

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE SIX-MONTH PERIOD ENDED
JUNE 30, 2020**

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six-month period ended June 30, 2020

Contents	Page(s)
Independent auditor's review report	--
Interim condensed consolidated statement of financial position	1 - 2
Interim condensed consolidated statement of policyholders' revenues and expenses	3
Interim condensed consolidated statement of policyholders' surplus	4
Interim condensed consolidated income statement	5
Interim condensed consolidated statement of changes in shareholders' equity	6
Interim condensed consolidated statement of cash flows	7
Notes to the interim condensed consolidated financial information	8 - 25

QR. 99-8

RN: 1088/WS/FY2020

INDEPENDENT AUDITOR'S REVIEW REPORT

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

Introduction

We have reviewed the interim condensed consolidated financial information of Al Khaleej Takaful Insurance Company Q.P.S.C. (the "Company") and its subsidiaries (together referred to as the "Group") comprising the interim condensed consolidated statement of financial position as at June 30, 2020 and the related interim condensed consolidated statements of policyholders' revenues and expenses, policyholders' surplus, income statement for the three-month and six-month periods ended June 30, 2020 and changes in shareholders' equity and cash flows for the six-month period then ended, and certain explanatory notes.

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information as at June 30, 2020 are not prepared, in all material respects, in accordance with Financial Accounting Standards issued by AAOIFI.

INDEPENDENT AUDITOR'S REVIEW REPORT (CONTINUED)

Emphasis of matter


We draw attention to Note 9 of the interim condensed consolidated financial information which describes that included in other receivables is an amount of QR. 114 million as at June 30, 2020 (December 31, 2019: QR. 114 million) for which management is certain about the recoverability of the balance. Our opinion is not modified in respect of this matter.

Other matter


The interim condensed consolidated financial information of the Group for the six month period ended June 30, 2019 and the annual consolidated financial statements for the year ended December 31, 2019 were reviewed and audited by another auditor, whose review report dated July 25, 2019 and audit report dated March 3, 2020 expressed an unmodified conclusion and opinion respectively.

Doha – Qatar
August 5, 2020

For Deloitte & Touche
Qatar Branch



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



AL KHALEEJ TAKAFUL INSURANCE COMPANY Q.P.S.C.
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2020

	Notes	June 30, 2020 QR. (Reviewed)	December 31, 2019 QR. (Audited)
Policyholders' assets			
Cash and bank balances	6	40,574,627	26,233,136
Time deposits	6	--	3,650,000
Investments at fair value through equity	8 (a)	20,451,294	21,899,077
Investments at fair value through income statement	8 (b)	2,042,532	2,806,128
Takaful balances receivable		69,391,094	67,626,234
Retakaful balances receivable		45,149,854	35,391,729
Retakaful share of unearned contributions	7	63,590,100	54,644,739
Retakaful share of gross outstanding claims	7	132,745,172	155,441,577
Retakaful share of claim incurred but not reported	7	31,630,025	32,411,649
Deferred commission		9,858,004	8,564,955
Other receivables and prepayments	9	14,901,082	15,791,198
Investment properties	10	30,882,730	31,317,787
Total policyholders' assets		461,216,514	455,778,209
Shareholders' assets			
Cash and bank balances	6	76,753,664	34,095,143
Time deposits	6	3,750,000	3,750,000
Investments at fair value through equity	8 (a)	108,910,510	157,535,039
Investments at fair value through income statement	8 (b)	3,650,000	3,650,000
Insurance balances receivable		58,258	6,882
Reinsurers balances receivable		136,808	199,137
Reinsurers share of gross outstanding claims	7	541,067	541,067
Other receivables and prepayments	9	134,835,582	134,004,423
Investment properties	10	196,861,412	198,684,450
Fixed assets	11	11,767,780	9,934,289
Property under development		84,920	256,820
Investments in associate	12	6,509,253	6,509,253
		543,859,254	549,166,503
Assets held for sale	24	21,454,007	21,454,007
Total shareholders' assets		565,313,261	570,620,510
Total assets		1,026,529,775	1,026,398,719

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

AL KHALEEJ TAKAFUL INSURANCE COMPANY Q.P.S.C.
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

As at June 30, 2020

	Notes	June 30, 2020 QR. (Reviewed)	December 31, 2019 QR. (Audited)
Policyholders' surplus			
Retained surplus		13,040,439	16,713,452
Fair value reserve	16	3,274,950	5,948,182
Total policyholders' surplus		16,315,389	22,661,634
Policyholders' liabilities			
Unearned contributions	7	136,300,153	109,059,293
Gross outstanding claims	7	167,554,639	185,710,379
Claims incurred but not reported	7	48,939,708	45,811,235
Deferred commission income		9,484,023	7,777,539
Accounts payable and other liabilities		15,026,293	17,995,203
Retakaful and takaful balances payable		61,802,122	60,941,143
Distributable surplus		5,794,187	5,821,783
Total policyholders' liabilities		444,901,125	433,116,575
Total policyholders' surplus and liabilities		461,216,514	455,778,209
Shareholders' liabilities			
Gross outstanding claims	7	542,805	747,289
Accounts payable and other liabilities		26,123,781	26,071,401
Reinsurers and insurance balances payable		1,433,427	1,433,427
Provision for income tax	18	12,246	12,246
Employees' end of service benefits		4,880,443	4,822,943
Total shareholders' liabilities		32,992,702	33,087,306
Shareholders' equity			
Share capital	13	255,279,024	255,279,024
Legal reserve	14	237,935,418	237,935,418
General reserve	15	75,477	75,477
Fair value reserve	16	(15,357,000)	(1,493,772)
Retained earnings		54,387,640	45,737,057
Total shareholders' equity		532,320,559	537,533,204
Total shareholders' liabilities and equity		565,313,261	570,620,510
Total liabilities, surplus of policyholders' and shareholders' equity		1,026,529,775	1,026,398,719

These interim condensed consolidated financial information were approved by the Board of Directors on August 5, 2020 and signed on their behalf by:


Sheikh Abdullah Bin Ahmed Abdullah Al Thani
 Chairman


Mr. Abdulla Ali Al-Assiri
 Chief Executive Officer

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF POLICYHOLDERS' REVENUES AND EXPENSES

For the three and six month periods ended June 30, 2020

	Notes	For the three month period ended June 30,		For the six month period ended June 30,	
		2020	2019	2020	2019
		QR.	QR.	QR.	QR.
		(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Takaful revenues					
Gross contributions	20	67,264,695	67,004,394	163,284,522	159,196,697
Retakaful share of gross contributions	20	(33,537,606)	(40,184,357)	(86,186,540)	(91,124,381)
Net retained contributions	20	33,727,089	26,820,037	77,097,982	68,072,316
Movement in unearned contributions	20	(8,579,423)	(1,002,005)	(18,657,919)	(15,087,825)
Net earned contributions	20	25,147,666	25,818,032	58,440,063	52,984,491
Retakaful commission and other takaful income	20	5,318,532	5,146,468	11,054,215	11,269,818
Change in deferred commission	20	(572,354)	138,181	(413,434)	3,587,530
Total takaful revenue	20	29,893,844	31,102,681	69,080,844	67,841,839
Takaful expenses					
Gross claims paid	20	(46,140,139)	(43,055,858)	(84,187,325)	(70,628,654)
Retakaful share of claims paid	20	37,076,277	29,802,475	57,865,953	42,586,369
Net claims paid	20	(9,063,862)	(13,253,383)	(26,321,372)	(28,042,285)
Movement in outstanding claims	20	(2,468,426)	186,134	(4,540,666)	90,237
Movement in claims incurred but not reported reserves	20	(2,478,240)	(161,441)	(3,910,095)	(68,056)
Commission and other takaful expenses	20	(5,384,706)	(4,086,710)	(12,431,908)	(10,405,367)
Total takaful expenses	20	(19,395,234)	(17,315,400)	(47,204,041)	(38,425,471)
Net surplus from takaful operations	20	10,498,610	13,787,281	21,876,803	29,416,368
Income from deposits		75,483	283,608	204,719	560,701
Dividend income		857,614	67,365	1,220,588	1,187,318
Rental income		540,000	540,000	1,080,000	984,000
Net realized gains on sale of investment		1,502,976	--	1,743,937	--
Total surplus		13,474,683	14,678,254	26,126,047	32,148,387
Other expenses					
Wakala fees		(10,054,431)	(10,776,417)	(24,884,157)	(25,010,647)
Depreciation		(217,529)	(244,640)	(435,057)	(486,594)
Other expenses		(749,272)	(598,849)	(1,505,375)	(1,200,403)
Mudareb expenses		(2,083,251)	(497,113)	(2,974,471)	(1,912,413)
Total other expenses		(13,104,483)	(12,117,019)	(29,799,060)	(28,610,057)
Surplus/(deficit) of revenues over expenses		370,200	2,561,235	(3,673,013)	3,538,330

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF POLICYHOLDERS' SURPLUS

For the six month period ended June 30, 2020

	For the six month period ended June 30,	
	2020	2019
	QR.	QR.
	(Reviewed)	(Reviewed)
Retained surplus balance at beginning of the period	16,713,452	15,172,993
(Deficit) / surplus for the period	(3,673,013)	3,538,330
Total surplus at the end of the period	13,040,439	18,711,323
Distribution to policyholders during the period	--	--
Retained surplus balance at end of the period	13,040,439	18,711,323

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

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

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the three-month and six-month periods ended June 30, 2020

	Notes	For the three-month period ended June 30,		For the six-month period ended June 30,	
		2020	2019	2020	2019
		QR. (Reviewed)	QR. (Reviewed)	QR. (Reviewed)	QR. (Reviewed)
Shareholders' revenues and expenses					
Claims paid		--	--	--	--
Re-insurance share of claims paid		--	--	--	--
Net claims paid		--	--	--	--
Movement in outstanding claims		--	--	204,484	(408,968)
Total insurance income/(expenses)		--	--	204,484	(408,968)
Surplus / (deficit) from insurance operations		--	--	204,484	(408,968)
Investment and other income					
Wakala income		10,054,431	10,776,417	24,884,157	25,010,647
Mudarib income		2,083,251	497,113	2,974,471	1,912,413
Income from deposits		75,379	242,899	158,132	284,853
Dividend income		740,034	93,023	5,251,333	3,819,029
Net realized (loss)/gain on sale of investment at fair value through equity		(1,888,719)	41,343	333,827	1,922,318
Gain on disposal of fixed assets		291,824	263,890	291,824	263,890
Rental income		2,351,260	3,443,606	4,912,693	4,920,997
Other income/(expenses)		112	(2,445)	6,322	500
Total investment and other income		13,707,572	15,355,846	38,812,759	38,134,647
Expenses					
General and administrative expenses	17	(7,323,290)	(7,012,359)	(15,292,224)	(13,441,483)
Depreciation		(1,159,973)	(1,538,042)	(2,310,485)	(3,083,839)
Impairment loss on investment at fair value through equity		--	(2,525,400)	--	(2,525,400)
Total expenses		(8,483,263)	(11,075,801)	(17,602,709)	(19,050,722)
Net income		5,224,309	4,280,045	21,414,534	18,674,957
Basic and diluted earnings per share (QR per share)	21	0.020	0.017	0.084	0.073

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six-month period ended June 30, 2020

	Share capital	Legal reserve	General reserve	Fair value reserve	Retained earnings	Total
	QR.	QR.	QR.	QR.	QR.	QR.
Balance as at January 1, 2020 (Audited)	255,279,024	237,935,418	75,477	(1,493,772)	45,737,057	537,533,204
Net income for the period	--	--	--	--	21,414,534	21,414,534
Movement in fair value reserve	--	--	--	(13,863,228)	--	(13,863,228)
Dividends paid	--	--	--	--	(12,763,951)	(12,763,951)
Balance as at end of June 30, 2020 (Reviewed)	255,279,024	237,935,418	75,477	(15,357,000)	54,387,640	532,320,559
Balance at January 1, 2019 (Audited)	255,279,024	235,050,025	75,477	(2,731,611)	33,270,135	520,943,050
Net income for the period	--	--	--	--	18,674,957	18,674,957
Movement in fair value reserve	--	--	--	2,874,866	--	2,874,866
Dividends paid	--	--	--	--	(13,630,688)	(13,630,688)
Balance as at end of June 30, 2019 (Reviewed)	255,279,024	235,050,025	75,477	143,255	38,314,404	528,862,185

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended June 30, 2020

	Note	For the six month period ended June 30,	
		2020	2019
		QR.	QR.
		(Reviewed)	(Reviewed)
Cash flows from operating activities			
Net income for the period		21,414,534	18,674,957
Policyholders' surplus for the period		(3,673,013)	3,538,330
		17,741,521	22,213,287
<i>Adjustments for :</i>			
Depreciation of fixed assets and investment properties		2,745,542	3,570,433
Income from deposits		(362,851)	(845,554)
Dividend income		(6,471,921)	(5,006,347)
Impairment loss on investment at fair value through equity		--	2,525,400
Gain on sale of fixed assets		(291,824)	(263,890)
Rental income		(5,992,693)	(5,904,997)
Write off of property under development		171,900	--
Net realized gain on sale of investment at fair value through equity		(2,077,764)	(1,922,318)
Provision for employees' end of service benefits		197,525	347,364
Operating profit before working capital changes		5,659,435	14,713,378
<i>Changes in:</i>			
Takaful balances receivable		(1,816,236)	(21,392,030)
Retakaful balances receivable		(9,695,796)	(11,058,996)
Retakaful share of unearned contributions		(8,945,361)	(16,313,488)
Retakaful share of outstanding claims		22,696,405	(24,395,094)
Deferred commission		(1,293,049)	(3,305,501)
Other receivable and prepayments		58,957	21,199,877
Unearned contributions		27,240,860	31,170,596
Gross outstanding claims		(18,360,224)	24,713,825
Claims incurred but not reported		3,910,097	68,057
Deferred commission income		1,706,484	(282,030)
Accounts payable and other liabilities		(2,916,530)	14,542,424
Retakaful balances payable		860,979	16,429,653
Cash generated from operating activities		19,106,021	46,090,671
Employees' end of service benefits paid		(140,025)	--
Net cash generated from operating activities		18,965,996	46,090,671
Cash flows from investing activities			
Additions of investment at fair value through equity		(79,578,327)	(18,257,775)
Proceeds from disposal of investment at fair value through equity		115,191,943	13,753,287
Net proceeds from redemption of investments at fair value through income statement		763,596	186,980
Acquisition of fixed assets		(2,457,613)	(277,250)
Proceeds from disposal of fixed assets		428,499	461,289
Net acquisition of property under development		--	(269,740)
Income from deposits		362,851	845,554
Dividends income received		6,471,921	5,006,347
Rental income		5,992,693	5,904,997
Net movement in term deposits		7,400,000	(33,650,000)
Net cash generated from / (used in) investing activities		54,575,563	(26,296,311)
Cash flows from financing activities			
Dividends paid to shareholders		(12,763,951)	(13,630,688)
Surplus distributed to policyholders		(27,596)	(17,219)
Net cash used in financing activities		(12,791,547)	(13,647,907)
Net increase in cash and cash equivalents		60,750,012	6,146,453
Cash and cash equivalents at January 1		60,328,279	33,632,257
Cash and cash equivalents at June 30	6	121,078,291	39,778,710

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six-month period ended June 30, 2020

1. LEGAL STATUS AND ACTIVITIES

Al Khaleej Takaful Insurance Company Q.P.S.C. (the “Company”) (Formerly known as “Al Khaleej Takaful Group Q.P.S.C.”) is a Qatari shareholding company registered and incorporated in the State of Qatar under Emiri Decree No. 53 issued on 21 December 1978 and listed on Qatar Exchange.

The Company’s registered address is Grand Hamad Street, Doha 4555, Qatar.

The Company and its subsidiaries (together referred to as the “Group”) are engaged in the business of insurance, reinsurance, Takaful insurance and real estate investment.

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

These interim condensed consolidated financial information were authorized for issue in accordance with a resolution of the Board of Directors on August 5, 2020.

2. BASIS OF PREPARATION

a) Statement of compliance and preparation

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

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

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

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2019. In addition, results for the three month and six month periods ended June 30, 2020 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2020.

2. BASIS OF PREPARATION (CONTINUED)

b) Significant accounting judgment, estimates and assumptions

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

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

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are consistent with those applied to the annual financial statements as at December 31, 2019 except as mentioned below and as disclosed in Note 25 (Covid - 19 Impact).

3. SIGNIFICANT ACCOUNTING POLICIES

New standards, amendments and interpretations

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

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

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

FAS 33 - Investment in sukuk, shares and similar instruments

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

FAS 34 - Financial reporting for Sukuk-holders

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standards, amendments and interpretations (continued)

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

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

FAS 32 – Ijarah

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

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

FAS 35 - Risk Reserves

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

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

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

4. FINANCIAL RISK MANAGEMENT

The Group’s financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2019 except as disclosed in Note 25.

5. SHARI'A SUPERVISORY BOARD

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six-month period ended June 30, 2020

6. CASH AND BANK BALANCES

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

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

	June 30, 2020 QR. (Reviewed)	December 31, 2019 QR. (Audited)
Policyholders		
Cash on hand	40,167	--
Investment deposits (Islamic banks) (1)	--	3,650,000
Call accounts (Islamic banks) (2)	31,730,808	19,907,597
Current accounts (Islamic banks) (3)	8,803,652	6,325,539
Total	40,574,627	29,883,136
Shareholders		
Cash on hand	17,235	20,598
Investment deposits (Islamic banks) (1)	3,750,000	18,750,000
Call accounts (Islamic banks) (2)	57,668,963	16,358,190
Current accounts (Islamic banks) (3)	19,067,466	2,716,355
Total	80,503,664	37,845,143
Total cash and bank balances	121,078,291	67,728,279
Less: deposits with original maturity of more than three months	--	(7,400,000)
Total cash and cash equivalents	121,078,291	60,328,279

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six-month period ended June 30, 2020

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

	June 30, 2020		December 31, 2019	
	(Reviewed)		(Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
	QR.	QR.	QR.	QR.
Gross insurance/takaful contract liabilities				
Claims reported unsettled	167,554,639	542,805	185,710,379	747,289
Claims incurred but not reported	48,939,708	--	45,811,235	--
Unearned contributions	136,300,153	--	109,059,293	--
Total	352,794,500	542,805	340,580,907	747,289
Reinsurers'/retakaful share of insurance/takaful liabilities				
Claims reported unsettled	132,745,172	541,067	155,441,577	541,067
Claims incurred but not reported	31,630,025	--	32,411,649	--
Unearned contributions	63,590,100	--	54,644,739	--
Total	227,965,297	541,067	242,497,965	541,067
Net insurance/takaful liabilities				
Claims reported unsettled	34,809,467	1,738	30,268,802	206,222
Claims incurred but not reported	17,309,683	--	13,399,586	--
Unearned contributions	72,710,053	--	54,414,554	--
Total	124,829,203	1,738	98,082,942	206,222

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six-month period ended June 30, 2020

8 (a). INVESTMENTS AT FAIR VALUE THROUGH EQUITY

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

	June 30, 2020		December 31, 2019	
	(Reviewed)		(Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
	QR.	QR.	QR.	QR.
Quoted investments (i)				
Local equity shares*	18,397,980	77,682,908	19,686,966	123,236,769
Foreign equity shares	419,720	839,442	473,411	946,824
Total	18,817,700	78,522,350	20,160,377	124,183,593
Unquoted investments (ii)				
Local equity shares	1,494,894	30,351,760	1,600,000	33,315,046
Foreign equity shares	138,700	36,400	138,700	36,400
Total	1,633,594	30,388,160	1,738,700	33,351,446
Total investments at fair value through equity	20,451,294	108,910,510	21,899,077	157,535,039

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

* Investments in equity consists of shareholders quoted investment amounting to QR. 2,110,000 that is frozen and therefore not immediately disposable.

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

	June 30, 2020		December 31, 2019	
	(Reviewed)		(Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
	QR.	QR.	QR.	QR.
Balance at January 1	21,899,077	157,535,039	19,501,483	119,452,481
Additions	3,809,282	75,769,045	2,218,869	114,293,745
Disposals	(2,583,833)	(96,249,450)	(2,920,082)	(72,549,629)
Impairment	--	(14,280,896)	--	(4,899,447)
Changes in fair value	(2,673,232)	(13,863,228)	3,098,807	1,237,889
Balance at end	20,451,294	108,910,510	21,899,077	157,535,039

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six-month period ended June 30, 2020

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

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

	June 30, 2020 (Reviewed)		December 31, 2019 (Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
	QR.	QR.	QR.	QR.
Investments (i)	<u>2,042,532</u>	<u>3,650,000</u>	<u>2,806,128</u>	<u>3,650,000</u>

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

	June 30, 2020 (Reviewed)		December 31, 2019 (Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
	QR.	QR.	QR.	QR.
Balance at January 1	2,806,128	3,650,000	4,089,956	--
Additions	--	--	--	3,650,000
Redemption	(763,596)	--	(1,283,828)	--
Balance at end	<u>2,042,532</u>	<u>3,650,000</u>	<u>2,806,128</u>	<u>3,650,000</u>

9. OTHER RECEIVABLES

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six-month period ended June 30, 2020

10. INVESTMENT PROPERTIES

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

a) Policyholders	Land	Buildings	Total
Cost:			
Balance at January 1, 2019 / December 31, 2019 / June 30, 2020	17,352,540	17,885,077	35,237,617
Accumulated Depreciation:			
Balance at January 1, 2019	--	2,946,919	2,946,919
Depreciation for the year	--	972,911	972,911
Balance at December 31, 2019	--	3,919,830	3,919,830
Depreciation for the period	--	435,057	435,057
Balance at June 30, 2020	--	4,354,887	4,354,887
Carrying amounts			
December 31, 2019 (Audited)	17,352,540	13,965,247	31,317,787
June 30, 2020 (Reviewed)	17,352,540	13,530,190	30,882,730
b) Shareholders	Land	Buildings	Total
Cost:			
Balance at January 1, 2019 / December 31, 2019 / June 30, 2020	147,701,028	73,047,794	220,748,822
Accumulated Depreciation:			
Balance at January 1, 2019	--	18,414,784	18,414,784
Depreciation for the year	--	3,649,588	3,649,588
Balance at December 31, 2019	--	22,064,372	22,064,372
Depreciation for the period	--	1,823,038	1,823,038
Balance at June 30, 2020	--	23,887,410	23,887,410
Carrying amounts			
December 31, 2019 (Audited)	147,701,028	50,983,422	198,684,450
June 30, 2020 (Reviewed)	147,701,028	49,160,384	196,861,412

As at December 31, 2019, the fair value of the Group's investment property was determined by external, independent valuer, having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties. The fair value represents the amount at which the assets could be exchanged between knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation. As at December 31, 2019, the fair value at the date of valuation amounted to QR 346 million.

The Group has not carried out any independent valuation as of June 30, 2020, since management believes that the market condition has not changed significantly compared to December 31, 2019, the date on which an independent valuation has been conducted.

AL KHALEEJ TAKAFUL INSURANCE COMPANY Q.P.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**For the six-month period ended June 30, 2020

11. FIXED ASSETS**a) Policyholders**

	Computer	Total
	QR.	QR.
Cost:		
Balance as at January 1, 2019 / December 31, 2019		
/ June 30, 2020	2,777,628	2,777,628
Accumulated Depreciation:		
Balance as at January 1, 2019 / December 31, 2019		
/ June 30, 2020	2,777,628	2,777,628
Carrying amounts		
Balance as at January 1, 2019 / December 31, 2019		
/ June 30, 2020		

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six-month period ended June 30, 2020

11. FIXED ASSETS (CONTINUED)

b) Shareholders	Freehold land	Buildings	Computer and equipment	Furniture and fixtures	Motor vehicle	Work in progress	Total
	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Cost:							
Balance as at January 1, 2019	6,251,500	14,906,671	5,606,618	11,148,342	2,707,500	81,989	40,702,620
Additions during the year	--	144,023	130,855	119,060	170,003	--	563,941
Disposals during the year	--	--	(5,498)	(2,199,050)	(941,533)	--	(3,146,081)
Balance at December 31, 2019 (Audited)	6,251,500	15,050,694	5,731,975	9,068,352	1,935,970	81,989	38,120,480
Additions during the period	--	--	1,964,580	--	493,033	--	2,457,613
Disposals during the period	--	--	--	--	(1,926,003)	--	(1,926,003)
Balance at June 30, 2020 (Reviewed)	6,251,500	15,050,694	7,696,555	9,068,352	503,000	81,989	38,652,090
Accumulated Depreciation:							
Balance as at January 1, 2019	--	12,084,597	5,302,484	7,801,457	2,187,007	81,989	27,457,534
Depreciation for the year	--	177,989	124,352	1,671,973	262,506	--	2,236,820
Disposals charge for the year	--	--	(1,032)	(769,671)	(737,460)	--	(1,508,163)
Balance at December 31, 2019 (Audited)	--	12,262,586	5,425,804	8,703,759	1,712,053	81,989	28,186,191
Depreciation for the period	--	91,158	247,800	47,413	101,076	--	487,447
Disposals charge during the period	--	--	--	--	(1,789,328)	--	(1,789,328)
Balance at June 30, 2020 (Reviewed)	--	12,353,744	5,673,604	8,751,172	23,801	81,989	26,884,310
Carrying amounts							
Balance at December 31, 2019 (Audited)	6,251,500	2,788,108	306,171	364,593	223,917	--	9,934,289
Balance at June 30, 2020 (Reviewed)	6,251,500	2,696,950	2,022,951	317,180	479,199	--	11,767,780

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six month period ended June 30, 2020

12. INVESTMENT IN ASSOCIATE

The Group has the following investment in associate:

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

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

Movements in investment in the associate are as follows:

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
	<u>QR.</u>	<u>QR.</u>
	<u>(Reviewed)</u>	<u>(Audited)</u>
At January 1,	6,509,253	6,509,253
Dividends received during the period / year	---	---
At June 30 / December 31	6,509,253	6,509,253

13. SHARE CAPITAL

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
	<u>(Reviewed)</u>	<u>(Audited)</u>
<i>Authorized, issued and paid up capital</i>		
Share capital of QR 1 each (QR)	255,279,024	255,279,024
Number of shares of QR 1 each	255,279,024	255,279,024

14. LEGAL RESERVE

Legal reserve is computed in accordance with the provisions of the Qatar Central Bank (QCB) regulations, Qatar Commercial Companies' Law and the company's Articles of Association at 10% of the net profit for the year. This reserve is to be maintained until it equates 100% of the paid up capital and is not available for distribution except in circumstances specified in the Qatar Central Bank (QCB) regulations and Qatar Commercial Companies Law. The transfer for the year 2020 will be done at year end (2019: the Group has transferred 10% of the net income for the year to the statutory reserve).

15. GENERAL RESERVE

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six month period ended June 30, 2020

16. FAIR VALUE RESERVES

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

	June 30, 2020		December 31, 2019	
	(Reviewed)		(Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
	QR.	QR.	QR.	QR.
Quoted investments				
At January 1	5,948,182	(1,493,772)	2,849,375	(469,517)
Net movement	(2,568,126)	(10,899,943)	3,098,807	1,237,839
At June 30 / December 31	3,380,056	(12,393,715)	5,948,182	768,322
Unquoted investments				
At June 30 / December 31	(105,106)	(2,963,285)	--	(2,262,094)
Total				
At June 30 / December 31	3,274,950	(15,357,000)	5,948,182	(1,493,772)

17. GENERAL AND ADMINISTRATION EXPENSES

	June 30,	June 30,
	2020	2019
	QR.	QR.
	(Reviewed)	(Reviewed)
Staff costs	11,355,622	10,683,356
Repair and maintenance	698,324	355,962
Professional fees	482,611	104,950
Governmental expenses	421,467	418,367
Marketing and advertising	382,203	109,513
Electricity and water and postal expenses	310,574	386,289
Refreshment and stationery	211,355	233,471
Insurance expenses	180,154	175,310
Bank charges	170,403	129,353
Travel expenses	--	324,438
Sharia supervisory board fee	100,000	100,000
Miscellaneous	979,511	420,476
	15,292,224	13,441,485

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six month period ended June 30, 2020

18. INCOME TAX EXPENSES

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

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

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

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

	June 30, 2020		June 30, 2019	
	(Reviewed)		(Reviewed)	
	Contributions	Claims	Contributions	Claims
	QR	QR	QR	QR
Board of Directors	14,894,222	14,588,535	12,664,400	4,033,527

(b) Balances with related parties included in the interim statement of financial position are as follows:

	June 30, 2020 (Reviewed)	December 31, 2019 (Audited)
	Takaful receivables QR.	Takaful receivables QR.
Board of directors	766,423	488,734

(c) Compensation of key management personnel:

	June 30, 2020	June 30, 2019
	QR.	QR.
	(Reviewed)	(Reviewed)
Salaries and other short term benefits	1,881,460	651,533
Employees' end of service benefit for the period	8,726	8,677
	1,890,186	660,210

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six month period ended June 30, 2020

20. SEGMENT REPORTING

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six month period ended June 30, 2020

20. SEGMENT REPORTING (CONTINUED)

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

	Marine & Aviation	Fire	General accident & Energy	Motor	Takaful & Medical	Total
	QR.	QR.	QR.	QR.	QR.	QR.
<i>For the period ended June 30, 2019 (Reviewed):</i>						
Gross contributions	6,928,542	22,587,658	25,019,425	50,065,390	54,595,682	159,196,697
Retakaful share of gross contributions	(6,124,116)	(20,585,861)	(21,214,837)	(6,005,361)	(37,194,206)	(91,124,381)
Retained contributions	804,426	2,001,797	3,804,588	44,060,029	17,401,476	68,072,316
Movement in unearned contributions	295,422	(338,516)	561,936	(12,210,646)	(3,396,021)	(15,087,825)
Net retained contributions	1,099,848	1,663,281	4,366,524	31,849,383	14,005,455	52,984,491
Retakaful commission and other takaful income	717,450	3,303,343	3,866,389	1,782,850	1,599,786	11,269,818
Change in deferred commission	76,222	(364,426)	649,655	2,252,295	973,784	3,587,530
Total insurance revenue	1,893,520	4,602,198	8,882,568	35,884,528	16,579,025	67,841,839
 Gross claims paid	(481,435)	(16,141,918)	(11,747,423)	(25,853,493)	(16,404,385)	(70,628,654)
Retakaful share of claims paid	370,847	15,227,001	10,986,409	4,977,163	11,024,949	42,586,369
Net claims	(110,588)	(914,917)	(761,014)	(20,876,330)	(5,379,436)	(28,042,285)
Movement in outstanding claims	38,756	298,464	(29,442)	220,161	(846,670)	(318,731)
Movement in claims incurred but not reported reserves	15,440	44,725	(4,610)	(9,494)	(114,117)	(68,056)
Commission and other takaful expenses	(307,665)	(848,409)	33,111	(5,995,198)	(3,287,206)	(10,405,367)
Net claims incurred	(364,057)	(1,420,137)	(761,955)	(26,660,861)	(9,627,429)	(38,834,439)
 Net surplus from insurance operations	1,529,463	3,182,061	8,120,613	9,223,667	6,951,596	29,007,400

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six month period ended June 30, 2020

20. SEGMENT REPORTING (CONTINUED)**(b) Business segments**

The Group's main business segment are as follows:

For the period ended June 30, 2020:

	Underwriting	Investments	Real Estate	Unallocated	Total
	QR.	QR.	QR.	QR.	QR.
Net income	22,081,287	8,912,536	5,992,693	(19,244,995)	17,741,521
Total assets	393,675,009	243,521,260	227,829,062	161,504,444	1,026,529,775
Total liabilities	432,043,310	--	--	45,850,517	477,893,827

For the year ended December 31, 2019:

	Underwriting	Investments	Real Estate	Unallocated	Total
	QR.	QR.	QR.	QR.	QR.
Net income	29,007,670	7,774,219	5,904,997	(20,473,599)	22,213,287
Total assets	381,061,105	251,698,647	230,259,057	163,379,910	1,026,398,719
Total liabilities	417,314,334	--	--	48,889,547	466,203,881

(c) Geographical segments

The Group operates in the State of Qatar only.

21. BASIC AND DILUTED EARNINGS PER SHARE

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

	For the three month period ended June 30,		For the six month period ended June 30,	
	2020	2019	2020	2019
	QR.	QR.	QR.	QR.
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Profit attributable to shareholders	5,224,309	4,280,045	21,414,534	18,674,957
Weighted average number of ordinary shares (*)	255,279,024	255,279,024	255,279,024	255,279,024
Basic earnings per share (QR)	0.020	0.017	0.084	0.073

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

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

For the six month period ended June 30, 2020

22. DIVIDEND DECLARED AND PAID

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

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

23. MUDAREB SHARE AND WAKALA FEES

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

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

24. ASSETS HELD FOR SALE

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

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

25. COVID 19 IMPACT

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

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

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

25. COVID 19 IMPACT (CONTINUED)

i) Insurance contract liabilities

The Group is required to assess adequacy of insurance contract liabilities at each reporting date. Due to exceptional circumstance and uncertain market conditions, the Group has involved actuarial expert to assess required Claims incurred but not reported reserves (IBNR), Unallocated Loss Adjustment Expense (ULAE) and Premium Deficiency Reserve (PDR) based on the updated inputs and assumptions as at June 30, 2020.

Also, the Group has made an assessment of outstanding claims as of June 30, 2020 and has concluded that there is no material impact on the outstanding claims due to Covid 19.

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

ii) Impact on investment portfolio

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

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

iii) Impact on other assets and liabilities

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

iv) Major events

The implications of the Covid 19 pandemic are ongoing and the outcome of this event is unknown and therefore the impact on the Group for conditions that arose after the period end ("non-adjusting events" in line with IAS 10 "Subsequent events") cannot be reasonably quantified at the date of issuance of these interim financial information. The effect of Covid-19 on the Group will be incorporated in the determination of the Group's estimates going forward in the interim condensed consolidated financial information for the periods ending September 30, 2020 as well as the annual consolidated financial statements for the year ending December 31, 2020.