

**Al Khaleej Takaful Insurance &
Reinsurance Company Q.S.C.
(Formerly Al Khaleej Insurance &
Reinsurance Company Q.S.C.)**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 JUNE 2010

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF AL KHALEEJ TAKAFUL INSURANCE & REINSURANCE
COMPANY Q.S.C. (FORMERLY AL KHALEEJ INSURANCE & REINSURANCE COMPANY Q.S.C.)**

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Al Khaleej Takaful Insurance & Reinsurance Company Q.S.C. (formerly Al Khaleej Insurance & Reinsurance Company Q.S.C.) (the “parent company”) and its subsidiaries (the “Group”) as at 30 June 2010, comprising of the interim condensed consolidated statement of financial position as at 30 June 2010 and the related interim condensed consolidated statements of income, comprehensive income, changes in participants’ fund, changes in equity and cash flows for the six-month period then ended and the related explanatory notes.

The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with accounting policies disclosed in Note 2. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.” A review of interim financial 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 performed in accordance with International Standards on Auditing. Consequently, it 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.

Basis for Qualified Conclusion

As disclosed in Note 2 to the interim condensed consolidated financial statements, the financial statements for the year ending 31 December 2009 were prepared in accordance with International Financial Reporting Standards. During 2010, the Board of Directors of the Parent Company decided to adopt the same accounting framework of Qatar Takaful Company S.O.C. (QTC), a subsidiary, which are the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI).

The adoption of the above new standards did not have any impact on the comparative figures of 2009 net profit or the equity of the Group, except with respect to certain prior year figures which have been reclassified to conform to the presentation of the current period. Same with the financial statements presentation of QTC, the parent company’s current period presentation segregates the account transactions between the policyholders and shareholders in the statement of income.

The comparative figures of the policyholders’ statement of income comprise of the insurance transactions during the six months period ended 30 June 2010 and 30 June 2009. The 30 June 2010 financial statements reflect the consolidated transactions of both the parent company and QTC while the 30 June 2009 comparative figures represents the transactions of QTC only. The insurance transactions of the parent company for the period ended 30 June 2009 were reflected under shareholders’ statement of income.

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF AL KHALEEJ TAKAFUL INSURANCE & REINSURANCE
COMPANY Q.S.C. (FORMERLY AL KHALEEJ INSURANCE & REINSURANCE COMPANY Q.S.C.)
(CONTINUED)**

The parent company has not completed the segregation of the claims incurred during the current period relating to the policies issued in the prior years, which is expected to be completed by the end of the year. Such claims were combined with the transactions of the policyholders during the current period instead of presenting those in the shareholders' statement of income.

Qualified Conclusion

Based on our review, except for the effect on the interim condensed consolidated financial statements of the matters described in the preceding paragraphs under basis for qualified conclusion, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with the accounting policies disclosed in Note 2.

Firas Qoussous
of Ernst & Young
Auditor's Registration No. 236

Date:
Doha

Al Khaleej Takaful Insurance & Reinsurance Company Q.S.C.
(Formerly Al Khaleej Insurance & Reinsurance Company Q.S.C.)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2010

	Note	30 June 2010 QR (Reviewed)	31 December 2009 QR (Audited)
ASSETS			
Bank balances and cash		51,222,230	68,960,038
Time deposits		4,800,000	100,000
Available-for-sale investments	3	322,036,181	346,137,436
Investment in an associate		21,454,007	21,454,007
Takaful balances receivable		54,994,738	41,411,887
Retakaful balances receivable		14,947,051	15,539,685
Retakaful share of unearned contribution		57,083,064	57,507,694
Retakaful share of gross outstanding claims		58,977,852	53,156,330
Other receivables and prepayments		8,976,506	11,833,793
Investment properties		189,506,920	178,028,497
Property and equipment		8,304,245	8,447,876
Capital work in progress		13,258,644	11,907,814
TOTAL ASSETS		805,561,438	814,485,057
SHAREHOLDERS' EQUITY, POLICYHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Capital		142,296,000	142,296,000
Statutory reserve		72,241,531	72,241,531
General reserve		48,971	48,971
Proposed cash dividends		-	42,688,800
Cumulative changes in fair values		124,631,861	152,836,837
Retained earnings		152,502,039	88,225,616
Total shareholders' equity		491,720,402	498,337,755
Policyholders' equity			
Surplus in participants' fund		53,647	10,403,604
Cumulative changes in fair values		(106,518)	(169,801)
		(52,871)	10,233,803
Liabilities			
Liabilities arising from insurance contracts:			
Unearned contributions		123,027,202	120,856,455
Gross outstanding claims		100,397,769	89,153,093
Claims incurred but not reported		5,664,885	5,711,349
		229,089,856	215,720,897
Accounts payable and other liabilities		51,676,870	69,622,840
Retakaful and takaful balances payable		27,815,780	15,755,592
Employees' end of service benefits		5,311,401	4,814,170
		84,804,051	90,192,602
Total liabilities		313,893,907	305,913,499
Shareholders' equity, policyholders' equity and liabilities		805,561,438	814,485,057

Abdulla Bin Mohammed Jaber Al Thani
Chairman

Abdulla Bin Ahmed Al Thani
Deputy Chairman

Jassim Ali Abdul Rahman Al Moftah
Chief Executive Officer

The attached notes 1 to 6 form part of these interim condensed consolidated financial statements.

Al Khaleej Takaful Insurance & Reinsurance Company Q.S.C.
(Formerly Al Khaleej Insurance & Reinsurance Company Q.S.C.)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME
Six Months Period Ended 30 June 2010

	Note	Six Months Period Ended	
		30 June 2010 QR (Reviewed)	30 June 2009 QR (Reviewed)
POLICYHOLDERS' REVENUES AND EXPENSES			
Gross contributions		137,813,287	30,694,343
Retakaful share		(69,655,007)	(13,446,060)
Retained contributions		68,158,280	17,248,283
Movement in unearned contributions		(3,330,834)	(2,764,777)
Net retained contributions		64,827,446	14,483,506
Retakaful commission and other takaful income		12,352,578	4,271,608
Total takaful revenues		77,180,024	18,755,114
Claims settled incurred		79,094,130	10,455,208
Retakaful share of claims incurred		(22,603,813)	(2,404,246)
Net claims incurred		56,490,317	8,050,962
Commission and other takaful expenses		4,221,355	1,706,646
Total takaful expenses		60,711,672	9,757,608
SURPLUS FROM TAKAFUL OPERATIONS	4	16,468,352	8,997,506
Investment income of takaful policyholders		114,358	376,400
		16,582,710	9,373,906
OTHER EXPENSES			
Wakala fees		(24,806,391)	(5,524,982)
Depreciation		(402,862)	-
		(25,209,253)	(5,524,982)
(DEFICIT) SURPLUS FOR THE PERIOD TRANSFERRED TO PARTICIPANTS' FUND		(8,626,543)	3,848,924

The attached notes 1 to 6 form part of these interim condensed consolidated financial statements.

Al Khaleej Takaful Insurance & Reinsurance Company Q.S.C.
(Formerly Al Khaleej Insurance & Reinsurance Company Q.S.C.)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (CONTINUED)
Six Months Period Ended 30 June 2010

	Note	Six Months Period Ended	
		30 June 2010 QR (Reviewed)	30 June 2009 QR (Reviewed)
SHAREHOLDERS' REVENUES AND EXPENSES			
Gross contributions		-	107,522,379
Retakaful share		-	(57,567,179)
Retained contributions		-	49,955,200
Movement in unearned contributions		-	(2,054,492)
Net retained contributions		-	47,900,708
Retakaful commission and other takaful income		-	10,132,773
Total takaful revenues		-	58,033,481
Claims settled incurred		-	54,632,066
Retakaful share of claims incurred		-	(15,512,524)
Net claims incurred		-	39,119,542
Commission and other takaful expenses		-	2,992,582
Total takaful expenses		-	42,112,124
SURPLUS FROM TAKAFUL OPERATIONS	4	-	15,921,357
Wakala income		24,806,391	5,524,982
Mudarib income		59,915	176,606
Interest income		449,455	219,579
Dividend income		23,776,567	27,834,379
Net realised gains on sale of available-for-sale investments		29,142,259	5,354,159
Rental income		3,048,449	3,003,764
Other income		148,793	337,834
TOTAL INVESTMENT AND OTHER INCOME		81,431,829	42,451,303
General and administrative expenses		(15,846,396)	(13,441,037)
Depreciation		(1,309,010)	(1,160,918)
TOTAL EXPENSES		(17,155,406)	(14,601,955)
Shareholders' profit for the period		64,276,423	43,770,705
Basic earnings per share	5	4.51	3.08

The attached notes 1 to 6 form part of these interim condensed consolidated financial statements.

Al Khaleej Takaful Insurance & Reinsurance Company Q.S.C.
(Formerly Al Khaleej Insurance & Reinsurance Company Q.S.C.)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME
Six Months Period Ended 30 June 2010

	<i>Six Months Period Ended</i>	
	<i>30 June</i>	<i>30 June</i>
	<i>2010</i>	<i>2009</i>
	<i>QR</i>	<i>QR</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Profit attributable to shareholders	<u>64,276,423</u>	<u>43,770,705</u>
Other comprehensive income		
Recognised gains and losses on available-for-sale investments during the period	29,142,259	5,354,159
Net movement in fair value of available for sale investments during the period	<u>(57,347,235)</u>	<u>(32,675,450)</u>
Other comprehensive loss for the period	<u>(28,204,976)</u>	<u>(27,321,291)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>36,071,447</u>	<u>16,449,414</u>

The attached notes 1 to 6 form part of these interim condensed consolidated financial statements.

Al Khaleej Takaful Insurance & Reinsurance Company Q.S.C.
(Formerly Al Khaleej Insurance & Reinsurance Company Q.S.C.)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months period ended 30 June 2010

	<i>Six Months Ended</i>	
	<i>30 June 2010 QR (Reviewed)</i>	<i>30 June 2009 QR (Reviewed)</i>
OPERATING ACTIVITIES		
Participants' (deficit) surplus for the period	(8,626,543)	3,848,924
Shareholders' profit for the period	64,276,423	43,770,705
	55,649,880	47,619,629
Adjustment for:		
Movement in unearned contributions (net)	2,595,377	4,158,496
Depreciation	1,711,872	1,160,918
Interest income	(449,455)	(219,579)
Net gain on available-for-sale investments	(29,256,617)	(5,730,559)
Dividend income	(23,776,567)	(27,834,379)
Rental income	(3,048,449)	(3,003,764)
Net gain on sale of property and equipment	(16,163)	(13,250)
Provision for doubtful debts	975,321	-
Provision for employees' end of service benefits	716,864	349,262
Operating profit before changes in operating assets and liabilities	5,102,063	16,486,774
Takaful and retakaful balances receivable	(12,990,217)	4,314,217
Retakaful's share of gross outstanding claims	(5,821,522)	(2,678,093)
Other receivables and prepayments	1,881,966	(9,451,399)
Gross outstanding claims	11,244,676	6,718,949
Claims incurred but not reported	(46,464)	93,904
Accounts payable and other liabilities	(19,977,004)	(1,524,570)
Retakaful and takaful balances payable	12,060,188	(7,199,870)
Employees' end of service benefits paid	(219,633)	-
Net cash (used in) from operating activities	(8,765,947)	6,759,912
INVESTING ACTIVITIES		
Net movement in available for sale investments	25,216,179	(578,642)
Purchase of investment properties	(12,751,015)	(13,130,000)
Purchase of property and equipment	(283,137)	(177,674)
Proceeds from sale of property and equipment	3,651	32,000
Capital work-in-progress	(1,350,830)	(507,348)
Interest received	449,455	219,579
Dividend received	23,776,567	27,834,379
Rental received	3,048,449	3,003,764
Time deposit with maturities in excess of 3 months	(4,700,000)	-
Net cash from investing activities	33,409,319	16,696,058
FINANCING ACTIVITIES		
Dividend paid	(40,657,766)	(40,973,768)
Net surplus distribution	(1,723,414)	(2,268,003)
Net cash used in investing activities	(42,381,180)	(43,241,771)
DECREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at 1 January	68,960,038	51,068,244
CASH AND CASH EQUIVALENTS AT 30 JUNE	51,222,230	31,282,443

The attached notes 1 to 6 form part of these interim condensed consolidated financial statements.

Al Khaleej Takaful Insurance & Reinsurance Company Q.S.C.
(Formerly Al Khaleej Insurance & Reinsurance Company Q.S.C.)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN
PARTICIPANTS' FUND

Six Months Period Ended 30 June 2010

	<i>Participants' Fund QR (Reviewed)</i>
Balance as at 1 January 2009	8,722,818
Surplus for the period	3,848,924
Surplus distribution during the period	<u>(2,268,003)</u>
Balance at 30 June 2009	<u>10,303,739</u>
Balance as at 1 January 2010	10,403,604
Deficit for the period	(8,626,543)
Surplus distribution during the period	<u>(1,723,414)</u>
Balance as at 30 June 2010	<u>53,647</u>

The attached notes 1 to 6 form part of these interim condensed consolidated financial statements.

**Al Khaleej Takaful Insurance & Reinsurance Company Q.S.C.
(Formerly Al Khaleej Insurance & Reinsurance Company Q.S.C.)**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six Months Period Ended 30 June 2010

	<i>Share capital QR</i>	<i>Statutory reserve QR</i>	<i>General reserve QR</i>	<i>Proposed cash dividends QR</i>	<i>Cumulative changes in fair value QR</i>	<i>Retained earnings QR</i>	<i>Total QR</i>
Balance at 1 January 2010	142,296,000	72,241,531	48,971	42,688,800	152,836,837	88,225,616	498,337,755
Profit attributable to shareholders	-	-	-	-	-	64,276,423	64,276,423
Other comprehensive loss for the period	-	-	-	-	(28,204,976)	-	(28,204,976)
Total comprehensive income for the period	-	-	-	-	(28,204,976)	64,276,423	36,071,447
Cash dividends	-	-	-	(42,688,800)	-	-	(42,688,800)
Balance at 30 June 2010	142,296,000	72,241,531	48,971	-	124,631,861	152,502,039	491,720,402

The attached notes 1 to 6 form part of these interim condensed consolidated financial statements.

**Al Khaleej Takaful Insurance & Reinsurance Company Q.S.C.
(Formerly Al Khaleej Insurance & Reinsurance Company Q.S.C.)**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
Six Months Period Ended 30 June 2009

	<i>Share capital QR</i>	<i>Statutory reserve QR</i>	<i>General reserve QR</i>	<i>Proposed cash dividends QR</i>	<i>Cumulative changes in fair value QR</i>	<i>Retained earnings QR</i>	<i>Total QR</i>
Balance at 1 January 2009	142,296,000	71,711,531	48,971	42,688,800	153,618,492	64,530,942	474,894,736
Profit attributable to shareholders	-	-	-	-	-	43,770,705	43,770,705
Other comprehensive loss for the period	-	-	-	-	(27,321,291)	-	(27,321,291)
Total comprehensive income for the period	-	-	-	-	(27,321,291)	43,770,705	16,449,414
Cash dividends	-	-	-	(42,688,800)	-	-	(42,688,800)
Balance at 30 June 2009	142,296,000	71,711,531	48,971	-	126,297,201	108,301,647	448,655,350

The attached notes 1 to 6 form part of these interim condensed consolidated financial statements.

Al Khaleej Takaful Insurance & Reinsurance Company Q.S.C. (Formerly Al Khaleej Insurance & Reinsurance Company Q.S.C.)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 June 2010

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Al Khaleej Insurance & Reinsurance Company Q.S.C. (the “parent company”) 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 Parent company and its subsidiaries (the “Group”) are engaged in the business of insurance, reinsurance and life insurance (Takaful) and real estate investment.

Following the resolution issued in the Extraordinary General Meeting held on 20 October 2009, the parent company modified its name to Al Khaleej Takaful Insurance and Reinsurance Company Q.S.C. effective 1 January 2010. The parent company also modified its insurance and reinsurance activities in accordance with Islamic Sharia’a principles on a non-usury basis in all areas of insurance.

The interim condensed consolidated financial statements incorporate the financial statements of the Parent Company and its subsidiaries. The subsidiaries are as follows:

<i>Name of subsidiary</i>	<i>Ownership</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
Qatar Takaful Company S.O.C. (QTC)	100%	Qatar	Primarily engaged in activities in accordance with Islamic Sharia’a principles on a non-usury basis in all areas of insurance.
Methaq Holding Company (MHC)	100%	Qatar	Primarily engaged in real estate investments.

The interim condensed consolidated financial statements were authorised for issue in accordance with the resolution of the directors on __ July 2010.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

BASIS OF PREPARATION

The interim condensed consolidated financial statements are prepared in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions and the International Accounting Standard (IAS) 34 - *Interim Financial Reporting*. For matters for which no AAOIFI standards exist, the Group applies the relevant International Financial Reporting Standards (IFRS).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements as at 31 December 2009. The results for the six months ended 30 June 2010 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2010.

ACCOUNTING POLICIES

The financial statements for the year ending 31 December 2009 were prepared in accordance with International Financial Reporting Standards. During 2010, the Board of Directors of the parent company decided to adopt the same accounting framework of Qatar Takaful Company S.O.C. (QTC), a subsidiary, which are the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI).

The adoption of the above new standards did not have any impact on the comparative figures of 2009 net profit or the equity of the Group, except with respect to certain prior year figures which have been reclassified to conform to the presentation of the current period. Same with the financial statements presentation of QTC., the parent company’s current period presentation segregates the account transactions between the policyholders and shareholders in the statement of income.

Al Khaleej Takaful Insurance & Reinsurance Company Q.S.C.
(Formerly Al Khaleej Insurance & Reinsurance Company Q.S.C.)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 30 June 2010

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

ACCOUNTING POLICIES (continued)

The comparative figures of the policyholders' statement of income comprise of insurance transactions during the six months period ended 30 June 2010 and 30 June 2009. The 30 June 2010 financial statements reflects the consolidated transactions of both the parent company and QTC while the 30 June 2009 comparative figures represents the transactions of QTC only. The insurance transactions of the parent company for the period ended 30 June 2009 were reflected under shareholders' statement of income.

Furthermore, the Group included a "Statement of Changes in Participants' Fund" in the set of financial statements. The Group also adopted the account descriptions normally applied in the preparation of the financial statements of an Islamic insurance company.

During the period, the Group has adopted the following new standards and interpretations effective for the annual periods beginning on or after 1 January 2010.

IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions

The standards had been amended to clarify the accounting for group cash-settled share-based payment transactions. This amendment also supersedes IFRIC 8 and IFRIC 11. The adoption of this amendment did not have any impact on the financial position or performance of the Group.

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items

The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. The amendment had no effect on the financial position nor performance of the Group.

IFRIC 17 Distribution of Non-cash Assets to Owners

This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The interpretation had no effect on the financial position nor performance of the Group.

Improvements to IFRS (issued May 2008)

In May 2008, the IASB issued its first omnibus of amendments to its standards. All amendments issued are effective for the Group as at 31 December 2009, apart from the following:

- *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*: clarifies when a subsidiary is classified as held for sale, all its assets and liabilities are classified as held for sale, even when the entity remains a non-controlling interest after the sale transaction. The amendment had no effect on the financial position nor performance of the Group.

Improvements to IFRS (issued April 2009)

In April 2009 the IASB issued its second omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments did not have any impact on the financial position or performance of the Group.

- *IFRS 8 Operating Segment Information*: Clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker.
- *IAS 7 Statement of Cash Flows*: Explicitly states that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities.
- *IAS 36 Impairment of Assets*: The amendment clarified that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes.

Al Khaleej Takaful Insurance & Reinsurance Company Q.S.C.
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 30 June 2010

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

ACCOUNTING POLICIES (continued)

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:

- IFRS 2 *Share-based Payment*
- IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*
- IAS 1 *Presentation of Financial Statements*
- IAS 17 *Leases*
- IAS 38 *Intangible Assets*
- IAS 39 *Financial Instruments: Recognition and Measurement*
- IFRIC 9 *Reassessment of Embedded Derivatives*
- IFRIC 16 *Hedge of a Net Investment in a Foreign Operation*

The Group has not early adopted any other standard, interpretation or amendment that was issued but is not yet effective.

3 AVAILABLE FOR SALE INVESTMENTS

The carrying amounts of available for sale investment securities were as follows:

	<i>30 June 2010 QR (Reviewed)</i>	<i>31 December 2009 QR (Audited)</i>
Quoted investments		
Local equity shares	263,547,346	296,328,601
Foreign equity shares	1,198,922	1,198,922
Debt securities	3,912,450	3,912,450
Unquoted investments		
Local equity shares	35,968,487	27,288,487
Foreign equity shares	16,311,171	16,311,171
Managed investment portfolio	1,097,805	1,097,805
	<u>322,036,181</u>	<u>346,137,436</u>

4 SEGMENT INFORMATION

During the period, the parent company started operating in the Islamic Takaful business in the State of Qatar. Accordingly, the presentation of the segment information was segregated between the policyholders and shareholders of the parent company.

For management purposes, the Group is organised into five business segments, Marine and Aviation, Fire, General Accident, Motor, and Life Insurance.

Management monitors the operating results of the business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net underwriting results.

Other operations of the Group comprise investment and cash management for the Group's own account. There are no transactions between segments.

**Al Khaleej Takaful Insurance & Reinsurance Company Q.S.C.
(Formerly Al Khaleej Insurance & Reinsurance Company Q.S.C.)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 30 June 2010**

4 SEGMENT INFORMATION (continued)

The data with respect to segment information is as follows:

POLICYHOLDERS' OPERATION:

	<i>Marine & Aviation</i>		<i>Fire</i>		<i>General Accident</i>		<i>Motor</i>		<i>Life</i>		<i>Total</i>	
	<i>June 2010</i>	<i>June 2009</i>	<i>June 2010</i>	<i>June 2009</i>	<i>June 2010</i>	<i>June 2009</i>	<i>June 2010</i>	<i>June 2009</i>	<i>June 2010</i>	<i>June 2009</i>	<i>June 2010</i>	<i>June 2009</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
Revenues												
Gross contributions	7,029,748	732,725	17,708,392	3,506,656	45,294,570	8,875,582	59,635,583	12,648,242	8,144,994	4,931,138	137,813,287	30,694,343
Retakaful share of gross contribution	(6,395,561)	(526,328)	(17,177,098)	(3,269,358)	(40,372,188)	(7,819,309)	(4,821,287)	(513,034)	(888,873)	(1,318,031)	(69,655,007)	(13,446,060)
Retained contributions	634,187	206,397	531,294	237,298	4,922,382	1,056,273	54,814,296	12,135,208	7,256,121	3,613,107	68,158,280	17,248,283
Retakaful commission and other takaful income	1,783,919	299,974	2,692,866	1,154,493	5,850,070	2,487,581	1,912,192	227,985	113,531	101,575	12,352,578	4,271,608
Total revenue	2,418,106	506,371	3,224,160	1,391,791	10,772,452	3,543,854	56,726,488	12,363,193	7,369,652	3,714,682	80,510,858	21,519,891
Expenses												
Claims paid	456,780	96,156	739,715	267,890	17,181,880	1,187,634	50,322,702	7,215,014	1,307,549	1,000,681	70,008,626	9,767,375
Retakaful share of claims paid	(446,037)	(59,247)	(679,228)	(231,054)	(16,081,849)	(1,121,523)	(813,024)	(126,216)	(874,861)	(866,206)	(18,894,999)	(2,404,246)
Net claims	10,743	36,909	60,487	36,836	1,100,031	66,111	49,509,678	7,088,798	432,688	134,475	51,113,627	7,363,129
Commission and other takaful expenses	222,057	16,068	465,813	275,901	1,001,941	540,391	1,723,903	512,092	807,641	362,194	4,221,355	1,706,646
Total expenses	232,800	52,977	526,300	312,737	2,101,972	606,502	51,233,581	7,600,890	1,240,329	496,669	55,334,982	9,069,775
Movement in insurance reserves	7,327	(25,818)	41,733	(25,462)	(787,302)	151,750	(3,585,763)	(2,231,866)	(4,383,519)	(1,321,214)	(8,707,524)	(3,452,610)
Net underwriting results	2,192,633	427,576	2,739,593	1,053,592	7,883,178	3,089,102	1,907,144	2,530,437	1,745,804	1,896,799	16,468,352	8,997,506

As the Group's activities are performed on an integrated basis, a segmental analysis of assets and liabilities between these segments would not be meaningful.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2010

4 SEGMENT INFORMATION (continued)

SHAREHOLDERS' OPERATION:

	<i>Marine & Aviation</i>		<i>Fire</i>		<i>General Accident</i>		<i>Motor</i>		<i>Life</i>		<i>Total</i>	
	<i>June 2010</i>	<i>June 2009</i>	<i>June 2010</i>	<i>June 2009</i>	<i>June 2010</i>	<i>June 2009</i>	<i>June 2010</i>	<i>June 2009</i>	<i>June 2010</i>	<i>June 2009</i>	<i>June 2010</i>	<i>QR</i>
Revenues												
Gross contributions	-	6,602,521	-	15,976,685	-	38,607,228	-	46,335,945	-	-	-	107,522,379
Retakaful share of gross contribution	-	(5,569,633)	-	(15,440,886)	-	(33,917,792)	-	(2,638,868)	-	-	-	(57,567,179)
Retained contributions	-	1,032,888	-	535,799	-	4,689,436	-	43,697,077	-	-	-	49,955,200
Retakaful commission and other takaful income	-	1,484,733	-	1,604,117	-	4,545,457	-	2,498,466	-	-	-	10,132,773
Total revenue	-	2,517,621	-	2,139,916	-	9,234,893	-	46,195,543	-	-	-	60,087,973
Expenses												
Claims paid	-	695,812	-	373,696	-	13,327,291	-	35,125,153	-	-	-	49,521,952
Retakaful share of claims paid	-	(574,639)	-	(348,565)	-	(12,288,285)	-	(714,526)	-	-	-	(13,926,015)
Net claims	-	121,173	-	25,131	-	1,039,006	-	34,410,627	-	-	-	35,595,937
Commission and other takaful expenses	-	280,155	-	156,774	-	902,891	-	1,652,762	-	-	-	2,992,582
Total expenses	-	401,328	-	181,905	-	1,941,897	-	36,063,389	-	-	-	38,588,519
Movement in insurance reserves	-	(337,825)	-	(171,799)	-	(178,927)	-	(4,889,546)	-	-	-	(5,578,097)
Net underwriting results	-	1,778,468	-	1,786,212	-	7,114,069	-	5,242,608	-	-	-	15,921,357

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At 30 June 2010

4 SEGMENT INFORMATION (continued)

Revenues, expenses, assets and liabilities of the parent company and its subsidiaries for the six months period ended 30 June are as follows:

	30 June 2010					
	<i>Al Khaleej Takaful Insurance & Reinsurance Company</i>		<i>Qatar Takaful Company</i>		<i>Methaq Holding Company</i>	
Revenues	Policyholders	Shareholders	Policyholders	Shareholders	Policyholders	Shareholders
	QR	QR	QR	QR	QR	QR
Gross contributions	108,756,613	-	29,056,674	-	137,813,287	-
Retakaful share of gross contributions	(59,631,366)	-	(10,023,641)	-	(69,655,007)	-
Retained contributions	49,125,247	-	19,033,033	-	68,158,280	-
Movement in unearned contributions	345,097	-	(3,675,931)	-	(3,330,834)	-
Net retained contributions	49,470,344	-	15,357,102	-	64,827,446	-
Retakaful commissions and other takaful income	8,020,207	-	4,332,371	-	12,352,578	-
Total takaful revenue	57,490,551	-	19,689,473	-	77,180,024	-
Expenses						
Claims paid	67,334,957	-	11,759,173	-	79,094,130	-
Retakaful share of claims incurred	(19,276,911)	-	(3,326,902)	-	(22,603,813)	-
Net claims	48,058,046	-	8,432,271	-	56,490,317	-
Commission and other takaful expenses	2,335,222	-	1,886,133	-	4,221,355	-
Total takaful expenses	50,393,268	-	10,318,404	-	60,711,672	-
Net underwriting results	7,097,283	-	9,371,069	-	16,468,352	-
						16,468,352

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 30 June 2010**

4 SEGMENT INFORMATION (continued)

	30 June 2009						Grand Total
	Al Khaleej Takaful Insurance & Reinsurance Company		Qatar Takaful Company		Methaq Holding Company		
Revenues	Policyholders QR	Shareholders QR	Policyholders QR	Shareholders QR	Policyholders QR	Shareholders QR	
Gross contributions	-	107,522,379	30,694,343	-	30,694,343	107,522,379	138,216,722
Retakaful share of gross contributions	-	(57,567,179)	(13,446,060)	-	(13,446,060)	(57,567,179)	(71,013,239)
Retained contributions	-	49,955,200	17,248,283	-	17,248,283	49,955,200	67,203,483
Movement in unearned contributions	-	(2,054,492)	(2,764,777)	-	(2,764,777)	(2,054,492)	(4,819,269)
Net retained contributions	-	47,900,708	14,483,506	-	14,483,506	47,900,708	62,384,214
Retakaful commissions and other takaful income	-	10,132,773	4,271,608	-	4,271,608	10,132,773	14,404,381
Total takaful revenue	-	58,033,481	18,755,114	-	18,755,114	58,033,481	76,788,595
Expenses							
Claims paid	-	54,632,066	10,455,208	-	10,455,208	54,632,066	65,087,274
Retakaful share of claims incurred	-	(15,512,524)	(2,404,246)	-	(2,404,246)	(15,512,524)	(17,916,770)
Net claims	-	39,119,542	8,050,962	-	8,050,962	39,119,542	47,170,504
Commission and other takaful expenses	-	2,995,582	1,706,646	-	1,706,646	2,992,582	4,699,228
Total takaful expenses	-	42,112,124	9,757,608	-	9,757,608	42,112,124	51,869,732
Net underwriting results	-	15,921,357	8,997,506	-	8,997,506	15,921,357	24,918,863

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 30 June 2010**

4 SEGMENT INFORMATION (continued)

	<u>30 June 2010</u>			<u>30 June 2009</u>			
	<i>Al Khaleej Takaful Insurance & Reinsurance Company QR</i>	<i>Qatar Takaful Company QR</i>	<i>Methaq Holding Company QR</i>	<i>Al Khaleej Takaful Insurance & Reinsurance Company QR</i>	<i>Qatar Takaful Company QR</i>	<i>Methaq Holding Company QR</i>	<i>Total QR</i>
Assets							
Total assets	683,917,382	100,493,220	21,150,836	603,781,960	93,375,960	21,094,836	718,252,756
Liabilities							
Insurance funds	(182,346,660)	(46,743,196)	-	(141,408,281)	(41,296,539)	-	(182,704,820)
Net surplus attributable to Takaful policyholders	12,478,907	(12,426,036)	-	-	(10,303,739)	-	(10,303,739)
Liabilities (other than insurance funds)	(73,989,384)	(10,814,667)	-	(64,868,239)	(11,720,608)	-	(76,588,847)
Net assets	<u>440,060,245</u>	<u>30,509,321</u>	<u>21,150,836</u>	<u>397,505,440</u>	<u>30,055,074</u>	<u>21,094,836</u>	<u>448,655,350</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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5 BASIC EARNINGS PER SHARE

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

	<i>30 June 2010 (Reviewed)</i>	<i>30 June 2009 (Reviewed)</i>
Profit for the period attributable to the shareholders (QR)	<u>64,276,423</u>	<u>43,770,705</u>
Weighted average number of shares outstanding during the period (i)	<u>14,229,600</u>	<u>14,229,600</u>
Basic earnings per share (QR)	<u>4.51</u>	<u>3.08</u>

- (i) 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.

6 COMMITMENTS AND CONTINGENCIES

Guarantees

At 30 June 2010, the Group had contingent liabilities in respect of tender guarantees and other guarantees from which it is anticipated that no material liabilities will arise, amounting to QR 1,038,781 (31 December 2009 – Audited: QR 1,916,978).

Legal claims

The Group, in common with the significant majority of insurers, is subject to litigation in the normal course of its business. The Group, based on independent legal advice, does not believe that the outcome of these court cases will have a material impact on the Group's income or financial position.