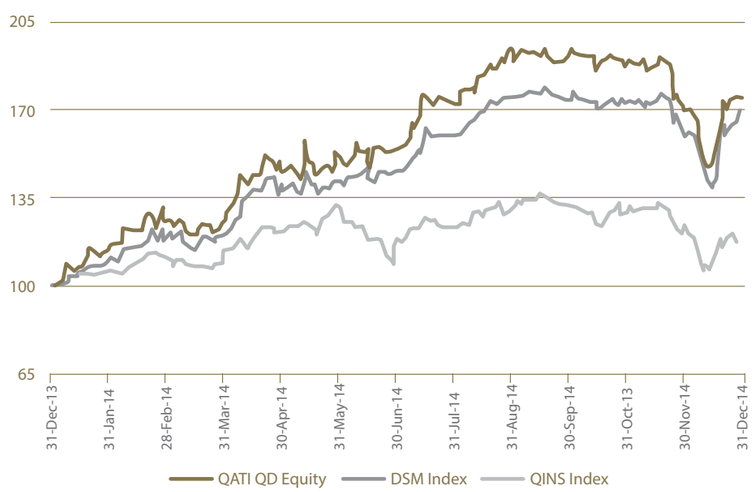
In 2014, the Qatar market was the top performing market in the GCC region and was among the top 10 best performing indices in the world. The strong performance compared to GCC peers can largely be attributed to a robust infrastructure pipeline, coupled with lesser reliance on crude oil prices, as the country's major revenues arise from non-hydrocarbon activities and LNG exports. Additionally, Qatar's economy continued to grow at a healthy pace with Q3 2014 real GDP growing at 6.0% on an annual basis. Non-hydrocarbon sector growth was resilient, with 12% rise reported during Q3 2014. This growth helped in making up for the slowdown in the oil sector, which contracted by 2.8% in Q3 2014. Further, Qatar enjoys significant budget surplus build over the past decade, helping the country to diversify its economy from the traditional hydrocarbon sector to non-hydrocarbon sectors. Recent falls in oil prices might have a temporary impact on the country's budget surpluses. However, in the coming years, the non-hydrocarbon sector is expected to play an important role as infrastructure remains a priority. Infrastructure spending would remain the backbone of non-hydrocarbon sector growth, supported by rising population and increased spending. With over US$182 infrastructure spend budget between 2014 and 2018, new projects to the tune of US$30 billion are lined up in 2015.

QE Index

The QE Index, formerly known as DSM20 Index, is a capitalisation weighted index of the 20 most highly capitalised and liquid companies traded on the Qatar Exchange. The index was developed with a base level of 1,000 as of December 31, 1999. A 15% cap is applied to an individual constituent's weight in the index, which is rebalanced semiannually.

QIC's share

The performance of QIC shares remained strong outperforming the QE index and the QE Insurance index. In 2014, QIC share provided a healthy 70.3% gain as against 18.4% rise reported by the QE index, meaning an outperformance of 51.9%. During the period, the QE insurance index was up 69.4%. Our share price closed at its high of QR 100.5 on 2 October 2014, while at the end of 2014, the share price was QR 90.6. QIC shares offered a total return of 75.5%, compared to QE Index return of 23.4%. With the massive infrastructure development planned over the coming years, the insurance sector in Qatar is likely to be the key beneficiary. Additionally, the insurance sector growth is expected to be fuelled by rising population in Qatar coupled with low insurance penetration levels. Other key catalysts, such as insurance awareness in the region, are also expected to improve.



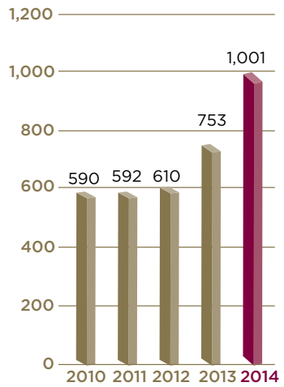
Business Performance Overview

Remaining true to its forward-looking business philosophy, QIC has delivered on its strategic objectives and has achieved outstanding results during the year.

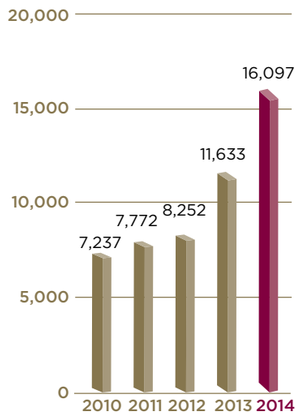
The Gross Written Premium for QIC grew to QAR 5.614 billion with a 59 % year on year growth (2013: 3.531 billion). Net Insurance revenue for the year increased by 37 % to QR 664 Million (2013: QR 485 Million). Investment and other income was QR. 1,027 Million (2013: QR 717 million) higher by 43%.

By focusing on its core capabilities and expanding in areas of high potential, QIC has achieved a net profit of QAR 1.001 billion in 2014 ,up by 33% (2013: 752.935 Million) after Board of Directors Remuneration of QR 22.50 Million (2013: QR 22.50 Million) resulting in earnings per share of QR 6.24 (2013: QR 4.69).

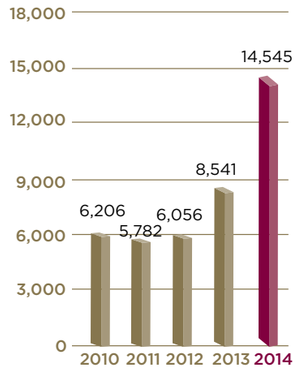
Net Profit Attributable to Parent (QR Millions)



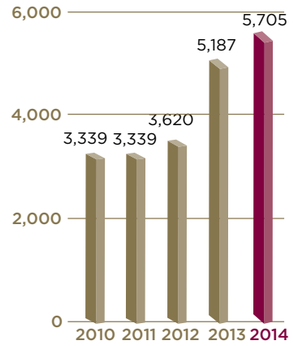
Total Assets (QR Millions)



Market Capitalization (QR Millions)

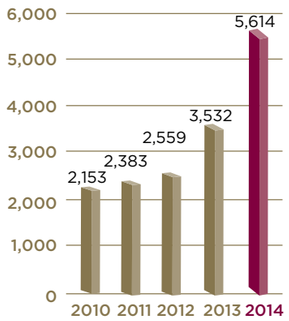


Net Equity (QR Millions)

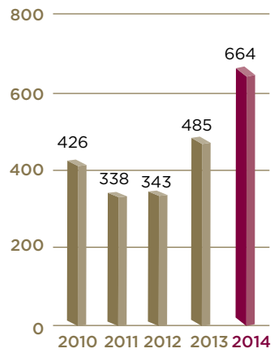


Insurance

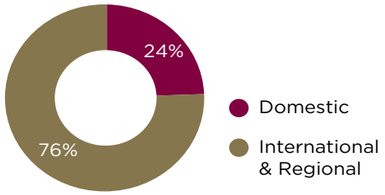
Gross Premium (QR Millions)



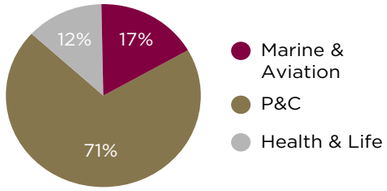
Net Underwriting Results
(QR Millions)



Gross Premium Written
Domestic Vs International and Regional



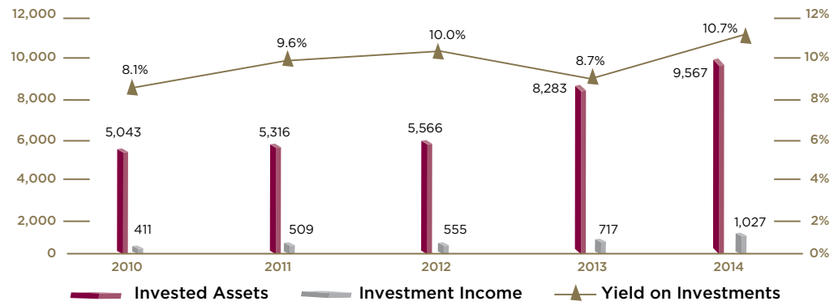
Gross Premium Written
Line of Business



Ratio Analysis					
%	2014	2013	2012	2011	2010
Retention Ratio	77	70	61	58	54.1
Net technical reserves/net premium written	117	99	109	105.1	96.4
Net loss reserves/net premium written	66	54	69.5	64.9	54

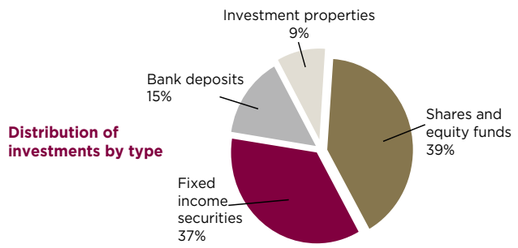
Investments

Investment & Treasury (QR Millions)



Investment Results					
QR Mn	2014	2013	2012	2011	2010
Interest income	189.49	145.24	124.49	92.47	118.85
Dividends	110.41	104.79	86.72	87.33	76.43
Profit on sale of investments	540.85	282.19	207.22	261.58	192.89
Rental income	49.85	47.11	49.12	46.62	38.23
Advisory fee income	116.10	75.99	56.23	21.74	7.82
Gain on sale of investment properties	-	14.77	-	-	-
Others	24.82	48.05	31.58	(1.20)	(11.39)
Impairment	(4.03)	(0.75)	-	-	(12.20)
Total	**1,027.49**	**717.39**	**555.37**	**508.54**	**410.63**

Distribution of investments by type



Financial Strength

Financial strength rating for QIC		
Rating agency	Rating	Outlook
Standard & Poor's	A	Stable
A.M. Best	A (Excellent)	Stable

Analysis of our capital structure

Maintaining adequate levels of capital has always been of prime concern to Management of QIC-Group. The structure of the investment portfolio is governed by covering net technical liabilities with ready liquid investments in strongly rated securities, and the funds beyond this are invested and tightly managed in a mix of equities and funds.

Capital Structure					
%	2014	2013	2012	2011	2010
Invested assets to net technical reserves	188	339	329.2	365.5	450.2
Cash and bank deposits to net technical reserves	52.1	137.2	125.6	143.1	154.5

Group Equity			
QR Mn	2014	2013	2012
Share capital	1,605.40	1,284.32	891.89
Legal reserve	1,408.18	1,304.29	464.36
General reserve	287.00	287.00	287.00
Catastrophe special reserve	227.25	189.61	159.09
Fair value reserve	601.00	750.87	663.50
Retained earnings	1,575.95	1,371.36	1,154.52
Equity attributable to the parent	5,704.78	5,187.45	3,620.35
Non-controlling interests	218.73	194.23	172.26
TOTAL EQUITY	**5,923.51**	**5,381.69**	**3,792.61**

Independent Auditor's Report

A Proud Partner in your Success

Independent Auditor's Report

The Shareholders
Qatar Insurance Company S.A.Q.
Doha, Qatar

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Qatar Insurance Company S.A.Q. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2014 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the applicable provisions of Qatar Commercial Companies Law, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made

Independent Auditor's Report (Continued)

by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2014 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other legal and regulatory requirements

We are also of the opinion that proper books of account were maintained by the Company. We have obtained all the information and explanations which we considered necessary for the purpose of our audit. To the best of our knowledge and belief and according to the information given to us, no contraventions of the Qatar Commercial Companies Law No. 5 of 2002 or the Articles of Association were committed during the year which would materially affect the Group's activities or its financial position.

Muhammad Bahemia
Partner
License No. 103

For Deloitte & Touche
Qatar Branch

Doha – Qatar
27th January 2015

Statement of financial position

As at December 31, 2014

	Notes	**2014** (QR '000)	2013 (QR '000)
ASSETS			
Cash and cash equivalents	6	2,646,907	3,351,905
Insurance and other receivables	7	2,820,028	1,164,615
Reinsurance contract assets	8	3,251,457	2,151,318
Equity accounted investments	9	77,065	81,611
Investments	10	6,468,082	4,462,270
Investment properties	11	375,070	387,197
Property and equipment	12	38,665	33,592
Intangible assets	13	274,895	--
Goodwill	5	145,111	--
TOTAL ASSETS		**16,097,280**	11,632,508
LIABILITIES			
Short term borrowings	14	182,000	746,200
Provisions, reinsurance and other payables	15	1,660,759	910,005
Insurance contract liabilities	8	8,331,014	4,594,615
TOTAL LIABILITIES		**10,173,773**	6,250,820
EQUITY			
Share capital	16	1,605,404	1,284,323
Legal reserve	17	1,408,179	1,304,293
General reserve	18	287,000	287,000
Fair value reserve	19	601,000	750,868
Catastrophe special reserve	20	227,251	189,606
Retained earnings		1,575,949	1,371,364
Equity attributable to owners of the Company		5,704,783	5,187,454
Non-controlling interests		218,724	194,234
TOTAL EQUITY		**5,923,507**	5,381,688
TOTAL LIABILITIES AND EQUITY		**16,097,280**	11,632,508

These consolidated financial statements were approved by the Board of Directors and signed on its behalf by the following signatories on January 27, 2015.

H.E. Sheikh Khalid bin Mohammed bin Ali Al-Thani
Chairman and Managing Director

Khalifa Abdulla Turki Al Subaey
Group President and Chief Executive Officer

The attached notes are an integral part of these consolidated financial statements

Statement of income

For the year ended December 31, 2014

	Notes	2014 (QR '000)	2013 (QR '000)
Gross premiums	21 (a)	5,613,767	3,531,707
Premiums ceded to reinsurers	21 (a)	(1,273,834)	(1,060,824)
Net premiums		4,339,933	2,470,883
Movement in unexpired risk reserve	21 (a)	(661,589)	(496,798)
Net earned premiums		**3,678,344**	1,974,085
Gross claims paid	21 (a)	(3,123,899)	(1,826,224)
Reinsurance recoveries	21 (a)	1,323,220	801,749
Movement in outstanding claims	21 (a)	(606,001)	(255,791)
Net commission expense	21 (a)	(620,093)	(211,301)
Other insurance income	21 (a)	12,277	2,231
Net underwriting result		**663,848**	484,749
Investment income	22	846,255	582,355
Advisory fee income		116,100	75,992
Rental income		49,847	47,113
Other income		2,622	723
Total income		**1,678,672**	1,190,932
Operating and administrative expenses	23	(638,602)	(400,383)
Depreciation and amortisation		(27,324)	(23,400)
Profit before share of results from equity accounted investments		1,012,746	767,149
Share of profit from equity accounted investments		12,664	11,208
Profit for the year		**1,025,410**	778,357
Attributable to:			
Owners of the Company		**1,001,833**	752,935
Non-controlling interests		**23,577**	25,422
Earnings per share		**1,025,410**	778,357
Basic and diluted earnings per share in Qatari Riyals (2013: Restated as a result of bonus)	24	6.24	4 .69
Cash dividend per share in QR	25	2.50	2.50

The attached notes are an integral part of these consolidated financial statements

Statement of comprehensive income

For the year ended December 31, 2014

	Notes	2014 (QR '000)	2013 (QR '000)
Profit for the year		**1,025,410**	778,357
Other comprehensive income			
Net changes in fair value of available-for-sale financial assets		**(153,255)**	85,370
Total comprehensive income for the year		**872,155**	863,727
Total comprehensive income attributable to:			
Owners of the Company		851,207	840,307
Non-controlling interests		20,948	23,420
Total comprehensive income for the year		**872,155**	863,727

The attached notes are an integral part of these consolidated financial statements

Statement of changes in equity

For the year ended December 31, 2014

	Share capital	Legal reserve	General reserve	Fair value reserve	Catastrophe special reserve	Retained earnings	Attributable to owners of the parent	Non-controlling interests	Total equity
	(QR '000)	(QR '000)	(QR '000)	(QR '000)	(QR '000)	(QR '000)	(QR '000)	(QR '000)	(QR '000)
Balance as at January 1, 2013	891,891	464,360	287,000	663,496	159,090	1,154,517	3,620,354	172,259	3,792,613
Profit for the year	--	--	--	--	--	752,935	752,935	25,422	778,357
Net unrealized gain / (loss) on available for sale investments	--	--	--	87,372	--	--	87,372	(2,002)	85,370
Total comprehensive income for the year	--	--	--	87,372	--	752,935	840,307	23,420	863,727
Dividend for the year 2012	--	--	--	--	--	(222,973)	(222,973)	(9,880)	(232,853)
Issuance of bonus shares	178,378	--	--	--	--	(178,378)	--	--	--
Issuance of right shares	214,054	748,560	--	--	--	--	962,614	--	962,614
Transfer to legal reserve	--	91,373	--	--	--	(91,373)	--	--	--
Increase in non-controlling interest	--	--	--	--	--	--	--	8,435	8,435
Contribution to social and sports fund	--	--	--	--	--	(12,848)	(12,848)	--	(12,848)
Transfer to catastrophe special reserve	--	--	--	--	30,516	(30,516)	--	--	--
Balance as at December 31, 2013	**1,284,323**	**1,304,293**	**287,000**	**750,868**	**189,606**	**1,371,364**	**5,187,454**	**194,234**	**5,381,688**
Total profit for the year	--	--	--	--	--	1,001,833	1,001,833	23,577	1,025,410
Net unrealized loss on available for sale investments	--	--	--	(150,626)	--	--	(150,626)	(2,629)	(153,255)
Total comprehensive income for the year	--	--	--	(150,626)	--	1,001,833	851,207	20,948	872,155
Dividend for the year 2013						(321,081)	(321,081)	(6,186)	(327,267)
Issuance of bonus shares	321,081	--	--	--	--	(321,081)	--	--	--
Transfer to legal reserve	--	103,205	--	--	--	(103,205)	--	--	--
Share option reserve adjustment at a subsidiary	--	--	--	--	--	3,660	3,660	--	3,660
Increase in non-controlling interest	--	--	--	--	--	--	--	8,093	8,093
Contribution to social and sports fund	--	--	--	--	--	(14,822)	(14,822)	--	(14,822)
Transfer to catastrophe special reserve	--	--	--	--	37,645	(37,645)	--	--	--
Effect of acquisition/sale of stake in a subsidiary by minority	--	681	--	758	--	(3,074)	(1,635)	1,635	--
Balance as at December 31, 2014	**1,605,404**	**1,408,179**	**287,000**	**601,000**	**227,251**	**1,575,949**	**5,704,783**	**218,724**	**5,923,507**

Statement of cash flows

For the year ended December 31, 2014

	Notes	2014 (QR '000)	2013 (QR '000)
OPERATING ACTIVITIES			
Profit for the year		1,025,410	778,357
Adjustments for :			
Depreciation of property and equipment and investment properties		25,878	23,400
Amortisation of intangible assets		1,446	--
Impairment loss on investments		3,280	745
Share of profit from equity accounted investments		(12,664)	(11,208)
Investment income and other finance income		(896,102)	(691,695)
Impairment loss on doubtful receivables		6,056	6,253
Provision for employees' end of service benefits		12,002	9,205
Net foreign exchange gain on property and equipment		256	--
Gain on sale of investment property		--	(14,771)
Net unrealised gain on investments		--	(13,765)
Operating profit before working capital changes		**165,562**	86,521
Working capital changes			
Change in insurance and other receivables		(914,502)	(467,473)
Change in insurance reserves – net		1,268,851	752,589
Change in provisions, re-insurance and other payables		236,826	83,133
Cash generated from operations		**756,737**	454,770
Payment of social and sports fund contribution		--	(10,313)
Employees' end of service benefits paid		(1,296)	(2,569)
Net cash generated from operating activities		**755,441**	441,888
INVESTING ACTIVITIES			
Net cash movements in investments		(460,252)	(1,430,777)
Purchase of property and equipment		(14,725)	(16,533)
Purchase of investment properties		(668)	(1,332)
Net cash outflow on acquisition of a subsidiary		(1,015,188)	--
Disposal proceeds of equity accounted investments		7,500	--
Dividend received from equity accounted investment		9,710	--
Interest income and other finance income		896,102	691,695
Proceeds from sale of property and equipment		--	4,376
Proceeds from sale of investment properties		--	54,597
Net cash used in investing activities		**(577,521)**	(697,974)
Dividends paid to non-controlling interests		(6,186)	(9,880)
Increase in non-controlling interest		8,093	8,435
Increase in share capital through rights issue		--	962,614
Short term borrowings		(564,200)	746,200
Dividends paid		(320,625)	(223,254)
Net cash (used in)/ generated from financing activities		**(882,918)**	1,484,115
Net (decrease)/increase in cash and cash equivalents		**(704,998)**	1,228,029
Cash and cash equivalents at the beginning of the year		3,351,905	2,123,876
Cash and cash equivalents at the end of the year	6	**2,646,907**	3,351,905

The attached notes are an integral part of these consolidated financial statements

Notes to the consolidated financial statements

1. STATUS AND OPERATIONS

Qatar Insurance Company S.A.Q. (the "Parent Company") is a public shareholding company incorporated in the State of Qatar in 1964 under Commercial Registration No. 20 and governed by the provisions of the Qatar Commercial Companies' Law. The Parent Company and its subsidiaries (the "Group") are engaged in the business of insurance, reinsurance, real estate and financial advisory services.

The Group operates in the State of Qatar, United Arab Emirates, Sultanate of Oman, State of Kuwait, United Kingdom, Switzerland, Bermuda and Malta. The consolidated financial statements incorporate the financial information of the Parent Company and its subsidiaries all of which having December 31st as financial year end. The details of subsidiaries are given below:

Name of the subsidiary	Ownership	Country of incorporation	Principal activities
QIC International L.L.C. ("QICI")	84.60%	State of Qatar	Primarily engaged in insurance and reinsurance QICI manages the international operations of the Group and has 2 overseas branches in Dubai and Abu Dhabi (United Arab Emirates)
Oman Qatar Insurance Company ("OQIC")	70% (owned through QICI)	Sultanate of Oman	Primarily engaged in insurance and reinsurance
Kuwait Qatar Insurance Company ("KQIC")	82.04% (owned through QICI)	State of Kuwait	Primarily engaged in insurance and reinsurance
Qatar Reinsurance Company L.L.C. (Previously known as Q-Re LLC)	55.38% (2013: 55.64%) directly and 40% (2013: 39.74%) owned through QICI	State of Qatar	Primarily engaged in reinsurance. Qatar-Re manages the reinsurance operations of the Group and has a branch office in Switzerland, Bermuda and a representative office in United Kingdom
Q Life & Medical Insurance Co LLC	85%	State of Qatar	Primarily engaged in life and medical insurance business
Antares Holdings Limited (AHL)	100%	Bermuda	Incorporated as a holding company for participation in Antares Syndicate 1274
Antares Reinsurance Limited (ARL)	100% (owned through AHL)	Bermuda	Incorporated as a Class 3 reinsurer for participation in Antares Syndicate 1274
Antares Underwriting Limited	100% (owned through ARL)	United Kingdom	Incorporated to provide capital supporting the underwriting capacity of Antares Syndicate 1274
Antares Managing Agency Limited (AMAL)	100% (owned through ARL)	United Kingdom	Incorporated to act as a managing agent for Antares Syndicate 1274
Antares Capital I Limited	100% (owned through ARL)	United Kingdom	Incorporated to provide capital supporting the underwriting capacity of Antares Syndicate 1274
Antares Capital III Limited	100% (owned through ARL)	United Kingdom	Incorporated to provide capital supporting the underwriting capacity of Antares Syndicate 1274
Antares Capital IV Limited	100% (owned through ARL)	United Kingdom	Incorporated to provide capital supporting the underwriting capacity of Antares Syndicate 1274
QIC Europe Limited	100%	Malta	Primarily engaged in insurance business
QANIT Ltd.	100% (owned through QICI)	UAE	Primarily engaged in Real Estate activities in the UAE

Name of the subsidiary	Ownership	Country of incorporation	Principal activities
Qatar Insurance Company Real Estate S.P.C.	100%	State of Qatar	Primarily engaged in Real Estate activities in the State of Qatar
Qatar Advisors S.P.C. (QEA)	100%	State of Qatar	Primarily engaged in financial and other advisory services
Qatar Insurance Group S.P.C	100%	State of Qatar	Primarily engaged in the management of QIC Group entities.
CATCo Investment Management Ltd.	100%	Bermuda	Primarily engaged in providing investment management services.
CATCo-Re Ltd.	100%	Bermuda	Primarily engaged in issuance of fully collateralized reinsurance contracts for CATCo Re Fund.
Epicure Managers Qatar Ltd.	100%	BVI	Primarily engaged in providing investment management services
QIC International	84.6%	State of Qatar	The subsidiary is incorporated under the Ministry of Trade and Business regime and is inoperative at the moment
QIC Capital L.L.C.	100%	State of Qatar	Incorporated as a holding company to hold equity interest in asset management initiatives of the Group
LCP Holdings Ltd.	51% owned through QIC Capital L.L.C.	Cayman Islands	Primarily engaged in financial and other advisory services
Taleem Advisory Ltd.	100% (2013: 51%) owned through QEA	Cayman Islands	Primarily engaged in financial and other advisory service.
QIC Asset Management Ltd	100% owned through QEA.	Cayman Islands	Primarily engaged in financial and other advisory services
Education Company 2 Ltd	100% owned through QEA.	Cayman Islands	Primarily engaged in financial and other advisory services
Lagoon Capital Partners Ltd	100% owned through LCP Holdings Ltd.	UAE	Primarily engaged in financial and other advisory services
Qatar Re Capital Ltd	100% owned through QIC Capital L.L.C.	United Kingdom	Primarily engaged in financial and other advisory services

Notes to the consolidated financial statements

2. Application of new and revised International Financial Reporting Standards (IFRSs)

In the current financial year, the Group has adopted certain new and revised standards and interpretations, which are mainly:

IFRS 10, 12, IAS 27(Revised) Certain amendments to introduce an exception from the requirement to consolidate subsidiaries for an investment entity.

IAS 36 Certain amendments arising from recoverable amount disclosures for non-financial assets

The revised standards issued by IASB and IFRIC interpretations which are effective from the accounting period commencing January 1, 2014, had no significant effect on the consolidated financial statements of the Group for the year ended December 31, 2014.

The following IASB Standards and IFRIC interpretations issued but, are not mandatory for the year ended December 31, 2014, have not yet been adopted by the Group:

- IFRS 9 - "Financial Instruments" was issued to replace IAS 39 – "Financial Instruments: Recognition and Measurement". IFRS 9 simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. IFRS 9 Financial Instruments will be applicable for annual periods beginning on or after January 1, 2018;
- Certain consequential amendments to IFRS 7 "Financial Instrument disclosures" and IAS 39 (Revised) due to application of IFRS 9, detailed above.

The Group is currently in the process of evaluating the potential effect of these amendments in the presentation of the consolidated financial statements.

A number of new standards, amendments to standards and interpretations that are not yet effective for the year ended December 31, 2014 have not been applied in preparing these consolidated financial statements. The Group does not expect the proposed amendments which will become mandatory for the consolidated financial statements for the year 2015 or thereafter, to have a significant impact on the consolidated financial statements.

3. BASIS OF PREPARATION

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the applicable requirements of the Qatar Commercial Companies Law No. 5 of 2002.

b) Basis of preparation

The accompanying consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments that are measured at fair value at the end of each reporting period .

Financial assets and financial liabilities are offset and the net amount reported in these consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense are not offset in the consolidated statement of income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group.

c) Functional and presentation currency

These consolidated financial statements are presented in Qatari Riyal (QR) and rounded to the nearest thousand (QR '000), unless otherwise indicated.

d) Significant accounting judgements and estimates

The Group makes judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and disclosure of contingent liabilities at the reporting date. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected. The key judgements and estimates made by the Group is detailed in Note 31.

4. SIGNIFICANT ACCOUNTING POLICIES

a) Consolidation, translation and financial instruments

I) Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Parent Company and entities controlled by the Parent Company directly or indirectly as at December 31st of each year.

Subsidiaries are all entities over which the Group has control. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiary companies are prepared for the same reporting period as the Parent Company, using consistent accounting policies.

Control is achieved when the Parent Company directly or indirectly (i) has power over the investee, (ii) has exposure or rights to variable returns from its involvement with the investee and (iii) has the ability to use its power to effect those returns.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Consolidation, translation and financial instruments (Continued)

I) Basis of consolidation (Continued)

The Parent Company reassesses whether or not it controls an investee and facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Parent Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All significant intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Parent Company.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of income and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

When the Group ceases to control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in the consolidated statement of income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income 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 comprehensive income are reclassified to the consolidated statement of income.

II) Investments in associates and jointly controlled entities

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Joint ventures are joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investments in associates and jointly controlled entities are accounted for using the equity method.

Under the equity method, the investment is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

The consolidated financial statements include the Group's share of profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases**.** The financial year–end of the associate entities and the Group is uniform.

Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in consolidated statement of income as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held in equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed as at date of acquisition. If the net of the acquisition date amounts of identifiable asset acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree (if any), the excess is recognized immediately in the consolidated statement of income as a bargain purchase gain.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Consolidation, translation and financial instruments (Continued)

II) Investments in associates and jointly controlled entities (Continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated statement of income. An impairment loss recognised for goodwill is not reversed in subsequent periods

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at cost which is their fair value as at the date of acquisition. Subsequent to initial recognition,

- Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of income.
- Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of income when the asset is derecognised.

The current policy applied to the Group's intangible assets is as follows:

Intangible assets acquired	Economic Life
Syndicate Capacity	Indefinite
Runoff services – Württembergische Versicherung AG	7 years

III) Foreign currency

Foreign operations

The individual financial statements of the Group entities are presented in the currency of the primary economic environment in which they operate (functional currency). For the purpose of these consolidated financial statements, the results and financial position of each subsidiary are expressed in the functional currency of the Parent Company.

The assets and liabilities of foreign operations are translated to Qatari Riyal using exchange rates prevailing at the reporting date. Income and expenses are also translated to Qatari Riyal at the exchange rates prevailing at the reporting date, which do not significantly vary from the average exchange rates for the year. Foreign currency translation reserve is not shown separately under equity due to insignificance of the amount.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences are recognized in other comprehensive income.

Foreign currency transactions

Foreign currency transactions are recorded in the respective functional currencies of Group entities at the rates of exchange prevailing at the date of each transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the respective functional currencies at the rate of exchange prevailing at the year end. The resultant exchange differences are included in the consolidated statement of income.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Consolidation, translation and financial instruments (Continued)

IV) Financial instruments

Financial instruments represent the Group's financial assets and liabilities. Financial assets include cash and cash equivalents, insurance and other receivables and investments. Financial liabilities include short term borrowings and other payables.

Financial asset or liability is initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the consolidated statement of income.

Recognition

The Group initially recognizes cash and cash equivalents, insurance and other receivables, short term borrowings and other payables at the date that they originate. All other financial assets and liabilities are initially recognized at the trade date or settlement date when the Group becomes a party to the contractual provisions of the instrument.

De-recognition

The Group derecognizes a financial asset when the contractual rights to receive cash flows from that asset expire or it transfers the right to receive the contractual cash flow of that asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in the transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability. The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

Measurement

The measurement of financial assets and liabilities is disclosed under accounting policy for respective financial assets and liabilities.

Fair values of financial instruments

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties on an arm's length transaction at the measurement date. Differences can therefore arise between the book values under the historical cost method and fair value estimates.

Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the profit or loss as they arise.

Fair values of marketable investments are determined by reference to their bid prices at the close of business at the reporting date. In respect of unquoted available for sale financial assets, the fair value is determined based on various valuation techniques, as deemed appropriate. The fair values of the Group's other financial assets and financial liabilities are not materially different from their carrying values.

Impairment of financial asset

At each reporting date, the Group assesses whether there is objective evidence that any financial asset is impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a customer or insurer or reinsurer, indications that the customer or insurer or reinsurer will enter bankruptcy or the disappearance of an active market for a security. In addition for an investment in equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. Impairment loss on assets are recognised in the consolidated statement of income and reflected as an allowance against receivables or investments.

b) Insurance operations

I) Insurance and other receivables

Insurance and other receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. The carrying value of the receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the consolidated statement of income. After initial measurement, insurance and other receivables are measured at amortised cost as deemed appropriate.

Insurance receivables are derecognised when the derecognition criteria for financial assets, as described in note 4 (iii), have been met.

II) Reinsurance contract assets

The Group cedes insurance risk in the normal course of business as part of its businesses model. Reinsurance assets represent balances recoverable from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurers' policies and are in accordance with the related reinsurance contract.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Insurance operations (Continued)

III) Reinsurance and other payables

Reinsurance and other payables are recognized when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequently, reinsurance and other payables are measured at amortised cost, as deemed appropriate.

IV) Gross premiums

Gross premiums are recognized when written and include an estimate for written premiums receivable at period end. Gross premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. Gross premiums also include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods. Premium on insurance contracts are recognized as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the reporting date is reported as unearned premium reserve.

V) Premiums ceded to reinsurers

Reinsurance premiums comprise the total premiums payable for the reinsurance cover provided by contracts entered into during the period and are recognized on the date on which the policy incepts. Reinsurance premiums also include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods. Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date.

VI) Insurance contract liabilities

Insurance contract liabilities include the outstanding claims provision and the provision for unearned premium Insurance contract liabilities are recognised when contracts are entered into and premiums are charged.

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's best estimate.

Claims provision also includes liability for claims incurred but not reported as at the reporting date. The liability is calculated at the reporting date using a range of historic trends, empirical data and standard actuarial claim projection techniques. The current assumptions may include a margin for adverse deviations. The liability is not discounted for the time value of money.

Unexpired risks reserve

The provision for unearned premiums represents that portion of premiums received or receivable, after deduction of the reinsurance share, which relates to

risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged, and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract.

Insurance contract liabilities are derecognised when the contract expires, discharged or cancelled by any party to the insurance contract.

VII) Gross claims paid

Gross claims paid include all claims paid during the year and the related external claims handling costs that are directly related to the processing and settlement of claims.

VIII) Commission earned and paid

Commissions earned and paid are recognized at the time the policies are underwritten or deferred and amortised over the same period over which the corresponding premiums are recognised in accordance with the pattern of insurance service provided under the contract.

IX) Investment activities

The Group classifies its investments into financial assets at fair value through profit or loss and available for sale financial assets. The classification depends on the purpose for which the investments were acquired or originated.

C.

I) Non-derivative financial instruments

All investments are initially recognised at cost, being the fair value of the consideration given including acquisition charges associated with the investment.

Financial assets at fair value through profit or loss (Held for trading)

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition at fair value through profit or loss. Investments typically bought with the intention to sell in the near future are classified as held for trading. These investments are carried at fair value (marked to market) with any gain or loss arising from the change in fair value included in the profit or loss in the year in which it arises.

Available for sale – Quoted

Subsequent to initial recognition, investments which are classified "available for sale - quoted" are re-measured at fair value. The unrealised gains and losses on re-measurement to fair value are recognized in other comprehensive income and accumulated under the heading of fair value reserve until the investment is sold, collected or otherwise disposed of, or the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the consolidated statement of income for the year.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) (Continued)

I) Non-derivative financial instruments (Continued)

Available for sale – Unquoted shares and private equity

The fair value of these investments cannot be reliably measured due to the nature of their cash flows, these investments are therefore carried at cost less any provision for impairment.

II) Derivative financial instruments

Derivatives are initially recognized at cost, being fair value of the consideration given or received on the date of acquisition and are subsequently remeasured at their fair value.

The fair value of a derivative is the equivalent of the unrealised gain or loss from marking to market the derivative using prevailing market rates or internal pricing models.

The resultant gains and losses on derivatives held for trading purposes are included in the consolidated statement of income.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk

III) Fair value reserve

This represents the unrealised gain or loss of the year-end fair valuation of available for sale investments. In the event of a sale or impairment, the cumulative gains or losses recognised under the investments fair value reserve are included in the consolidated statement of income for the year.

IV) Investment income

Interest income

Interest income is recognised in the income statement as it accrues and is calculated by using the effective interest rate method, except for short-term receivables when the effect of discounting is immaterial.

Dividend income

Dividend income is recognised when the right to receive the dividends is established or when received.

V) Advisory fee income

Initial and other front-end fees received for rendering financial and other advisory services are deferred and recognised as revenue when the related services are rendered.

VI) Rental income

Rental income from investment properties is recognised in consolidated statement of income on a straight line basis over the term of operating lease and the advances and unearned portion of the rental income is recognised as a liability.

d) General

I) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less in the consolidated statement of financial position. The cash equivalents are readily convertible to cash.

II) Short term borrowings

Short term borrowings are recognised initially at fair value, net of transaction costs incurred and it is subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of income over the period of the borrowings using the effective interest method.

III) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at historical cost less accumulated depreciation and accumulated impairment losses.

Investment properties are derecognised when either they have been disposed-off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of income in the year of retirement or disposal.

IV) Property and equipment

Property and equipment, including owner-occupied properties, are carried at historical cost less accumulated depreciation and accumulated impairment losses. Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are charged to the consolidated statement of income during the financial period they are incurred.

The assets' residual values, useful lives and method of depreciation applied are reviewed and adjusted, if appropriate, at each financial year end and adjusted prospectively, if appropriate. Impairment reviews are performed when there are indicators that the carrying value may not be recoverable. Impairment losses are recognised in the consolidated statement of income as an expense.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) General (Continued)

IV) Property and equipment (Continued)

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the consolidated statement of income in the year the asset is derecognised.

V) Depreciation

Depreciation is provided on a straight line basis on all property and equipment and investment properties, other than freehold land which is determined to have an indefinite life. The rates of depreciation are based upon the following estimated useful lives:

Buildings	-	15 to 20 years
Furniture & fixtures	-	2 to 5 years
Motor vehicles	-	3 years

Depreciation methods, useful lives and residual values are reviewed and adjusted if appropriate at each financial year end.

VI) Impairment of non-financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that an asset or group of assets is impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and an impairment loss is recognized for the difference between the recoverable amount and the carrying amount. Impairment losses are recognized in the consolidated statement of income.

The following assets have specific characteristics for impairment testing:

Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash generating unit (CGU) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually at the cash generating unit level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

VII) Provisions

The Group recognizes provisions in the consolidated financial statements when the Group has a legal or constructive obligation (as a result of a past event) that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The provision is created by charging the consolidated statement of income for any obligations as per the calculated value of these obligations and the expectation of their realisation at the reporting date.

IX) Employees' end of service benefits

Provision is made for amounts payable in respect of employees' end of service benefits based on contractual obligations or respective local labour laws of the group entities, whichever is higher, and is calculated using the employee's salary and period of service at the reporting date.

IX) Contribution to social and sports fund

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

X) Share capital

The Group has issued ordinary shares that are classified as equity instruments. Incremental external costs that are directly attributable to the issue of these shares are recognised in equity.

XI) Dividend distribution

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

XII) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent Company by the weighted number of ordinary shares outstanding during the year. Diluted EPS is calculated by adjusting the earnings and number of shares for the effects of all dilutive potential shares.

XIII) Segment reporting

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

5. BUSINESS COMBINATION

Acquisition of Antares Holdings Limited and its subsidiary companies by the Group

Effective January 1, 2014, the Group acquired 100% of the share capital of Antares Holdings Limited and its subsidiary companies. The regulatory close of the transactions was completed on 25th June 2014. Antares Holdings Limited and its subsidiaries through its participation in Antares Syndicate 1274 are providers of global insurance and reinsurance products. The Group has acquired this company as part of its strategy to expand its wider international operations and to build a significant P&C and specialty insurance footprint.

The fair value of the identifiable assets and liabilities of Antares Holdings Limited and its subsidiary companies as at the date of acquisition, as per IFRS 3 were the following;

	Fair value recognized on acquisitioan (QR '000)
Assets	
Cash and cash equivalents	162,976
Insurance and other receivables	746,967
Reinsurance contract assets	589,364
Investments	1,702,095
Property and equipment	3,687
Intangible assets	276,341
Total assets	**3,481,430**
Liabilities	
Insurance contract liabilities	1,956,773
Provisions, reinsurance and other payables	491,604
Total liabilities	2,448,377
Net identifiable assets acquired	**1,033,053**

Goodwill arising on acquisition

Goodwill arising on the business combination has been computed as follows:

	As at January 1, 2014 (QR '000)
Fair value of consideration given for acquiring controlling interest	1,178,164
Fair value of business as at the date of acquisition	1,178,164
Less: Net identifiable assets acquired in accordance with IFRS 3	(1,033,053)
Goodwill arising on acquisition	**145,111**

Net cash outflow on acquisition of subsidiary

	2014 (QR '000)
Cash consideration paid in cash	1,178,164
Less: Cash and cash equivalent balances acquired	(162,976)
	1,015,188

The following table summarizes the intangible assets recorded in connection with the acquisition:

	Amount (QR '000)	Economic useful Life
Lloyd's syndicate capacity	266,222	Indefinite
Runoff services - Württembergische Versicherung AG	10,119	7 years
Intangible assets as of the acquisition date	**276,341**	
Amortisation expense	(1,446)	
Net Intangible assets as at December 31, 2014 (Note 13)	**274,895**	

5. BUSINESS COMBINATION (CONTINUED)

Lloyd's Syndicate Capacity

The fair value of Lloyd's syndicate capacity and insurance licenses was estimated using the market approach. The Lloyd's capacity is renewed annually at no cost to the subsidiary or may be freely purchased or sold, subject to Lloyd's approval. The ability to write insurance business within the syndicate capacity is indefinite with the premium income limit being set annually by the Company, subject to Lloyd's approval.

Runoff services - Württembergische Versicherung AG (WV)

The fair value of Württembergische Versicherung AG (WV) management agreement represents the estimated amount of the run-off administration services in respect of the former UK Branch of WV which is provided by Antares Underwriting Services Limited ("AUSL"). The fair value of the agreement has been capitalised and amortised on a straight-line basis, over the estimated useful life of 7 years.

Transaction and Acquisition-Related Costs

Transaction costs associated with the acquisition have been expensed and are included in the operative and administrative expenses in the consolidated statement of income and are part of operating cash flows in the consolidated statement of cash flows.

From the date of acquisition, Antares Holdings Limited and its subsidiaries have contributed the equivalent of QR 1,376,750 thousand of Gross premium written and QR 83,229 thousand to the net profit of the Group.

6. CASH AND CASH EQUIVALENTS

	2014 (QR '000)	2013 (QR '000)
Cash and demand deposits	834,131	402,370
Time deposits maturing within 3 months	1,812,776	2,949,535
	2,646,907	3,351,905

Time deposits amounting to QR 122,056 thousand (2013: QR 110,067 thousand) are held by banks as security against guarantees given on behalf of the Group.

7. INSURANCE AND OTHER RECEIVABLES

	2014 (QR '000)	2013 (QR '000)
Receivables from policyholders		
Due from policy holders	9,62,800	380,556
Impairment losses on doubtful receivables	(9,574)	(7,039)
	953,226	373,517
Receivables from Reinsurers		
Due from insurance companies	1,154,772	628,447
Impairment losses on doubtful receivables	(21,417)	(17,896)
	1,133,355	610,551
Other receivables		
Staff advances against indemnity	44,204	39,120
Deferred acquisition cost	434,207	78,646
Prepayments and others	255,036	62,781
	733,447	180,547
	2,820,028	1,164,615

8. INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS

	2014 (QR '000)	2013 (QR '000)
Gross insurance contract liabilities		
Claims reported and unsettled	3,219,502	2,031,821
Claims incurred but not reported	1,467,199	571,233
Unearned premiums	3,644,313	1,991,561
	8,331,014	4,594,615
Reinsurers' share of insurance contract liabilities		
Claims reported and unsettled	1,413,718	1,057,036
Claims incurred but not reported	415,797	212,131
Unearned premiums	1,421,942	882,151
	3,251,457	2,151,318
Net insurance contract liabilities		
Claims reported and unsettled	1,805,784	974,785
Claims incurred but not reported	1,051,402	359,102
Unearned premiums	2,222,371	1,109,410
	5,079,557	2,443,297

8. INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS (CONTINUED)

Movements in insurance contract liabilities and reinsurance contract assets are as follows:

2014

	Insurance contract liabilities (QR '000)	Reinsurers' share (QR '000)	Net (QR '000)
At January 1,	2,603,054	1,269,167	1,333,887
Claims incurred	3,819,461	1,412,781	2,406,680
Movement on acquisition	1,388,085	470,787	917,298
Claims paid during the year	(3,123,899)	(1,323,220)	(1,800,679)
At December 31,	**4,686,701**	**1,829,515**	**2,857,186**

2013

	Insurance contract liabilities	Reinsurers' share (QR '000)	Net (QR '000)
At January 1,	2,539,464	1,461,368	1,078,096
Claims incurred	1,889,814	609,548	1,280,266
Movement on acquisition	--	--	--
Claims paid during the year	(1,826,224)	(801,749)	(1,024,475)
At December 31,	2,603,054	1,269,167	1,333,887

The above movements in insurance contact liabilities reflect assets and liabilities recognized for Antares Holdings Limited and its subsidiary companies on acquisition by the Group.

8. INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS (CONTINUED)

Movement in provision for unearned premiums during the year are as follows:

2014	Insurance contract liabilities (QR '000)	Reinsurers' share (QR '000)	Net (QR '000)
At January 1,	1,991,561	882,151	1,109,410
Premiums written in the year	5,613,767	1,273,834	4,339,933
Movement on acquisition	569,949	118,577	451,372
Premiums earned during the year	(4,530,964)	(852,620)	(3,678,344)
At December 31,	**3,644,313**	**1,421,942**	**2,222,371**

2013	Insurance contract liabilities (QR '000)	Reinsurers' share (QR '000)	Net (QR '000)
At January 1,	1,101,522	488,910	612,612
Premiums written in the year	3,531,707	1,060,824	2,470,883
Movement on acquisition	--	--	--
Premiums earned during the year	(2,641,668)	(667,583)	(1,974,085)
At December 31,	1,991,561	882,151	1,109,410

The above movements in provision for unearned premium liabilities reflect unearned premium reserves and relevant Reinsurers' share of Antares Holdings Limited and its subsidiary companies on acquisition by the Group.

9. EQUITY ACCOUNTED INVESTMENTS

	2014 (QR '000)	2013 (QR '000)
Al Daman Islamic Insurance Company	69,762	64,872
Asteco Qatar L.L.C.	1,246	1,246
Massoun Insurance Services L.L.C.	6,057	15,493
Al Manhal Properties	--	--
Gulf Real Estate Managers Ltd.	--	--
Gulf Real Estate Holding GP Ltd	--	--
	77,065	81,611

Details of the equity accounted companies held during the year were as follows.

Name of associate	Place of incorporation and operation	Proportion of ownership and voting power held	Principal activities
Al Daman Islamic Insurance Company	State of Qatar	12.5% directly and 12.5% through QICI	Insurance and reinsurance
Asteco Qatar L.L.C.	State of Qatar	20% directly	Real estate brokerage and management
Massoun Insurance Services L.L.C.	State of Qatar	50% directly	Insurance marketing and distribution
Al Manhal Properties	State of Qatar	25.5 % directly	SPV for holding real estate properties for a fund
Gulf Real Estate Managers Ltd.	Cayman Islands	50 % through QIC Capital L.L.C.	SPV to invest and manage property fund and is currently dormant.
Gulf Real Estate Holding GP Ltd	Cayman Islands	50 % through QIC Capital L.L.C.	SPV to invest and manage property fund and is currently dormant.

9. EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

Summarised financial information of the equity accounted companies are as follows:

	2014 (QR '000)	2013 (QR '000)
Current assets	706,057	671,253
Non-current assets	3,097	3,067
Current liability	443,352	377,293
Non-current liability	--	86
Results for the year	**44,973**	37,183
Balance at January 1,	81,611	70,403
Capital reduction	(7,500)	--
Dividends	(9,710)	--
Share of profit for the year	12,664	11,208
Balance at December 31,	**77,065**	81,611

10. INVESTMENTS

The carrying amounts of investments at yearend were as follows:

	2014		2013	
	(QR '000)	**(QR '000)**	(QR '000)	(QR '000)
Held for trading investments				
Managed funds and Shares		1,528,922		210,912
Available-for-sale investments				
Qatari public shareholding Companies		1,898,111		1,775,205
Bonds	4,212,156		3,193,524	
Less : Margin Collaterals	(2,247,536)	1,964,620	(1,627,373)	1,566,151
International quoted shares		659,401		527,362
Unquoted shares and private equity		421,053		383,385
Total available for sale investments		**4,943,185**		4,252,103
Total investments		6,472,107		4,463,015
Less: Impairment loss recognised		(4,025)		(745)
Total investments		**6,468,082**		4,462,270

11. INVESTMENT PROPERTIES

	2014 (QR '000)	2013 (QR '000)
Net carrying value as at January 1,	387,197	438,636
Additions during the year	668	1,332
Disposals during the year	--	(39,826)
Depreciation for the year	(12,795)	(12,945)
Net carrying value as at December 31,	**375,070**	387,197
Investment property		
At cost	465,012	464,344
Accumulated depreciation	(89,942)	(77,147)
Net carrying value as at December 31,	**375,070**	387,197

The investment properties were revalued by an independent valuer not connected with the Group, by reference to market evidence of recent transactions for similar properties. The estimated fair value of the above investment properties as at December 31, 2014 were QR 1,090.3 million (2013: QR 1,055.3 million).

The rental income arising during the year amounted to QR 49,847 thousand (2013: QR 47,113 thousand) and the direct operating expenses (included within general and administrative expenses) arising in respect of such properties during the period was QR 5,648 thousand (2013: QR 5,689 thousand).

12. PROPERTY AND EQUIPMENT

	Freehold land (QR '000)	Building (QR '000)	Furniture & fixtures (QR '000)	Motor vehicles (QR '000)	Total (QR '000)
Cost:					
At January 1, 2013	9,709	40,352	59,546	9,717	119,324
Additions	--	--	15,065	1,468	16,533
Disposals	--	--	(6,576)	(1,021)	(7,597)
At December 31, 2013	9,709	40,352	68,035	10,164	128,260
Acquired through business combination (Note 5)	--	--	7,138	--	7,138
Additions	--	--	10,853	3,872	14,725
Effect of foreign currency exchange difference	--	--	(504)	--	(504)
Disposals		--	(642)	(781)	(1,423)
At December 31, 2014	**9,709**	**40,352**	**84,880**	**13,255**	**148,196**
Accumulated Depreciation:					
At January 1, 2013	--	37,454	42,316	7,664	87,434
Charge during the year	--	1,147	7,827	1,481	10,455
Disposals	--	--	(2,265)	(956)	(3,221)
At December 31, 2013	--	38,601	47,878	8,189	94,668
Acquired through business combination (Note 5)	--	--	3,451	--	3,451
Charge during the year	--	1,147	10,088	1,848	13,083
Effect of foreign currency exchange difference	--	--	(248)	--	(248)
Disposals	--	--	(642)	(781)	(1,423)
At December 31, 2014	**--**	**39,748**	**60,527**	**9,256**	**109,531**
Net book values:					
At December 31, 2014	**9,709**	**604**	**24,353**	**3,999**	**38,665**
At December 31, 2013	9,709	1,751	20,157	1,975	33,592

13. INTANGIBLE ASSETS

	2014 (QR '000)	2013 (QR '000)
Cost:		
Acquisition of Antares Holdings Limited (Note 5)	276,341	--
At December 31,	276,341	--
Accumulated impairment:		
Amortisation for the year	1,446	--
At December 31,	1,446	--
Carrying amount:		
At December 31,	**274,895**	--

14. SHORT TERM BORROWINGS

	2014 (QR '000)	2013 (QR '000)
Short term borrowings	**182,000**	746,200

15. PROVISIONS, REINSURANCE AND OTHER PAYABLES

	2014 (QR '000)	2013 (QR '000)
Trade payables	552,701	174,508
Due to reinsurance companies	641,508	424,906
Other payables:		
Accruals & Deferred income	267,774	141,238
Employees' end of service benefits (see note 15.1)	79,689	68,983
Provision for board of directors remuneration	22,500	22,500
Other liabilities	96,587	77,870
	1,660,759	910,005

15.1 EMPLOYEES' END OF SERVICE BENEFITS

	2014 (QR '000)	2013 (QR '000)
Provision at January 1,	68,983	62,347
Expenses recognised during the year	12,002	9,205
Payment made during the year	(1,296)	(2,569)
Provision at December 31,	**79,689**	68,983

16. SHARE CAPITAL

The authorised, issued and fully paid share capital at December 31, 2014 consists of 160,540,380 equity shares of QR 10 each (2013: 128,432,304 equity shares of QR 10 each).

17. LEGAL RESERVE

Legal reserve is computed in accordance with the provisions of the Qatar Central Bank (QCB) regulations, Qatar Commercial Companies' Law No.5 of 2002 and the company's Articles of Association at 10% of the net profit for the year. On November 23, 2014, the Extra-Ordinary General Meeting approved the amendment of paragraph (1) Article (66) of the Articles of Association of the Company. 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/Qatar Commercial Companies Law No.5 of 2002. The legal reserve also includes the Group's share in legal reserve arising out of the subsidiary companies.

18. GENERAL RESERVE

During the year no amount has been transferred to the general reserve.

19. FAIR VALUE RESERVE

The fair value reserve arose from the revaluation of available for sale investments as per the accounting policy detailed in note 4.

20. CATASTROPHE SPECIAL RESERVE

The Group has appropriated further QR 37.65 million (2013: QR 30.52 million) from its retained earnings as a catastrophe special reserve in the consolidated statement of changes in equity. The formation of reserve was approved at the Board meeting held on January 25, 2011. This reserve will be utilised at the recommendation of the Board of Directors after approval at the Annual General Meeting when there is a catastrophe event.

Notes to the consolidated financial statements

21. OPERATING SEGMENTS

a) Segment information

For management purposes, the Group is organised into six business segments- Marine & Aviation insurance, Property & Casualty insurance, Health & Life insurance, Real Estate, Advisory and Investments. These segments are the basis on which the Group reports its operating segment information.

Segment income statement for the year ended December 31, 2014

	Marine & Aviation (QR '000)	Property & Casualty (QR '000)	Health & Life (QR '000)	Total Insurance (QR '000)	Real Estate (QR '000)	Advisory (QR '000)	Investments (QR '000)	Un-allocated (expenses)/ income (QR '000)	Total (QR '000)
Gross premiums	925,375	3,987,795	700,597	5,613,767	--	--	--	--	5,613,767
Premiums ceded to reinsurers	(267,954)	(981,538)	(24,342)	(1,273,834)	--	--	--	--	(1,273,834)
Net premiums	657,421	3,006,257	676,255	4,339,933	--	--	--	--	4,339,933
Movement in unexpired risk reserve	(48,525)	(574,238)	(38,826)	(661,589)	--	--	--	--	(661,589)
Net earned premiums	608,896	2,432,019	637,429	3,678,344	--	--	--	--	3,678,344
Gross claims paid	(464,422)	(2,016,716)	(642,761)	(3,123,899)	--	--	--	--	(3,123,899)
Reinsurance recoveries	161,779	972,754	188,687	1,323,220	--	--	--	--	1,323,220
Movement in outstanding claims	(29,060)	(524,296)	(52,645)	(606,001)	--	--	--	--	(606,001)
Net commission	(132,529)	(427,615)	(59,949)	(620,093)	--	--	--	--	(620,093)
Other insurance income (Unallocated)	--	--	--	12,277					12,277
Net underwriting result	**144,664**	**436,146**	**70,761**	**663,848**	**--**	**--**	**--**	**--**	**663,848**
Investment income and other income				--	--	--	848,877	--	848,877
Rental income				--	49,847	--	--	--	49,847
Advisory fee income				--	--	116,100	--	--	116,100
Total income				663,848	49,847	116,100	848,877	--	1,678,672
Operating and administrative expenses				--	(5,648)	(61,192)	--	(571,762)	(638,602)
Depreciation				--	(12,795)	(37)	--	(14,492)	(27,324)
Profit before share of results from equity accounted investments				663,848	31,404	54,871	848,877	(586,254)	1,012,746
Share of profit from equity accounted investments				--	--	--	--	12,664	12,664
Segment results				**663,848**	**31,404**	**54,871**	**848,877**	**(573,590)**	**1,025,410**

Segment income statement for the year ended December 31, 2013

	Marine & Aviation (QR '000)	Property & Casualty (QR '000)	Health & Life (QR '000)	Total Insurance (QR '000)	Real Estate (QR '000)	Advisory (QR '000)	Investments (QR '000)	Un-allocated (expenses)/ income (QR '000)	Total (QR '000)
Gross premiums	320,039	2,545,008	666,660	3,531,707	--	---	--	--	3,531,707
Premiums ceded to reinsurers	(149,295)	(883,786)	(27,743)	(1,060,824)	--	---	--	--	(1,060,824)
Net premiums	170,744	1,661,222	638,917	2,470,883	--	--	--	--	2,470,883
Movement in unexpired risk reserve	(22,038)	(419,028)	(55,732)	(496,798)	--	--	--	--	(496,798)
Net earned premiums	148,706	1,242,194	583,185	1,974,085	--	--	--	--	1,974,085
Gross claims paid	(241,080)	(963,474)	(621,670)	(1,826,224)	--	--	--	--	(1,826,224)
Reinsurance recoveries	138,647	480,763	182,339	801,749	--	--	--	--	801,749
Movement in outstanding claims	11,863	(247,554)	(20,100)	(255,791)	--	--	--	--	(255,791)
Net commission	(9,156)	(141,090)	(61,055)	(211,301)	--	--	--	--	(211,301)
Other insurance income (Unallocated)	--	--	--	2,231	--	--	--	--	2,231
Net underwriting result	**48,980**	**370,839**	**62,699**	**484,749**	**--**	**--**	**--**	**--**	**484,749**
Investment income and other income				--	--	--	583,078	--	583,078
Rental income				--	47,113	--	--	--	47,113
Advisory fee income				--	--	75,992	--	--	75,992
Total income				484,749	47,113	75,992	583,078	--	1,190,932
Operating and administrative expenses				--	(5,689)	(56,681)	--	(338,013)	(400,383)
Depreciation				--	(14,287)	(103)	--	(9,010)	(23,400)
Profit before share of results from equity accounted investments				484,749	27,137	19,208	583,078	(347,023)	767,149
Share of profit from equity accounted investments				--	--	--	--	11,208	11,208
Segment results				**484,749**	**27,137**	**19,208**	**583,078**	**(335,815)**	**778,357**

21. OPERATING SEGMENTS (CONTINUED)

Segment statement of financial position

Assets and liabilities of the Group are commonly used across the primary segments.

b) Geographic Information

The Group operates in two geographic markets; the domestic market in Qatar and the international markets. The following table shows the distribution of the Group's total assets and liabilities by geographical segment:

Insurance business segment income statement for the year

	2014			2013		
	Qatar (QR '000)	**International (QR '000)**	**Total (QR '000)**	Qatar (QR '000)	International (QR '000)	Total (QR '000)
Gross premium	1,355,613	4,258,154	5,613,767	1,320,214	2,211,493	3,531,707
Reinsurers' share of gross premiums	(586,525)	(687,309)	(1,273,834)	(794,917)	(265,907)	(1,060,824)
Net premiums	769,088	3,570,845	4,339,933	525,297	1,945,586	2,470,883
Change in unexpired risk reserve	(42,185)	(619,404)	(661,589)	(17,627)	(479,171)	(496,798)
Net earned premiums	**726,903**	**2,951,441**	**3,678,344**	507,670	1,466,415	1,974,085
Gross claims paid	(940,546)	(2,183,353)	(3,123,899)	(682,351)	(1,143,873)	(1,826,224)
Reinsurance recoveries	501,164	822,056	1,323,220	416,666	385,083	801,749
Movement in outstanding claims	(39,553)	(566,448)	(606,001)	1,816	(257,607)	(255,791)
Net commission	(17,780)	(602,313)	(620,093)	543	(211,844)	(211,301)
Other insurance income	1,163	11,114	12,277	1,001	1,230	2,231
Net underwriting results	**231,351**	**432,497**	**663,848**	245,345	239,404	484,749

Segment assets, liabilities and equity as at yearend

	Assets		Liabilities & Equity	
	2014 (QR '000)	2013 (QR '000)	**2014 (QR '000)**	2013 (QR '000)
Qatar	7,251,159	7,430,319	8,735,131	8,008,225
International	8,846,121	4,202,189	7,362,149	3,624,283
	16,097,280	11,632,508	**16,097,280**	11,632,508

22. INVESTMENT INCOME

	2014 (QR '000)	2013 (QR '000)
Gain on sale of investments	540,852	282,186
Interest income	189,489	145,243
Dividends	110,411	104,787
Unrealised (loss)/gain on investments	(54,929)	13,765
Others	63,712	37,119
Less: Impairment losses	(3,280)	(745)
	846,255	582,355

23. OPERATING AND ADMINISTRATIVE EXPENSES

	2014 (QR '000)	2013 (QR '000)
Employee related costs	306,624	203,817
Other operating expenses	309,478	174,066
Board of director's remuneration	22,500	22,500
	638,602	400,383

24. BASIC AND DILUTED EARNINGS PER SHARE

The basic and diluted earnings per share are the same as there are no dilutive effects on earnings.

	2014 (QR '000)	2013 (QR '000)
Profit attributable to owners of the parent	1,001,833	752,935
Weighted average number of ordinary shares	160,540	160,540
Basic and diluted earnings per share (QR.)	**6.24**	4.69

The Group has restated the calculations of the comparative earnings per share as a result of the effect of bonus issue of 25% (1 for every 4 shares). The bonus issue were approved on the Annual General Meeting held on February 16, 2014.

25. DIVIDEND AND BONUS SHARES

	2014	2013
Final cash dividend (QAR '000)	401,351	321,081
Average number of ordinary shares (in thousand)	160,540	128,432
Cash dividend per share (QR.)	**2.50**	2.50

The Board of Directors proposed a final cash dividend distribution of QR 2.50 per share (2013: Dividend of QR 2.50 per share) and bonus share of 15% (3 shares for every 20 shares) (2013: 1 share for every 4 shares). The proposed financial cash dividend amounting to QR 401,351 thousand (2013: 321,081 thousand) and the proposed bonus issue will be placed for approval at the Annual General Meeting.

26. CONTINGENT LIABILITIES AND COMMITMENTS

	2014 (QR '000)	2013 (QR '000)
Bank guarantees	940,746	41,753
Authorised future investment commitments	66,847	81,803
	1,007,593	123,556

Operating leases

Future minimum lease rentals payables under non-cancellable operating leases as at the year-end are as follows:

	2014 (QR '000)	2013 (QR '000)
Within one year	6,619	7,173
After one year but not more than five years	26,477	28,693
More than 5 years	6,068	13,749
	39,164	49,615

27. DERIVATIVE FINANCIAL INSTRUMENTS

In the ordinary course of business, the Group enters into various types of transactions that involve derivative financial instruments. A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price in one or more underlying financial instrument, reference rate or index. Derivative financial instruments include FX options and exchange traded options.

The table below shows the notional amounts analysed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at yearend and are neither indicative of the market risk nor credit risk.

December 31, 2014	**Notional amount (QR '000)**	**Fair value (QR '000)**	**Within 3 months (QR '000)**	**3 to 12 months (QR '000)**
Exchange-traded options:				
Equity put options sold	--	--	--	--
FX options:				
FX put options sold	--	--	--	--
FX put options bought	--	--	--	--
FX call options sold	--	--	--	--

27. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

December 31, 2013	Notional amount (QR '000)	Fair value (QR '000)	Within 3 months (QR '000)	3 to 12 months (QR '000)
Exchange-traded options:				
Equity put options sold	795	239	239	556
FX options:				
FX put options sold	29,803	88	29,803	--
FX put options bought	--	--	--	--
FX call options sold	20,703	202	20,703	--

Various option strategies are employed for hedging, risk management and income enhancement. All calls sold are on assets held by the Group.

28. DETERMINATION OF FAIR VALUE AND FAIR VALUES HIERARCHY OF INVESTMENTS

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) 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)

December 31, 2014	Level 1 (QR '000)	Level 2 (QR '000)	Level 3 (QR '000)	Total (QR '000)
Held for trading	99,194	1,429,728	--	1,528,922
Available for sale	4,522,132	--	--	4,522,132
	4,621,326	**1,429,728**	**--**	**6,051,054**
December 31, 2013				
Held for trading	59,753	151,159	--	210,912
Available for sale	3,868,718	--	--	3,868,718
	3,928,471	**151,159**	**--**	**4,079,630**

29. RELATED PARTIES

a) Transactions with related parties

These represent transactions with related parties, i.e. 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 also, 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 were:

		2014 (QR '000)	2013 (QR '000)
	Premiums	22,017	19,026
	Claims	13,602	10,036
	Purchase of services	8,415	461
b)	**Due from related parties**	4,312	6,222
c)	**Due to related parties**	**1,943**	10,641
d)	**Compensation of key management personnel**		
	Salaries and other short term benefits	**37,776**	31,901
	End of service benefits	**1,450**	1,439

Outstanding related party balances at reporting date are unsecured and interest free and no bad debt expense has been incurred during the year (2013: Nil).

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group in the normal course of its business derives its revenue mainly from assuming and managing insurance and investments. Through a robust governance structure, risks and returns are evaluated to produce sustainable revenues to reduce earnings volatility and increase shareholders' return. The Group's lines of business are mainly exposed to the following risks;

- Insurance risk,
- Credit risk,
- Liquidity risk,
- Market risk, and
- Operational risks

a) 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 recognises the critical importance of having efficient and effective risk management systems in place.

The Group has established a risk management function with clear terms of reference from the board of directors, its committees and the associated executive management committees. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior managers. A group risk management policy framework which sets out the risk profiles for the Group, risk management, control and business conduct standards for the Group's operations has been put in place.

b) Capital management framework

The Group has an internal risk management framework for identifying risks to which each of its business units and the Group as a whole is exposed, quantifying their impact on economic capital. The internal framework estimates indicate how much capital is needed to mitigate the risk of insolvency to a selected remote level of risk applied to a number of tests (both financial and non-financial) on the capital position of the business.

c) Regulatory framework

Regulators are primarily interested in protecting the rights of the policyholders and monitor them closely to ensure that the Group is satisfactorily managing affairs for their benefit. At the same time, the regulators are also interested in ensuring that the Group maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

The operations of the Group are also subject to regulatory requirements within the jurisdictions where it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. capital adequacy) to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

d) Asset liability management (ALM) framework

Financial risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The main risk that the Group faces due to the nature of its investments and liabilities is interest rate risk. The Group manages these positions within an ALM framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance and investment contracts.

The Group's ALM is also integrated with the management of the financial risks associated with the Group's other financial assets and liabilities not directly associated with insurance and investment liabilities.

The Group's ALM also forms an integral part of the insurance risk management policy, to ensure in each period sufficient cash flow is available to meet liabilities arising from insurance and investment contracts.

e) Insurance risk

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual compensation 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 insurance risk through the careful selection and implementation of its underwriting strategy and guidelines together with the adequate reinsurance arrangements and proactive claims handling.

The Group principally issues general insurance contracts which constitutes mainly marine & aviation, property & casualty and health & life.

The concentration of insurance risk exposure is mitigated by careful selection and implementation of the underwriting strategy of the Group, which attempts to ensure that the risks underwritten are well diversified across a large portfolio in terms of type, level of insured benefits, amount of risk, industry and geography. Underwriting limits are in place to enforce risk selection criteria.

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 reinsurance purposes. Such reinsurance 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 reinsurance is affected under treaty, facultative and excess-of-loss reinsurance contracts. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts.

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

e) Insurance risk (continued)

Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to

ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

The Group has in place strict claim review policies 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.

Key assumptions

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 estimates.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency rates.

Sensitivities

The general insurance claims provisions are sensitive to the key assumptions mentioned above. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The analysis below is performed for possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, net profit and equity.

	Change in assumptions (QR '000)	Impact on liabilities (QR '000)	Impact on net profit (QR '000)	Impact on equity (QR '000)
December 31, 2014				
Incurred claim cost	**+10%**	**240,668**	**(240,668)**	**--**
Incurred claim cost	**-10%**	**(240,668)**	**240,668**	**--**
December 31, 2013				
Incurred claim cost	+10%	128,027	(128,027)	--
Incurred claim cost	-10%	(128,027)	128,027	--

Claims Development Table

The Group maintains strong reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date. The top half of each table below illustrates how the Group's estimate of total claims outstanding for each accident year has changed at successive year-ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the Consolidated Statement of Financial Position.

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

e) Insurance risk (continued)

Claims Development Table

With the exception of the proportional and non-proportional reinsurance business, an accident-year basis is considered to be most appropriate for the business written by the Group. Given the nature of reinsurance claims and the difficulties in identifying an accident year for each reported claim, these claims are reported separately and aggregated by reporting year (reporting year basis) – that is, with reference to the year in which the Group was notified of the claims. This presentation is different from the basis used for the claims development tables for the other insurance claims and entities of the Group, where the reference is to the actual date of the event that caused the claim (accident-year basis).

Accident year	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**Total**
At end of accident year	953,805	1,176,469	1,529,715	1,320,038	1,825,596	2,410,587	
One year later	941,170	1,119,774	1,613,432	1,279,177	1,758,671	--	
Two years later	870,688	1,097,686	1,549,986	1,330,732	--	--	
Three years later	911,729	1,122,202	1,581,236	--	--	--	
Four years later	913,710	1,115,284	--	--	--	--	
Five years later	924,879	--	--	--	--	--	
Current estimate of cumulative claims incurred	**924,879**	**1,115,284**	**1,581,236**	**1,330,732**	**1,758,671**	**2,410,587**	**9,121,389**
Cumulative payments to date	(854,061)	(1,002,778)	(1,377,148)	(1,080,017)	(1,259,149)	(778,546)	(6,351,699)
Net outstanding claims provision	**70,818**	**112,506**	**204,088**	**250,715**	**499,522**	**1,632,041**	**2,769,690**
Reserve in respect of prior years (Before 2009)	--	--	--	--	--	--	87,496
Total net outstanding claims provision	**--**	**--**	**--**	**--**	**--**	**--**	**2,857,186**
Current estimate of surplus/(deficiency)	28,926	61,185	(51,521)	(10,694)	66,925		
% Surplus/ (deficiency) of initial gross reserve	3%	5%	(3%)	(1%)	4%		

f) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The following policies and procedures are in place to mitigate the Group's exposure to credit risk.

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

- Compliance with the receivable management policy is monitored and exposures and breaches are regularly reviewed for pertinence and for changes in the risk environment.
- For all classes of financial assets held by the Group, other than those relating to reinsurance contracts, the maximum credit risk exposure to the Group is the carrying value as disclosed in the consolidated financial statements at the reporting date.
- Reinsurance is placed with reinsurers approved by the management. To minimise its exposure to significant losses from reinsurer 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.

At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.

Credit exposure is limited to the carrying values of the financial assets as at the reporting date.

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

f) Credit risk (continued)

Credit exposure by credit rating

The table below provides information regarding the credit risk exposure of the Group by classifying assets according to the Group's credit ratings of counterparties.

December 31, 2014	Neither past due nor impaired (QR '000)	Past due but not impaired (QR '000)	Past due and impaired (QR '000)	Total (QR '000)
Non-derivative financial assets				
Available-for-sale financial assets				
-Debt securities	1,964,620	--	--	1,964,620
Insurance receivables	1,842,898	212,692	30,991	2,086,581
Reinsurance contract assets	1,829,515	--	--	1,829,515
Cash and cash equivalents	2,646,907	--	--	2,646,907
	8,283,940	**212,692**	**30,991**	**8,527,623**
December 31, 2013				
Non- derivative financial assets				
Available-for-sale financial assets				
-Debt securities	1,566,151	--	--	1,566,151
Insurance receivables	785,523	173,610	24,935	984,068
Reinsurance contract assets	1,269,167	--	--	1,269,167
Cash and cash equivalents	3,351,905	--	--	3,351,905
Total	**6,972,746**	**173,610**	**24,935**	**7,171,291**

Age analysis of financial assets

December 31, 2014

	<30 days (QR 000)	31 to 60 days (QR '000)	61 to 90 days (QR '000)	91 to 120 days (QR'000)	Above 121days (QR '000)	Total (QR'000)
Cash and cash equivalents	1,166,304	1,025,503	366,288	--	88,812	2,646,907
Insurance and other receivables	872,203	178,193	752,166	115,529	243,685	2,161,776
	2,038,507	**1,203,696**	**1,118,454**	**115,529**	**332,497**	**4,808,683**

December 31, 2013

	<30 days (QR 000)	31 to 60 days (QR '000)	61 to 90 days (QR '000)	91 to 120 days (QR'000)	Above 121days (QR '000)	Total (QR'000)
Cash and cash equivalents	1,303,723	522,108	917,937	546,710	61,427	3,351,905
Insurance and other receivables	484,480	130,006	109,428	100,730	223,479	1,048,123
	1,788,203	**652,114**	**1,027,365**	**647,440**	**284,906**	**4,400,028**

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

f) Credit risk (continued)

Impaired financial assets

At December 31, 2014, there are impaired reinsurance assets of QR 21,417 thousand (2013: QR 17,896 thousands), impaired insurance and other receivables of QR 9,574 thousand (2013: QR 7,039 thousand).

The Group records all impairment allowances in separate impairment allowances accounts. The movement in the allowances for impairment losses for the year are as follows:

	Impairment on insurance and reinsurance receivables		Impairment on investments	
	2014	2013	**2014**	2013
	(QR '000)	(QR '000)	**(QR '000)**	(QR '000)
At January 1,	24,935	18,682	745	--
Charged/ (utilised) during the year	6,056	6,253	3,280	745
Total	**30,991**	24,935	**4,025**	745

g) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities.

Liquidity requirements are monitored regularly 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 maturity profile of the financial assets and financial liabilities of the Group based on remaining undiscounted contractual obligations, including interest payable and receivable. For insurance contracts liabilities and reinsurance assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance liabilities. Unearned premiums and the reinsurers' share of unearned premiums have been excluded from the analysis as they are not contractual obligations.

December 31, 2014

	Up to a year (QR '000)	1-5 years (QR '000)	Over 5 years (QR '000)	Total (QR'000)
Financial assets				
Non-derivative financial assets				
Held for trading investments	1,528,922	--	--	1,528,922
Available-for-sale financial assets				
Equity securities	2,978,565	-	-	2,978,565
Debt securities	79,188	1,086,330	799,102	1,964,620
Insurance receivables	2,086,581	--	--	2,086,581
Reinsurance contract assets	1,829,515	--	--	1,829,515
Cash and cash equivalents	2,646,907	--	--	2,646,907
	11,149,678	**1,086,330**	**799,102**	**13,035,110**

	Up to a year (QR '000)	1-5 years (QR '000)	Over 5 years (QR '000)	Total (QR 000)
Financial liabilities				
Non-derivative financial liabilities				
Trade and other payables	632,390	--	--	632,390
Insurance contract liabilities	4,686,701	--	--	4,686,701
Insurance payables	641,508	--	--	641,508
Short term borrowings	182,000	--	--	182,000
	6,142,599	**--**	**--**	**6,142,599**

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

g) Liquidity risk (continued)

December 31, 2013

	Up to a year (QR '000)	1-5 years (QR '000)	Over 5 years (QR '000)	Total (QR'000)
Financial assets				
Non-derivative financial assets				
Held for trading investments	210,912	--	--	210,912
Available-for-sale financial assets				
Equity securities	2,685,952	--	--	2,685,952
Debt securities	779,796	178,793	607,562	1,566,151
Insurance receivables	984,068	--	--	984,068
Reinsurance contract assets	1,269,167	--	--	1,269,167
Cash and cash equivalents	3,351,905	--	--	3,351,905
	9,281,800	178,793	607,562	10,068,155

	Up to a year (QR '000)	1-5 years (QR '000)	Over 5 years (QR '000)	Total (QR 000)
Financial liabilities				
Non-derivative financial liabilities				
Trade and other payables	243,491	--	--	243,491
Insurance contract liabilities	2,603,054	--	--	2,603,054
Insurance payables	424,906	--	--	424,906
Short term borrowings	746,200	--	--	746,200
	4,017,651	--	--	4,017,651

h) Market risk

Market risk is the risk that the fair value of or income from a financial instrument will fluctuate as a result of changes in market prices (such as exchange rates, interest rates and equity 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 Group uses various off balance sheet financial instruments, including forward foreign exchange contracts and option, to manage certain foreign currency investment exposures and for trading.

The table below summarises the Group's exposure to foreign currency exchange rate risk at the reporting date by categorising assets and liabilities and major currencies.

December 31, 2014

	USD (QR '000)	EURO (QR '000)	GBP (QR '000)	Others (QR '000)	Total (QR '000)
Cash and cash equivalents	502,073	23,776	73,670	2,047,388	2,646,907
Insurance and other receivables	1,124,824	109,391	117,500	1,468,313	2,820,028
Investments	1,986,862	92,821	224,160	4,164,239	6,468,082
TOTAL ASSETS	**3,613,759**	**225,988**	**415,330**	**7,679,940**	**11,935,017**
Short term borrowing	182,000	--	--	--	182,000
Provisions, reinsurance and other payables	73,415	5,310	1,997	1,580,037	1,660,759
TOTAL LIABILITIES	**255,415**	**5,310**	**1,997**	**1,580,037**	**1,842,759**

December 31, 2013

	USD (QR '000)	EURO (QR '000)	GBP (QR '000)	Others (QR '000)	Total (QR '000)
Cash and cash equivalents	141,912	43,925	37,483	3,128,585	3,351,905
Insurance and other receivables	169,231	18,058	50,798	926,528	1,164,615
Investments	1,328,691	56,633	5,686	3,071,260	4,462,270
TOTAL ASSETS	1,639,834	118,616	93,967	7,126,373	8,978,790
Short term borrowing	746,200	--	--	--	746,200
Provisions, reinsurance and other payables	163,184	3,448	5,751	737,622	910,005
TOTAL LIABILITIES	909,384	3,448	5,751	737,622	1,656,205

The Group has no significant concentration of currency risk.

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

i) Currency risk (CONTINUED)

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on the consolidated statements of income and changes in equity due to changes in the fair value of currency sensitive monetary assets and liabilities including insurance contract liabilities.

		December 31, 2014		December 31, 2013	
Currency	**Changes in variables**	**Impact on profit or loss (QR '000)**	**Impact on equity (QR '000)**	Impact on profit or loss (QR '000)	Impact on equity (QR '000)
Euro	+10%	18,536	5,750	7,133	10
GBP	+10%	19,597	679	8,253	469
Total		**38,133**	**6,429**	15,386	479
Euro	-10%	(18,536)	(5,750)	(7,133)	(10)
GBP	-10%	(19,597)	(679)	(8,253)	(469)
Total		**(38,133)**	**(6,429)**	(15,386)	(479)

The method used for deriving sensitivity information and significant variables did not change from the previous period.

ii) Interest rate risk

Interest rate risk is the risk that the value of future cash flows from a financial instrument will fluctuate because of changes in market interest rates.

The Group invests in securities and has deposits that are subject to interest rate risk. Interest rate risk to the Group is the risk of changes in market interest rates reducing the overall return on its interest bearing securities.

The Group's interest risk policy requires managing interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities.

The Group limits interest rate risk by monitoring changes in interest rates in the currencies in which its cash and investments are denominated and has no significant concentration of interest rate risk.

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit or loss and equity.

		December 31, 2014		December 31, 2013	
Currency	**Changes in variables**	**Impact on profit or loss (QR '000)**	**Impact on equity (QR '000)**	Impact on profit or loss (QR '000)	Impact on equity (QR '000)
Qatari Riyals	+50 basis points	**1,779**	**(68,237)**	6,662	(59,128)
Qatari Riyals	-50 basis points	**(1,779)**	**68,237**	(6,662)	59,128

The Group's interest rate risk based on contractual arrangements is as follows:

December 31, 2014

	Up to 1 year (QR '000)	**1 to 5 years (QR '000)**	**Over 5 years (QR '000)**	**Total (QR '000)**	**Effective interest rate (%)**
Cash and Cash equivalents	2,646,907	--	--	2,646,907	1.18%
Investments	79,188	1,086,330	799,102	1,964,620	3.83%
	2,726,095	**1,086,330**	**799,102**	**4,611,527**	

December 31, 2013

	Up to 1 year (QR '000)	1 to 5 years (QR '000)	Over 5 years (QR '000)	Total (QR '000)	Effective interest rate (%)
Cash and Cash equivalents	3,351,905	--	--	3,351,905	1.58%
Investments	779,796	178,793	607,562	1,566,151	4.16%
	4,131,701	178,793	607,562	4,918,056	

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

iii) Price risk

Price risk is the risk that the fair value of or income from 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 and financial liabilities whose values will fluctuate as a result of changes in market prices, principally investment securities not held for the account of unit-linked business. The Group's price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on investments in each country, sector and market and careful and planned use of derivative financial instruments. The Group has no significant concentration of price risk.

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit or loss and equity.

		December 31, 2014		December 31, 2013	
	Changes in variables	**Impact on profit or loss (QR '000)**	**Impact on equity (QR '000)**	Impact on profit or loss (QR '000)	Impact on equity (QR '000)
Qatar Market	+10%	**--**	**189,811**	--	177,521
International Markets	+10%	**152,892**	**65,605**	21,091	51,254
		-	**-**		
Qatar Market	-10%	**--**	**(189,811)**	--	(177,521)
International Markets	-10%	**(152,892)**	**(65,605)**	(21,091)	(51,254)

The method used for deriving sensitivity information and significant variables did not change from the previous period.

iv) Operational risks

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Group cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. The Group has detailed systems and procedures manuals with effective segregation of duties, access controls, authorisation and reconciliation procedures, staff training and assessment processes etc. with an effective compliance and internal audit framework. Business risks such as changes in environment, technology and the industry are monitored through the Group's strategic planning and budgeting process.

j) Capital management

Externally imposed capital requirements are set and regulated by the Qatar Commercial Companies' Law and Qatar Exchange to ensure sufficient solvency margins. Further objectives are set by the Group to maintain a strong credit rating and healthy capital ratios in order to support its business objectives and maximise shareholders value.

The Group manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. The Group fully complied with the externally imposed capital requirements during the reported financial year and no changes were made to its capital base, objectives, policies and processes from the previous year.

k) Classification and fair values

The following table compares the fair values of the financial instruments to their carrying values:

	December 31, 2014		December 31, 2013	
	Carrying amount (QR '000)	**Fair value (QR '000)**	Carrying amount (QR '000)	Fair value (QR '000)
Cash and cash equivalents	2,646,907	2,646,907	3,351,905	3,351,905
Loans and receivables:				
Insurance receivables	2,086,581	2,086,581	984,068	984,068
Reinsurance contract assets	1,829,515	1,829,515	2,151,318	2,151,318
Investments held for trading	1,528,922	1,528,922	210,912	210,912
Available -for-sale Investments	4,939,160	4,939,160	4,251,358	4,251,358
	13,031,085	**13,031,085**	10949561	10,949,561
Short term borrowings	182,000	182,000	746,200	746,200
Insurance and other payables	1,660,759	1660,759	910,005	910,005
Insurance contract liabilities	4,686,701	4,686,701	4,594,615	4,594,615
	6,529,460	**6,529,460**	6,250,820	6,250,820

31. CRITICAL JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

In the process of preparing these consolidated financial statements, Management has made use of a number of judgments relating to the application of accounting policies which are described in note 3 (d). Those which have the most significant effect on the reported amounts of assets, liabilities, income and expense are listed below (apart from those involving estimations which are dealt within note 32).

These judgments are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management believes that the following discussion addresses the accounting policies that require judgments.

Classification of investments

Quoted securities are classified either held for trading or as available for sale. The Group invests substantially in quoted securities either locally or overseas and management has primarily decided to account for them for their potential long term growth rather than the short term profit basis. Consequently, such investments are recognized as available for sale rather than at fair value through profit or loss.

Financial assets are classified as fair value through profit or loss where the assets are either held for trading or designated as at fair value through profit or loss. The Group invests in mutual and managed funds for trading purpose.

Impairment of financial assets

The Group determines whether available for sale equity financial assets are impaired when there has been a significant or prolonged decline in their fair value below cost. This determination of what is significant or prolonged requires considerable judgment by the management. In making this judgment and to identify whether impairment has occurred, the Group evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology and operational and financial cash flows.

Impairment of goodwill

The Group carries out impairment testing annually in respect of the goodwill relating to the acquired subsidiaries. In carrying out the impairment analysis, the Group makes the following estimates which are critical:

Growth rate

Management uses the projected cash flows over a 5 year horizon. The growth rate used in determining the projected cash flows is estimated by taking in account the nature of the industry and the general economic growth relevant to the subsidiary in question and the Group

Discount rate

The Management discounts the cash flows using its weighted average cost of capital which takes in to account the debt-equity structure of the Group, an estimated cost of equity based on the capital asset pricing model and an estimated long term cost of debt. The Management performs sensitivity analysis on the above and key assumptions in

ascertaining its impact on the recoverable amount and impairment to the carrying value of goodwill in the consolidated financial statements. Material changes in the above assumptions may impact the recoverable amounts and may lead to an impairment to goodwill.

32. KEY SOURCES OF ESTIMATES UNCERTAINTY

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

Claims made under insurance contracts

Claims and loss adjustment expenses are charged to the consolidated statement of 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 actual claims and the provisions made are included in the consolidated statement of income in the year of settlement. As of December 31, 2014, the estimate for unpaid claims amounted to QR 2,857,186 thousand (2013: QR 1,333,887 thousand).

Impairment of Insurance and other receivables

An estimate of the collectible amount of insurance and other receivables is made when collection of the full amount is no longer probable. This determination of whether these insurance and other receivables are impaired, entails the Group evaluating the credit and liquidity position of the policy holders and the insurance companies, historical recovery rates including detailed investigations carried out during 2014 and feedback received from their legal department. The difference between the estimated collectible amount discounted to present value if applicable and the book amount is recognized as an expense in the consolidated statement of income. Any difference between amounts actually collected in the future periods and the amounts expected will be recognized in the consolidated statement of income at the time of collection. As of December 31, 2014, the carrying values of insurance receivable and reinsurance receivables amounted to QR. 962,800 thousand (2013: 380,556 thousand) and QR. 1,154,772 thousands (2013: QR 628,447 thousand) respectively and the provision for impairment on insurance receivable and reinsurance receivable amounted to QR 9,574 thousand (2013: QR 7,039 thousand) and QR 21,417 thousand (2013: QR 17,896 thousand) respectively.

At each reporting date, liability adequacy tests are performed to ensure the adequacy of insurance contract liabilities. The Group makes use of the best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities in evaluating the adequacy of the liability. Any deficiency is immediately charged to the consolidated statement of income.

33. PARENTAL GUARANTEE

The Parent Company has provided unconditional parental guarantees to its subsidiary companies - QIC International LLC., Qatar Reinsurance Company LLC. (QatarRe), Q - Life & Medical Insurance Company LLC., Kuwait Qatar Insurance Company and QIC Europe Ltd, for the purpose of obtaining a financial rating from international rating agencies.

34. OTHER EVENTS

On November 23, 2014, the general assembly meeting approved the issuance of Convertible Notes in accordance with Article No. (168 - 179) of Qatar Commercial Companies Law and according to the terms and conditions determined by the Board of Directors. The notes will have a maturity of five years and principal amount of QAR 910 million. It could be converted into fully paid ordinary shares after three years from the date of issuance. The notes will be issued after obtaining the necessary approvals from the concerned authorities. In addition, the extraordinary general assembly meeting at the same date, principally approved, the increase in the share capital of the Company which could result from conversion of the notes into ordinary shares at the conversion date in accordance with Article (3/190 - 198) of Qatar Commercial Companies Law.

35. COMPARATIVE FIGURES

Certain Comparative figures for the previous year have been reclassified, where necessary, in order to conform to the current year's presentation. Such reclassification do not affect the previously reported financial performance, net assets or equity.

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