

QATAR ISLAMIC INSURANCE COMPANY Q.S.C

**CONDENSED INTERIM
FINANCIAL INFORMATION**

30 JUNE 2009

**Condensed interim financial information
For the six month period ended 30 June 2009**

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Independent report on review of condensed interim financial information

To
The Board of Directors
Qatar Islamic Insurance Company Q.S.C
Doha
State of Qatar

Introduction

We have reviewed the accompanying condensed statement of financial position of Qatar Islamic Insurance Company Q.S.C (the "Company") as at 30 June 2009 and the related condensed statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six month period then ended (The "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

The condensed interim financial information of the Company as of and for the six month period ended 30 June 2008 were reviewed by another auditor, whose review report dated 29 July 2008 expressed an modified conclusion on those condensed interim financial information for incorporating the results of the operation of the associate company which was not subject to review.

The financial statements as of and for the year ended 31 December 2008 audited by another auditor whose report dated 25 February 2009 expressed an unqualified opinion in those financial statements.

Scope of review

Except as explained in the following paragraph, we conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Company." 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.

The results of the operation of the associate company amounting to QR 3,300,000 have been included in the condensed interim financial information on the basis of management accounts provided by the associate company, where have not been audited or reviewed by any independent auditor.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34 "*Interim Financial Reporting*".

Doha
State of Qatar

Ahmed Hussain
KPMG
Qatar Auditors Registry Number 197

CONDENSED STATEMENT OF FINANCIAL POSITION
As at 30 June 2009

In Qatari Riyals

	Notes	30 June 2009 Reviewed	31 December 2008 Audited
POLICYHOLDERS' ASSETS			
Cash and cash equivalents	3	24,357,822	28,294,624
Contributions receivable		27,249,695	20,084,801
Re-Takaful contract assets	4	40,965,663	43,705,510
Due from re-Takaful		5,362,064	7,916,313
Investments	5	102,641,892	94,080,442
Prepayments and other assets		16,460,800	12,453,993
Investment properties	6	39,526,590	33,625,896
Property and equipment	7	7,441,617	7,278,344
Properties under construction		40,175,018	42,885,518
TOTAL POLICYHOLDERS' ASSETS		304,181,161	290,325,441
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	3	45,513,965	76,225,751
Investments	5	99,088,721	92,787,287
Investments in associates	8	38,554,095	37,600,095
Investment in properties	6	50,424,339	44,687,322
Property under construction		40,175,018	42,885,517
TOTAL SHAREHOLDERS' ASSETS		273,756,138	294,185,972
TOTAL ASSETS		577,937,299	584,511,413

The attached notes 1 to 14 form an integral part of this condensed interim financial information

CONDENSED STATEMENT OF FINANCIAL POSITION
As at 30 June 2009

In Qatari Riyals

LIABILITES AND SURPLUS OF POLICYHOLDERS		
Re-Takaful payable	20,349,173	12,158,743
Takaful provisions	123,821,182	122,444,734
Payables and other liabilities	18,207,474	27,805,857
Distributable surplus	-	11,076,705
Fair value reserve	11,159,862	9,625,115
Retained earnings	99,139,910	84,205,452
Unclaimed Surplus	31,503,560	23,008,835
TOTAL LIALIBILITY AND SURPLUS	304,181,161	290,325,441
SHAREHOLDERS' LIABILITIES		
Dividends payable	17,964,257	10,866,397
TOTAL SHAREHOLDERS' LIABILITIES	17,964,257	10,866,397
TOTAL LIABILITIES	322,145,418	301,191,183
EQUITY		
Share capital	150,000,000	150,000,000
Legal reserve	58,452,568	58,452,568
General reserve	1,540,888	1,540,888
Fair value reserve	8,920,372	9,625,115
Retained earnings	36,878,053	63,701,004
Total Shareholders' Equity	255,791,881	283,319,575
TOTAL LIABILITIES, SURPLUS OF POLICYHOLDERS AND SHAREHOLDERS' EQUITY	577,937,299	584,511,413

This condensed interim financial information was approved by the Board of Directors and were signed on their behalf by the following on 16 July 2009.

Abdulla Bin Thani Bin Abdulla AL-Thani
Chairman

Jassim Ali AL-Saadi
Asst. General Manager

The attached notes 1 to 14 form an integral part of this condensed interim financial information

CONDENSED STATEMENT OF INCOME (POLICYHOLDERS)
For the six month period ended 30 June 2009

In Qatari Riyals

	Notes	Six month period ended 30 June	
		2009 Reviewed	2008 Reviewed
Gross contributions	10	86,091,415	102,097,296
Wakala fee	10	(14,618,666)	(16,090,140)
Re-Takaful share of gross contributions	10	(34,293,040)	(46,647,295)
Net contributions		37,179,709	39,359,861
Movement in unexpired premium		1,836,425	(3,886,395)
Net earned contributions		39,016,134	35,473,466
Net commission	10	2,576,790	3,942,992
Underwriting income		41,592,924	39,416,458
Gross claims paid	10	(32,075,095)	(47,977,751)
Re-Takaful and other recoveries	10	3,261,537	14,835,694
		(28,813,558)	(33,142,057)
Net underwriting results		12,779,366	6,274,401
Net Investment income		2,155,103	6,786,352
Total surplus for the period		14,934,469	13,060,753

The attached notes 1 to 14 form an integral part of this condensed interim financial information

CONDENSED STATEMENT OF INCOME (SHAREHOLDERS)
For the six month period ended 30 June 2009

In Qatari Riyals

	Notes	Six month period ended 30 June	
		2009 Reviewed	2008 Reviewed
Income			
Income from shareholder's investments		4,199,327	22,443,425
Income from investment in associates		3,300,000	3,000,000
Wakala fee		14,618,666	16,090,140
Rental income		2,584,095	3,879,309
Shareholders' share in policyholders' Investment income		4,002,334	12,603,225
Total income		28,704,722	58,016,099
Depreciation of investment properties – apportioned		(615,227)	(844,888)
General and administrative expenses – apportioned		(9,912,147)	(7,544,417)
Total expenses		(10,527,374)	(8,389,305)
Net profit for the period		18,177,048	49,626,794
Basic earnings per share (QR)	11	1.21	3.30

The attached notes 1 to 14 form an integral part of this condensed interim financial information

CONDENSED STATEMENT OF COMPREHENSIVE INCOME (SHAREHOLDERS)

For the six month period ended 30 June 2009

In Qatari Riyals

	Six month period ended 30 June	
	2009 Reviewed	2008 Reviewed
Profit for the period	18,177,048	49,626,794
Other comprehensive income		
Net unrealised change in fair value of available-for-sale financial assets	(704,743)	21,613,503
Total comprehensive income for the period	17,472,305	61,240,297

The attached notes 1 to 14 form an integral part of this condensed interim financial information

CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

For the six month period ended 30 June 2009

In Qatari Riyals

	Share Capital	Legal reserve	General reserve	Fair value reserve	Retained earnings	Total equity
Balance as at 1 January 2008	150,000,000	51,602,056	1,540,888	29,267,868	54,546,394	286,957,206
Net profit for the period	-	-	-	-	49,626,794	49,626,794
Dividends paid for 2007	-	-	-	-	(52,500,000)	(52,500,000)
Net movement in fair value	-	-	-	21,613,503	-	21,613,503
Balance at 30 June 2008	150,000,000	51,602,056	1,540,888	50,881,371	51,673,188	305,697,503
Balance as at 1 January 2009	150,000,000	58,452,568	1,540,888	9,625,115	63,701,005	283,319,575
Net profit for the period	-	-	-	-	18,177,048	18,177,048
Cash dividends – 2008	-	-	-	-	(45,000,000)	(45,000,000)
Net movement in fair value	-	-	-	(704,743)	-	(704,743)
Balance at 30 June 2009	150,000,000	58,452,568	1,540,888	8,920,372	36,878,053	255,791,881

The attached notes 1 to 14 form an integral part of this condensed interim financial information.

CONDENSED STATEMENT OF CASH FLOWS
For the six month period ended 30 June 2009

In Qatari Riyals

	Six months ended 30 June	
	2009 Reviewed	2008 Reviewed
OPERATING ACTIVITIES		
Net profit for the period	18,177,048	49,626,794
Surplus from insurance operations	14,934,469	13,060,753
Adjustments for :	33,111,517	62,687,547
Depreciation for property and equipment and investment properties	1,209,689	1,692,321
Gain on disposal of investment properties	-	(13,944,254)
Provision for doubtful contribution receivables	-	200,000
Operating profit before working capital changes	34,321,206	50,635,614
Increase in accounts and reinsurance receivables	(4,610,645)	(9,726,315)
Increase in accrued investment income	-	(2,671,507)
Decrease/(increase) in prepayments and other assets	(4,006,810)	(676,235)
Decrease/(increase) in reinsurance contract assets	2,739,847	(9,392,580)
Increase in due to reinsurers	8,190,430	1,556,053
Increase in insurance contract liabilities	1,376,448	15,551,318
Decrease in payables and other liabilities	(8,023,383)	(3,135,437)
Cash from operating activities	29,987,093	42,140,911
Board of Directors' remuneration paid	(1,575,000)	(1,050,000)
Dividends paid	(37,954,933)	(39,578,224)
Net cash (used in)/from operating activities	(9,542,840)	1,512,687
INVESTING ACTIVITIES		
Acquisition of property and equipments	(388,063)	(110,747)
Acquisition of investing properties	-	(54,563,882)
Proceeds on sale of investment properties	-	39,961,271
Net movement in properties under construction	(7,201,610)	(25,438,304)
Net movement in investments	(14,986,880)	24,642,108
Net cash flows used in investing activities	(22,576,553)	(15,509,554)
FINANCING ACTIVITIES		
Movement in policyholders' surplus	(2,529,195)	(4,970,810)
Due to bank – Murabaha	-	11,603,274
Cash flows (used in)/from financing activities	(2,529,195)	6,632,464
Decrease in cash and cash equivalents during the period	(34,648,588)	(7,364,403)
Cash and cash equivalents at the beginning of the period	104,520,375	35,634,642
Cash and cash equivalents at the end of the period	69,871,787	28,270,239

The attached notes 1 to 14 form an integral part of this condensed interim financial information

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six month period ended 30 June 2009

1 LEGAL STATUS AND OPERATIONS

Qatar Islamic Insurance Company (Q.S.C.) ("the Company") was incorporated in the State of Qatar on 30 October 1993 as a closed Qatari shareholder company under Qatar Companies Law No. 11 of 1981 with Registration No: 16584. On 12 December 1999 the Company changed its status to a public listed company and accordingly listed its shares on the Qatar Exchange (formerly known as Doha Securities Market).

The Company is primarily engaged in the business of underwriting general, Takaful (Life) and health non-interest insurance in accordance with the provisions of Islamic Sharia. The Company also invests its capital and other resources in all related activities.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

This condensed interim financial information is prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting. The accounting policies used in the preparation of the condensed interim financial information are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2008 except for the following.

- During the period the Company adopted revised IAS 1 as issued by International Accounting standard Board ("IASB") revised in May 2008, as the same has become mandatory for the Company's financial reporting periods beginning 1 January 2009. Revised IAS1 introduced the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. The Company has decided to adopt a two statement approach for presenting total comprehensive income.
- During the period the Company adopted IFRS 8 issued by International Accounting standard Board ("IASB") issued in November 2006, as the same has become mandatory for the Company's financial reporting beginning 1 January 2009.

The condensed interim financial information do not contain all the information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the financial statements of the Company as at and for the year ended 31 December 2008. In addition, results for the six month period ended 30 June 2009 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2009.

The condensed interim financial information are prepared in Qatari Riyals and all values are rounded to the nearest Qatari Riyals except when otherwise indicated.

(b) Significant accounting judgement, estimates and assumptions

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2008.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
For the six month period ended 30 June 2009

In Qatari Riyals

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Application of new standards, amendments to standards and interpretations

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 July 2009 and 1 January 2010 and have not been early adopted:

- The International Accounting Standards Board made certain amendments to existing standards as part of its first annual improvements projects. The effective dates for these amendments vary by standard and will be applicable mostly to the Company's year end and next year financial statements. The Company does not expect these amendments to have any significant impact on the financial statements.

۳ CASH AND CASH EQUIVALENTS

	30.06.2009 Reviewed	31.12.2008 Audited
Policyholders		
Cash on hand	1,628,642	77,243
Investment deposits (Islamic banks)	7,540,602	16,770,257
Saving accounts (Islamic banks)	15,188,578	11,447,124
Total - policyholders	24,357,822	28,294,624
Shareholders		
Investment deposits	45,513,965	76,225,751
Total – shareholders	45,513,965	76,225,751
Total cash and cash equivalents	69,871,787	104,520,375

۴ TAKAFUL CONTRACT LIABILITIES AND RE-TAKAFUL CONTRACT ASSETS

	30.06.2009 Reviewed	31.12.2008 Audited
Gross Takaful contract liabilities		
Claims reported unsettled	49,147,842	42,498,603
Unearned Contributions	74,673,340	79,946,131
Total	123,821,182	122,444,734
Re-Takaful share of Takaful liabilities		
Claims reported unsettled	14,931,641	14,235,123
Unearned premiums	26,034,022	29,470,387
Total	40,965,663	43,705,510
Net Takaful liabilities		
Claims reported unsettled	34,216,201	28,263,480
Unearned premiums	48,639,319	50,475,744
Total	82,855,520	78,739,224

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATIONs
For the six month period ended 30 June 2009

In Qatari Riyals

◦ **INVESTMENTS**

	30.06.2009 Reviewed	31.12. 2008 Audited
Available-for-sale investments		
Quoted shares	122,702,921	119,158,287
Unquoted shares	79,027,692	67,709,442
Total available for sale investments	201,730,613	186,867,729

	Policyholders	Shareholders	Totals
Quoted shares	51,968,184	50,654,503	102,622,687
Fair value reserve	11,159,862	8,920,372	20,080,234
Total Quoted share at fair value	63,128,046	59,574,875	122,702,921
Unquoted shares	39,513,846	39,513,846	79,027,692
30.06.2009 (Reviewed) Total available for sale investments	102,641,892	99,088,721	201,730,613
31.12.2008 (Audited) Total available for sale investments	94,080,442	92,787,287	186,867,729

¶ **INVESTMENT PROPERTIES**

	30.06.2009 Reviewed	31.12.2008 Audited
Balance as at 1 January	83,658,946	95,319,564
Additions	12,622,610	14,817,307
Disposals	-	(26,477,925)
Depreciation	(6,330,627)	(5,345,728)
Net book value at 30 June/31 December	89,950,929	78,313,218

	30.06.2009 Reviewed	31.12.2008 Audited
Investment properties –policyholders	39,526,590	33,625,896
Investment properties –shareholders	50,424,339	44,687,322
Net book value at 30 June/31 December	89,950,929	78,313,218

The management has internally valued the investment properties based on equivalent investment properties in the Qatari Market and estimates that the fair value of the investment properties as at 30 June 2009 is the same as value as at 31 December 2008, amounted to QR. 212,000,000.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
For the six month period ended 30 June 2009

In Qatari Riyals

▼ PROPERTY AND EQUIPMENT

	30.06.2009 Reviewed	31.12.2008 Audited
Net book value at 1 January	7,278,344	7,546,769
Additions	493,463	183,087
Depreciation	(224,790)	(451,512)
Disposals (net)	(105,400)	-
Net book value at 30 June / 31 December	7,441,617	7,278,344

▲ INVESTMENT IN ASSOCIATES

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. 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.

Name of Associate	Principal Activity	Place of incorporation	Capital	2009	2008
Tashelaat Islamic Co. W.L.L	Islamic Financing	Qatar	60,000,000	51%	51%
Al Muqawel Co. W.L.L.	Construction	Qatar	3,000,000	51%	51%

Though the Company has 51% shareholding, it does not have power to govern the financial and operating policy decisions of the investee companies.

¶ 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 directors of the Company and companies of which they are key management personnel. Pricing policies and terms of these transactions are approved by the Company's management and are negotiated under normal commercial terms. Significant transactions were:

	30.06.2009 Reviewed	30.06.2008 Reviewed
Premium	2,493,000	3,011,437
Claims	2,084,477	-

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
For the six month period ended 30 June 2009

In Qatari Riyals

9 RELATED PARTIES (CONTINUED)

(b) Compensation of key management personnel

Salaries and other short term benefits
 Employees' end of service benefits

Total

30.06.2009 Reviewed	30.06.2008 Reviewed
1,005,000	486,000
460,000	-
1,465,000	486,000

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six month period ended 30 June 2009

In Qatari Riyals

1. NET UNDERWRITING RESULTS

	Marine and Aviation (Reviewed)		Motors (Reviewed)		General Accident (Reviewed)		Takaful and Health (Reviewed)		Totals (Reviewed)	
	30,June 2009	30,June 2008	30,June 2009	30,June 2008	30,June 2009	30,June 2008	30,June 2009	30,June 2008	30,June 2009	30,June 2008
Gross contributions	3,706,577	6,136,012	42,028,086	35,516,035	27,094,883	40,639,906	13,261,868	19,805,343	86,091,415	102,097,296
Less: Wakala Fees	(630,118)	(1,075,013)	(7,144,823)	(7,278,864)	(4,623,385)	(2,872,427)	(2,220,340)	(4,863,836)	(14,618,666)	(16,090,140)
Re-Takaful contribution	(1,941,202)	(3,861,374)	(10,788,458)	(6,734,708)	(19,784,410)	(33,195,566)	(1,778,970)	(2,855,647)	(34,293,040)	(46,647,295)
Net contributions	1,135,257	1,199,625	24,094,805	21,502,463	2,687,088	4,571,913	9,262,558	12,085,860	37,179,709	39,359,861
Movement in unexpired risk	110,067	(180,322)	(1,569,611)	(1,662,133)	(117,665)	(696,440)	3,413,634	(1,347,500)	1,836,425	(3,886,395)
Net earned contributions	1,245,324	1,019,303	22,525,194	19,840,330	2,569,423	3,875,473	12,676,192	10,738,360	39,016,134	35,473,466
Commissions, net	26,210	255,910	1,713,158	1,523,258	955,026	1,938,242	(117,605)	225,582	2,576,790	3,942,992
Net underwriting income	1,271,535	1,275,213	24,238,352	21,363,588	3,524,450	5,813,715	12,558,588	10,963,942	41,592,924	39,416,458
Expenses:										
Gross claims	(821,975)	-	(26,778,584)	(27,095,778)	(1,943,932)	(14,311,556)	(2,530,604)	(6,570,417)	(32,075,095)	(47,977,751)
Re-Takaful recoveries	431,080	588,232	1,584,773	1,596,454	491,846	8,659,391	753,838	3,991,617	3,261,537	14,835,694
Net claims incurred	(390,895)	588,232	(25,193,812)	(25,499,324)	(1,452,085)	(5,652,165)	(1,776,766)	(2,578,800)	(28,813,558)	(33,142,057)
Net underwriting income	880,639	1,863,445	(955,460)	(4,135,736)	2,072,365	161,550	10,781,822	8,385,142	12,779,366	6,274,401

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
For the six month period ended 30 June 2009

In Qatari Riyals

11 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the net profit for the period attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding at the balance sheet date.

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

	30.06.09 Reviewed	30.06.08 Reviewed
Net profit attributable to shareholders	18,177,048	49,626,794
Weighted average number of ordinary shares	15,000,000	15,000,000
Basic earnings per share (QR)	1.21	3.30

12 DIVIDEND PAID

A cash dividend of 30% of share capital totalling QR. 45,000,000 for the year 2008 (2007: QR 52,500,000) has been approved at the Annual General Meeting. As of 30 June 2009, the dividends payable amounted to QR. 17,964,257.

13 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

	30.06.09 Reviewed	31.12.08 Audited
Bank guarantees	6,116,858	1,668,000
Capital commitments	6,250,000	-
Total	12,366,858	1,668,000

Operating leases

Future minimum lease rentals payables under non-cancellable operating leases as at 30 June 2009 are insignificant and immaterial.

14 OPERATING SEGMENT

The Company is organised into three business segments Marine and Aviation, Fire & General and Takaful (life). These segments are the basis on which the company reports its primary segment information. Other operations of the company comprise investment and cash management for the company's own account. There are no transactions between segments.

Segmental information is shown under the note 10 to the condensed interim financial information.